

p. 12-95 Do Pass
H. 1/23/95 *Approved*
H. 1/17/96 *amend/Do Pass w/H5006*
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4/17/96 Referred to W. & Mearns
(P. 165) H. 2/1/96 *Amend/Do Pass w/H5031*

SENATE JOINT RESOLUTION 1
BY MURPHY and BOSWELL

(P. 144)
Passed Senate, Date 1/19/95 Passed House, Date _____
Vote: Ayes 46 Nays 3 Vote: Ayes _____ Nays _____
Approved _____

SENATE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution of
2 the State of Iowa requiring the maintenance of a cash reserve.
3 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. The following amendment to the Constitution of
2 the State of Iowa is proposed:

3 Article VII, Constitution of the State of Iowa, is amended
4 by adding the following new section:

5 MAINTENANCE OF CASH RESERVE. SEC. 9. A cash reserve shall
6 be maintained by the state and moneys in the cash reserve
7 shall be separate from the general fund of the state and shall
8 not be considered part of the general fund of the state except
9 in determining the cash position of the state. Moneys in the
10 cash reserve may be used for cash flow purposes provided that
11 any moneys so allocated during a fiscal year are returned to
12 the cash reserve by the end of that fiscal year.

13 The target for the amount of moneys to be maintained in the
14 cash reserve shall be five percent of the revenue estimate for
15 the general fund of the state for that fiscal year. The
16 revenue estimate shall be adjusted by subtracting estimated
17 tax refunds payable from the estimated revenue and by adding
18 any new revenue which may be considered to be eligible for
19 deposit in the general fund of the state. However, the target
20 identified by this paragraph shall not be construed to require
21 more than one percent of the adjusted revenue estimate for the
22 general fund of the state to be set aside for these purposes
23 in any one fiscal year.

24 Moneys in the cash reserve may be appropriated by the
25 General Assembly only for use in the fiscal year in which the
26 appropriation is made. The moneys shall only be appropriated
27 in a bill or joint resolution in which the appropriation is
28 the only subject matter of the bill or joint resolution and
29 which contains a statement of the reasons why the
30 appropriation is necessary. In addition, moneys shall not be
31 appropriated from the cash reserve such that the balance in
32 the cash reserve would be less than three percent of the
33 adjusted revenue estimate for the fiscal year in which the
34 appropriation is made unless the bill or joint resolution
35 making the appropriation is approved by a vote of at least

1 three-fifths of the members of each chamber of the General
2 Assembly and approved by the Governor.

3 This section applies to fiscal years commencing on or after
4 July 1, 1999.

5 Sec. 2. The foregoing proposed amendment to the
6 Constitution of the State of Iowa is referred to the General
7 Assembly to be chosen at the next general election for members
8 of the General Assembly and the Secretary of State is directed
9 to cause it to be published for three consecutive months
10 previous to the date of that election as provided by law.

11 EXPLANATION

12 This joint resolution proposes an amendment to the
13 Constitution of the State of Iowa requiring the maintenance of
14 a cash reserve.

15 A target for the amount of moneys to be maintained in the
16 cash reserve is identified. The target amount is 5 percent of
17 the adjusted revenue estimate. The adjusted revenue estimate
18 is the revenue estimate for the general fund of the state for
19 the fiscal year adjusted by subtracting estimated tax refunds
20 payable from the estimated revenue and by adding moneys
21 remaining in the state general fund from the previous fiscal
22 year.

23 Moneys in the cash reserve may be used for cash flow
24 purposes provided that any moneys so allocated are returned to
25 the cash reserve by the end of the fiscal year. Moneys in the
26 cash reserve may be appropriated by the general assembly only
27 for use in the fiscal year in which the appropriation is made.
28 Moneys appropriated must be contained in a bill or joint
29 resolution in which the appropriation is the only subject
30 matter of the bill or joint resolution and which contains a
31 statement of the reasons why the appropriation is necessary.
32 In addition, moneys shall not be appropriated from the cash
33 reserve such that the balance in the cash reserve would be
34 less than 3 percent of the adjusted revenue estimate for that
35 fiscal year unless the bill or joint resolution making the

1 appropriation is approved by a vote of at least three-fifths
2 of the members of each chamber of the general assembly and
3 approved by the governor.

4 The resolution, if adopted, would be referred to the next
5 general assembly before being submitted to the electorate for
6 ratification.

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SENATE JOINT RESOLUTION 1

S-3014

1 Amend Senate Joint Resolution 1 as follows:

2 1. By striking page 1, line 3, through page 2,
3 line 10, and inserting the following:

4 "The Constitution of the State of Iowa is amended
5 by adding the following new Article XIII:

6 ARTICLE XIII.

7 TAXPAYERS' RIGHTS.

8 SECTION 1. The state government and each local
9 government is subject to a revenue limit and a
10 spending limit as provided in section 8. Each
11 government's beginning revenue limit is equal to its
12 total revenue in the base year, or, if higher, in any
13 of the three preceding fiscal years. This limit is
14 adjusted annually for the cumulative percentage rate
15 of price inflation or deflation since the base year
16 and for any cumulative percentage population increase
17 since the base year. Each county government's revenue
18 limit includes all townships in the county. A school
19 district's "population" is its full-time equivalent
20 student enrollment. The "base year" is the last
21 fiscal year before this article becomes effective.

22 SEC. 2. "Revenue" includes all amounts received
23 from all sources, except (1) amounts refunded to the
24 payors; (2) gifts and contracts from nongovernmental
25 sources; (3) amounts received from the federal
26 government; (4) fees voluntarily paid for specific
27 services, but any part of a fee in excess of the
28 actual cost of providing that specific service is
29 revenue; (5) an amount equal to a government's net
30 cost increase required by a federal law or rule
31 adopted after this Article becomes effective, but only
32 to the extent not offset by federal funds; (6) amounts
33 borrowed after approval by vote of the electors; (7)
34 amounts borrowed by issuing revenue bonds on which no
35 payment can be made from tax revenue; and (8) receipts
36 applied to repay money borrowed lawfully, including
37 interest.

38 SEC. 3. The state revenue limit excludes, and the
39 local limits include, state revenue transferred to
40 local governments or applied as tax credits against
41 local taxes.

42 SEC. 4. If a government's revenue in a fiscal year
43 exceeds its revenue limit, its limit for the next
44 fiscal year shall be reduced by the excess amount.

45 SEC. 5. A government's revenue limit may be
46 temporarily increased in an amount approved by a
47 majority of that government's electors voting in a
48 referendum. The increase is effective for no more
49 than five fiscal years.

50 SEC. 6. One or more revenue limits may be

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1 temporarily increased by law adopted by two-thirds
2 vote of the whole membership of each house of the
3 General Assembly and approved by the Governor. Each
4 such law is effective for only one fiscal year.

5 SEC. 7. Any change in a limit under section 4, 5,
6 or 6 is effective only for the specified fiscal year
7 or years and does not affect computation of the limit
8 under section 1.

9 SEC. 8. Each government's total spending in a
10 fiscal year shall not exceed the sum of its (1)
11 revenue limit for that year, adjusted for any change
12 under section 4, 5, or 6, or actual revenue, whichever
13 is less; (2) actual receipts in that year which are
14 excluded from revenue by section 2; and (3) net
15 unspent funds carried over from the preceding year.

16 SEC. 9. "Revenue" includes all receipts for a
17 government's trust funds for unemployment, retirement,
18 medical, or other benefits but does not include
19 earnings of these trust funds. "Spending" includes
20 all payments and transfers into, and excludes payments
21 out of, these trust funds. "Net unspent funds"
22 excludes these trust funds.

23 SEC. 10. A cash reserve shall be maintained by the
24 state and moneys in the cash reserve shall be separate
25 from the general fund of the state and shall not be
26 considered part of the general fund of the state
27 except in determining the cash position of the state.
28 Moneys in the cash reserve may be used for cash flow
29 purposes provided that any moneys so allocated during
30 a fiscal year are returned to the cash reserve by the
31 end of that fiscal year. Moneys in the cash reserve
32 shall not be considered as revenue in applying the
33 provisions of this Article.

34 The target for the amount of moneys to be
35 maintained in the cash reserve shall be five percent
36 of the revenue estimate for the general fund of the
37 state for that fiscal year. The revenue estimate
38 shall be adjusted by subtracting estimated tax refunds
39 payable from the estimated revenue and by adding any
40 new revenue which may be considered to be eligible for
41 deposit in the general fund of the state. However,
42 the target identified by this paragraph shall not be
43 construed to require more than one percent of the
44 adjusted revenue estimate for the general fund of the
45 state to be set aside for these purposes in any one
46 fiscal year.

47 Moneys in the cash reserve may be appropriated by
48 the General Assembly only for use in the fiscal year
49 in which the appropriation is made. The moneys shall
50 only be appropriated in a bill or joint resolution in

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1 which the appropriation is the only subject matter of
2 the bill or joint resolution and which contains a
3 statement of the reasons why the appropriation is
4 necessary. In addition, moneys shall not be
5 appropriated from the cash reserve unless the bill or
6 joint resolution making the appropriation is approved
7 by a vote of at least three-fifths of the members of
8 each chamber of the General Assembly and approved by
9 the Governor.

10 This section applies to fiscal years commencing on
11 or after July 1, 1999.

12 SEC. 11. If a new local government is created, the
13 state shall establish its base year and the amount of
14 its beginning revenue limit, and shall reduce the
15 appropriate state or local revenue limit or limits by
16 that amount. If two or more local governments are
17 combined, their revenue limits shall be combined. If
18 a service or program is transferred by law among local
19 governments, their revenue limits shall be
20 proportionally adjusted by law, with no increase in
21 the combined limits. The state may transfer any part
22 of its revenue limit to a local government but shall
23 not transfer any part of a local limit to the state.

24 SEC. 12. If a state law or rule adopted after this
25 Article becomes effective requires a local government
26 to incur a net cost increase, the state shall pay to
27 the local government the amount of the necessary net
28 cost increase, and shall increase the local revenue
29 limit and decrease the state revenue limit by that
30 amount.

31 SEC. 13. Any state or local government plan for
32 retirement or other employee benefits shall be
33 completely funded within ten years after this Article
34 becomes effective and at all times thereafter, in
35 accordance with generally accepted actuarial and
36 accounting principles.

37 SEC. 14. The state and local governments shall use
38 consistent accounting, in accordance with generally
39 accepted accounting principles, for all purposes.

40 SEC. 15. Any taxpayer has standing to sue to
41 enforce this Article and laws implementing it. If
42 successful, the taxpayer shall be reimbursed for all
43 reasonable expenses of the suit.

44 SEC. 16. This Article becomes effective for the
45 first state fiscal year beginning at least six months
46 after its approval by the electors. The state by law
47 shall implement this Article and may adopt further
48 restrictions and limits.

49 Sec. 2. DECLARATION OF INTENT. It is the intent
50 of the General Assembly in agreeing to the foregoing

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1 proposed amendment that:

2 1. This declaration of intent shall be relied on
3 by the electors and the courts, with the same results
4 as if it were in the Constitution.

5 2. Article XIII does not authorize any borrowing
6 and does not impair the debt limits and other
7 provisions of Article VII.

8 3. To make the adjustment for price inflation or
9 deflation, the most reliable index of general price
10 inflation in the United States shall be selected in
11 good faith as provided by law. The selection of index
12 shall not be changed if the change would have the
13 effect of weakening the limits. Except for school
14 districts, the adjustment for population shall be made
15 by using the most recent federal census, but use of
16 the most recent federal census estimate may be
17 permitted by law.

18 4. Official revisions of inflation and population
19 data affect revenue limits for future fiscal years,
20 but do not change limits for the fiscal year in which
21 a revision is made or for prior years.

22 5. "Revenue" includes, but is not limited to, all
23 taxes, fees, charges, assessments, and other receipts
24 of the state and local governments, except amounts
25 expressly excluded by section 2, 3, or 9 of Article
26 XIII. Amounts transferred between governments are
27 counted as revenue only once.

28 6. "Fees voluntarily paid for specific services"
29 includes fees for hospital, recreational, public
30 utility, and similar services, but does not include
31 any tax, assessment, toll, or filing, permit,
32 registration, or license fee.

33 7. A government which excludes an amount from
34 revenue under section 2 of Article XIII must
35 accurately determine and establish the correct amount
36 excluded.

37 8. "Government" includes all parts, agencies,
38 enterprises, and operations of a government. "Local
39 government" includes each city, county, school
40 district, special district, and political subdivision
41 in the state, except that townships are included with
42 county governments.

43 9. Because county limits include townships, a
44 county government may limit the total revenue and
45 spending of townships in that county.

46 10. If a government has a deficit of net unspent
47 funds at the end of a fiscal year, the deficit is
48 subtracted in computing the next year's spending limit
49 under section 8 of Article XIII. However, section 8
50 is intended to prevent any such deficit and to require

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1 each government to operate on a balanced budget.
2 11. Article XIII shall be interpreted and
3 implemented to achieve its purpose to limit the growth
4 of revenue and spending of the state and local
5 governments.
6 Sec. 3. The foregoing proposed amendment to the
7 Constitution of the State of Iowa is referred to the
8 General Assembly to be chosen at the next general
9 election for members of the General Assembly and the
10 Secretary of State is directed to cause it to be
11 published for three consecutive months previous to the
12 date of that election as provided by law."

By STEWART IVERSON, Jr.

S-3014 FILED JANUARY 19, 1995

RULED OUT OF ORDER

SENATE JOINT RESOLUTION 1**S-3015**

1 Amend Senate Joint Resolution 1 as follows:
2 1. Page 1, line 12, by inserting after the word
3 "year." the following: "The cash reserve shall
4 consist of the following two accounts: the reserve
5 account and the citizens' tax relief account."
6 2. Page 1, line 14, by striking the words "cash
7 reserve" and inserting the following: "reserve
8 account".
9 3. Page 1, line 24, by striking the words "cash
10 reserve" and inserting the following: "reserve
11 account".
12 4. Page 1, line 31, by striking the words "cash
13 reserve" and inserting the following: "reserve
14 account".
15 5. Page 1, line 32, by striking the words "cash
16 reserve" and inserting the following: "reserve
17 account".
18 6. Page 2, line 2, by inserting after the word
19 "Governor." the following: "Moneys in the citizens'
20 tax relief account shall be used to reduce the taxes
21 of the citizens of Iowa as directed in appropriations
22 from the account by the General Assembly."

By WAYNE BENNETT

S-3015 FILED JANUARY 19, 1995

LOST

SENATE JOINT RESOLUTION 1

H-5036

- 1 Amend Senate Joint Resolution 1, as passed by the
2 Senate, as follows:
- 3 1. Page 1, by inserting after line 2 the
4 following:
5 "Article III, section 17, Constitution of the State
6 of Iowa, is amended by adding the following new
7 paragraph beginning with the regular session of the
8 general assembly convening in 1999, for tax rates to
9 be effective on or after January 1, 1999:
10 CERTAIN TAX RATES. However, a bill which raises
11 the tax rates imposed on the income of individuals or
12 raises the sales or use tax rates shall not be passed
13 unless by the assent of three-fifths of all the
14 members elected to each branch of the general
15 assembly.
- 16 Sec. 2. The following amendment to the
17 Constitution of the State of Iowa is proposed:"
- 18 2. Page 1, line 32, by striking the word "three"
19 and inserting the following: "five".
- 20 3. Page 2, line 5, by striking the word
21 "amendment" and inserting the following:
22 "amendments".
- 23 4. Page 2, line 6, by striking the word "is" and
24 inserting the following: "are".
- 25 5. Page 2, line 9, by striking the word "it" and
26 inserting the following: "the amendments".
- 27 6. Title page, line 1, by inserting after the
28 word "Resolution" the following: "relating to state
29 financial practices by".
- 30 7. Title page, line 1, by striking the words "an
31 amendment" and inserting the following: "amendments".
- 32 8. Title page, line 2, by inserting after the
33 word "Iowa" the following: "requiring a three-fifths
34 majority vote by the general assembly on certain tax
35 bills and".
- 36 9. By renumbering as necessary.

By COMMITTEE ON WAYS AND MEANS
HALVORSON of Clayton, Chairperson

H-5036 FILED FEBRUARY 1, 1996

SENATE JOINT RESOLUTION 1

H-5006

1 Amend Senate Joint Resolution 1, as passed by the
2 Senate, as follows:

3 1. Page 1, line 32, by striking the word "three"
4 and inserting the following: "five".

5 2. Page 2, line 1, by striking the words "three-
6 fifths" and inserting the following: "two-thirds".

7 3. Page 2, by inserting after line 4 the
8 following:

9 "Sec. _____. The following amendment to the
10 Constitution of the State of Iowa is proposed:

11 Article VII of the Constitution of the State of
12 Iowa is amended by adding the following new section:

13 REFERENDUM ON TAXES. Sec. 9. The people reserve
14 to themselves the power to affirm or reject at the
15 polls any Act or a portion of any Act of the General
16 Assembly which raises the tax rates imposed on the
17 income of individuals or sales or use tax rates.

18 A referendum to affirm or reject an Act or portion
19 of an Act which raises the tax rates imposed on the
20 income of individuals or sales or use tax rates shall
21 be held not later than ninety days after the final
22 adjournment of the session of the General Assembly
23 that passed the Act on which a referendum is required.
24 An Act or portion of an Act which raises the tax rates
25 imposed on the income of individuals or sales or use
26 tax rates shall not become effective until the
27 question is decided by the voters at the polls.

28 An Act or portion of an Act which raises the tax
29 rates imposed on the income of individuals or sales or
30 use tax rates is deemed rejected if a majority of the
31 votes cast are in favor of rejecting the Act. An Act
32 or portion of an Act rejected is repealed immediately
33 upon certification of the referendum results by the
34 Secretary of State.

35 The General Assembly may provide by law for
36 procedures to implement this section."

37 4. Page 2, line 5, by striking the word
38 "amendment" and inserting the following:
39 "amendments".

40 5. Page 2, line 6, by striking the word "is" and
41 inserting the following: "are".

42 6. Page 2, line 9, by striking the word "it" and
43 inserting the following: "the amendments".

44 7. Title page, line 1, by inserting after the
45 word "Resolution" the following: "relating to state
46 financial practices by".

47 8. Title page, line 1, by striking the words "an
48 amendment" and inserting the following: "amendments".

49 9. Title page, line 2, by inserting after the
50 word "reserve" the following: "and providing for the

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1 power of the people to affirm or reject Acts of the
2 general assembly relating to the sales or use tax or
3 individual income tax".

4 10. By renumbering as necessary.

By COMMITTEE ON APPROPRIATIONS
MILLAGE of Scott, Chairperson

H-5006 FILED JANUARY 17, 1996