

*subcommittee by S. 21  
2/3/99*

*1/21/99 No Pass*

**JAN 17 1999**  
**WAYS AND MEANS**

HOUSE JOINT RESOLUTION 1  
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HOLMES, LORD, LARSON, JENKINS,  
DAVIS, HANSEN, NELSON, BARRY,  
BRADLEY, GIPP, HAHN, BODDICKER,  
SUKUP, THOMSON, RANTS, CORMACK,  
JACOBS, and METCALF

**WITHDRAWN** *2/3/99*

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**HOUSE JOINT RESOLUTION**

1 A Joint Resolution proposing amendments to the Constitution of  
2 the State of Iowa relating to the state budget by limiting  
3 state general fund expenditures and restricting certain state  
4 tax revenue changes.

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

5 ARTICLE XIII.

6 EXPENDITURE LIMITATION.

7 GENERAL FUND EXPENDITURE LIMITATION. Section 1.

8 1. For the purposes of this section:

9 a. "Adjusted revenue estimate" means the most recent  
10 revenue estimate determined before January 1, or a later and  
11 lesser revenue estimate determined before adjournment of the  
12 regular session of the General Assembly, for the general fund  
13 for the following fiscal year as determined by a revenue  
14 estimating conference ~~which shall be established~~ by the  
15 General Assembly by law, ~~adjusted by subtracting~~ estimated  
16 refunds payable from that estimated revenue and adding any  
17 available surplus in accordance with subsection 5.

18 b. "General fund" means the principal operating fund of  
19 the state which shall be established by the General Assembly  
20 by law.

21 c. "New revenues" means moneys which are received by the  
22 state due to increased tax rates or fees or newly created  
23 taxes or fees over and above those moneys which are received  
24 due to state taxes or fees which are in effect as of January 1  
25 following the most recent state revenue estimating conference.  
26 "New revenues" also includes moneys received by the general  
27 fund due to new transfers over and above those moneys received  
28 by the general fund due to transfers which are in effect as of  
29 January 1 following the most recent state revenue estimating  
30 conference. The state revenue estimating conference shall  
31 determine the eligibility of transfers to the general fund  
32 which are to be considered as new revenue in determining the  
33 state general fund expenditure limitation.

34 2. A state general fund expenditure limitation is created  
35 and calculated in subsection 3, for each fiscal year beginning

1 on or after July 1 following the effective date of this  
2 section.

3 3. Except as otherwise provided in this section, the state  
4 general fund expenditure limitation for a fiscal year shall be  
5 ninety-nine percent of the adjusted revenue estimate.

6 4. The state general fund expenditure limitation shall be  
7 used by the Governor in the preparation of the budget and by  
8 the General Assembly in the budget process. If a new revenue  
9 source is proposed, the budget revenue projection used for  
10 that new revenue source for the period beginning on the  
11 effective date of the new revenue source and ending in the  
12 fiscal year in which the source is included in the adjusted  
13 revenue estimate shall be ninety-five percent of the amount  
14 remaining after subtracting estimated refunds payable from the  
15 projected revenue from that source. If a new revenue source  
16 is established and implemented, the original state general  
17 fund expenditure limitation amount provided for in subsection  
18 3 shall be readjusted to include ninety-five percent of the  
19 estimated revenue from that source.

20 5. Any surplus existing at the end of a fiscal year which  
21 exceeds ten percent of the adjusted revenue estimate of that  
22 fiscal year shall be included in the adjusted revenue estimate  
23 for the following fiscal year. Any surplus equal to ten  
24 percent or less of the adjusted revenue estimate of the fiscal  
25 year may be included in the adjusted revenue estimate for the  
26 following fiscal year if approved in a bill receiving the  
27 affirmative votes of at least three-fifths of the whole  
28 membership of each house of the General Assembly. For  
29 purposes of this section, "surplus" means the cumulative  
30 excess of revenues and other financing sources over  
31 expenditures and other financing uses for the general fund at  
32 the end of a fiscal year.

33 6. The scope of the expenditure limitation under  
34 subsection 3 shall not include federal funds, donations,  
35 constitutionally dedicated moneys, and moneys in expenditures

1 from a state retirement system.

2 7. The Governor shall submit and the General Assembly  
3 shall pass a budget which does not exceed the state general  
4 fund expenditure limitation.

5 8. The Governor shall not submit and the General Assembly  
6 shall not pass a budget which in order to balance assumes  
7 reversion of any part of the total of the appropriations  
8 included in the budget.

9 9. The state shall use consistent standards, in accordance  
10 with generally accepted accounting principles, for all state  
11 budgeting and accounting purposes.

12 10. The General Assembly shall enact laws to implement  
13 this section.

14 Sec. 2. The following amendment to the Constitution of the  
15 State of Iowa is proposed:

16 The Constitution of the State of Iowa is amended by adding  
17 the following new sections to new Article XIII:

18 ARTICLE XIII.

19 THREE-FIFTHS MAJORITY FOR TAX LAW CHANGES.

20 THREE-FIFTHS MAJORITY TO INCREASE TAXES. Section 1. A  
21 bill containing provisions enacting, amending, or repealing  
22 the state income tax or enacting, amending, or repealing the  
23 state sales and use taxes, in which the aggregate fiscal  
24 impact of those provisions relating to those taxes results in  
25 a net increase in state tax revenues, as determined by the  
26 General Assembly, shall require the affirmative votes of at  
27 least three-fifths of the whole membership of each house of  
28 the General Assembly for passage. This section does not apply  
29 to income tax or sales and use taxes imposed at the option of  
30 a local government.

31 THREE-FIFTHS MAJORITY TO ENACT NEW STATE TAX. Sec. 2. A  
32 bill that establishes a new state tax to be imposed by the  
33 state shall require the affirmative votes of at least three-  
34 fifths of the whole membership of each house of the General  
35 Assembly for passage.

1 ENFORCEMENT OF THREE-FIFTHS MAJORITY REQUIREMENT. Sec. 3.  
2 A lawsuit challenging the proper enactment of a bill pursuant  
3 to section 1 or 2 shall be filed no later than one year  
4 following the enactment. Failure to file such a lawsuit  
5 within the one-year time limit shall negate the three-fifths  
6 majority requirement as it applies to the bill.

7 Each bill to which section 1 or 2 applies shall include a  
8 separate provision describing the requirements for enactment  
9 prescribed by section 1 or 2.

10 IMPLEMENTATION. Sec. 4. The General Assembly shall enact  
11 laws to implement sections 1 through 3.

12 Sec. 3. The foregoing proposed amendments to the  
13 Constitution of the State of Iowa, having been adopted and  
14 agreed to by the Seventy-seventh General Assembly, 1998  
15 Session, thereafter duly published, and now adopted and agreed  
16 to by the Seventy-eighth General Assembly in this joint  
17 resolution, shall be submitted to the people of the State of  
18 Iowa at a special election called for that purpose to be held  
19 on Tuesday, the 29th of June of the year 1999, in the manner  
20 required by the Constitution of the State of Iowa and the laws  
21 of the State of Iowa.

22 EXPLANATION

23 This resolution proposes two amendments within a new  
24 Article XIII to the Constitution of the State of Iowa which  
25 relate to state budgets.

26 The first amendment establishes a state general fund  
27 expenditure limitation. The amount of the limitation is 99  
28 percent of the adjusted revenue estimate. The amendment  
29 defines adjusted revenue estimate and requires that that  
30 estimate be determined by a revenue estimating conference  
31 which is to be created by the General Assembly by law. The  
32 amendment requires that the expenditure limitation be used by  
33 the Governor in preparation of the Governor's budget and by  
34 the General Assembly in the budget process. The amendment  
35 also provides that, if a new revenue source is established and

1 implemented, 95 percent of the estimate of that new revenue  
2 shall be included in the expenditure limitation.

3 The first amendment also provides that the amount of any  
4 surplus which exceeds an amount equal to 10 percent of the  
5 adjusted revenue estimate may be included in the adjusted  
6 revenue estimate for the following fiscal year. Any surplus  
7 which is equal to 10 percent or less of the amount of the  
8 adjusted revenue estimate may be included in the following  
9 year's adjusted revenue estimate if use of those funds is  
10 approved by a three-fifths majority of each house of the  
11 General Assembly. The amendment also requires the State to  
12 use generally accepted accounting principles for state  
13 budgeting and accounting purposes. The amendment provides  
14 that the General Assembly shall enact laws to implement the  
15 amendment.

16 The second amendment contained in the resolution requires a  
17 three-fifths majority for certain tax law changes. The  
18 amendment provides that any bill which enacts, amends, or  
19 repeals the state income tax or the state sales and use tax,  
20 and which causes, in the aggregate, an increase in state tax  
21 revenues, as determined by the General Assembly must be  
22 adopted by a three-fifths vote of the whole membership of each  
23 house of the General Assembly. The amendment also requires a  
24 three-fifths majority vote of each house of the General  
25 Assembly in order to enact a new state tax to be imposed by  
26 the state. A lawsuit challenging a bill pursuant to either  
27 three-fifths majority passage requirement must be filed no  
28 later than one year from the date of enactment of the bill.  
29 Finally, the amendment provides that the General Assembly  
30 shall enact laws to implement the amendment.

31 The resolution, if adopted, provides for both amendments to  
32 be submitted to the voters for their decision on ratification  
33 at a special election called for that purpose. As required by  
34 the Iowa Constitution, the voters will vote separately for or  
35 against each of the two amendments.