

MAR 18 2004
APPROPRIATIONS CALENDAR

HOUSE FILE 2545
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 698)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state budget requirements involving the state
2 general fund expenditure limitation and the Iowa economic
3 emergency fund, and providing effective dates.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2545

1 Section 1. Section 8.22A, subsection 3, Code Supplement
2 2003, is amended to read as follows:

3 3. By December 15 of each fiscal year the conference shall
4 agree to a revenue estimate for the fiscal year beginning the
5 following July 1. That estimate shall be used by the governor
6 in the preparation of the budget message under section 8.22
7 and by the general assembly in the budget process. If the
8 conference agrees to a different estimate at a later meeting
9 which projects a greater amount of revenue than the initial
10 estimate amount agreed to by December 15, the governor and the
11 general assembly shall continue to use the initial estimate
12 amount in the budget process for that fiscal year. However,
13 if the conference agrees to a different estimate at a later
14 meeting which projects a lesser amount of revenue than the
15 initial estimate amount, the governor and the general assembly
16 shall use the lesser amount in the budget process for that
17 fiscal year. As used in this subsection, "later meeting"
18 means only those later meetings which are held prior to the
19 conclusion of the regular session of the general assembly and,
20 if the general assembly holds an extraordinary session prior
21 to the commencement of the fiscal year to which the estimate
22 applies, those later meetings which are held before or during
23 the extraordinary session.

24 Sec. 2. Section 8.54, subsection 2, Code 2003, is amended
25 to read as follows:

26 2. There is created a state general fund expenditure
27 limitation for each fiscal year ~~beginning on or after July 1,~~
28 ~~1993,~~ calculated as provided in this section. An expenditure
29 limitation shall be used for the portion of the budget process
30 commencing on the date the revenue estimating conference
31 agrees to a revenue estimate for the following fiscal year in
32 accordance with section 8.22A, subsection 3, and ending with
33 the governor's final approval or disapproval of the
34 appropriations bills applicable to that fiscal year that were
35 passed prior to July 1 of that fiscal year in a regular or

1 extraordinary legislative session.

2 Sec. 3. Section 8.55, subsection 2, paragraph a, as
3 enacted by 2002 Iowa Acts, Second Extraordinary Session,
4 chapter 1001, section 25, and as made effective by 2003 Iowa
5 Acts, chapter 179, section 40, is amended to read as follows:

6 a. The maximum balance of the fund is the amount equal to
7 ~~two-and-one-half~~ five percent of the adjusted revenue estimate
8 for the fiscal year. If the amount of moneys in the Iowa
9 economic emergency fund is equal to the maximum balance,
10 moneys in excess of this amount shall be transferred to the
11 general fund.

12 Sec. 4. Section 8.55, subsection 2, paragraph c, Code
13 Supplement 2003, is amended by striking the paragraph.

14 Sec. 5. Section 8.57, subsection 1A, paragraphs c and d,
15 as enacted by 2004 Iowa Acts, House File 2039, section 3, are
16 amended to read as follows:

17 c. The appropriation made in paragraph "a" shall continue
18 until the aggregate of the appropriations made or transferred
19 to the senior living trust fund pursuant to paragraph "a" of
20 ~~this-subsection-and-section-8.55, subsection 2, paragraph "c"~~
21 is equal to one hundred eighteen million dollars.

22 ~~d. The aggregate amount of the appropriations to be~~
23 ~~transferred from the Iowa economic emergency fund to the~~
24 ~~senior living trust fund pursuant to section 8.55, subsection~~
25 ~~2, paragraph "c", shall be reduced by the appropriations made~~
26 ~~pursuant to paragraph "a" of this subsection.~~

27 Sec. 6. CONTINGENT EFFECTIVE DATE. The section of this
28 Act amending Code section 8.55, subsection 2, paragraph "a",
29 takes effect on July 1 of the fiscal year immediately
30 following the fiscal year in which all transfers have been
31 made from the Iowa economic emergency fund, in the aggregate
32 amount required by section 8.55, subsection 2, paragraphs "b"
33 and "d", Code Supplement 2003. The director of the department
34 of management shall notify the Iowa Code editor when the
35 transfers have been made.


1 used by the governor and general assembly for the following
2 fiscal year and ends with the governor's final approval or
3 disapproval of the appropriations bills applicable to that
4 fiscal year that were passed prior to July 1 of that fiscal
5 year in a regular or extraordinary legislative session.

6 Code section 8.55, relating to the Iowa economic emergency
7 fund, is amended to strike duplicative language providing for
8 transfer of moneys to the senior living trust fund and to
9 increase the maximum balance of the fund from 2.5 percent to 5
10 percent of the adjusted revenue estimate for the fiscal year.
11 Currently, Code section 8.55 provides for transfer of \$118
12 million from the Iowa economic emergency fund to the senior
13 living trust fund. In 2004 Iowa Acts, House File 2039, the
14 \$118 million is provided under Code section 8.57 as the
15 initial allocation of the ending balance of the general fund
16 of state.

17 The change to increase the percentage used for the maximum
18 balance of the Iowa economic emergency fund has a contingent
19 effective date of July 1 of the fiscal year immediately
20 following the fiscal year in which the transfers from the fund
21 have been made in the required aggregate amount. Under
22 existing law in Code section 8.55, unless reduced by other
23 transfers, an aggregate of \$141,751,000 is to be transferred
24 to the endowment for Iowa's health account of the tobacco
25 settlement trust fund once the Iowa economic emergency fund
26 reaches the maximum balance.

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Chambers
Eichhorn
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HSB 698
APPROPRIATIONS

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON DIX)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

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2 general fund expenditure limitation and the Iowa economic
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7 and by the general assembly in the budget process. If the
8 conference agrees to a different estimate at a later meeting
9 which projects a greater amount of revenue than the initial
10 estimate amount agreed to by December 15, the governor and the
11 general assembly shall continue to use the initial estimate
12 amount in the budget process for that fiscal year. However,
13 if the conference agrees to a different estimate at a later
14 meeting which projects a lesser amount of revenue than the
15 initial estimate amount, the governor and the general assembly
16 shall use the lesser amount in the budget process for that
17 fiscal year. As used in this subsection, "later meeting"
18 means only those later meetings which are held prior to the
19 conclusion of the regular session of the general assembly and,
20 if the general assembly holds an extraordinary session prior
21 to the commencement of the fiscal year to which the estimate
22 applies, those later meetings which are held before or during
23 the extraordinary session.

24 Sec. 2. Section 8.54, subsection 2, Code 2003, is amended
25 to read as follows:

26 2. There is created a state general fund expenditure
27 limitation for each fiscal year ~~beginning on or after July 1,~~
28 ~~1993,~~ calculated as provided in this section. An expenditure
29 limitation shall be used for the portion of the budget process
30 commencing on the date the revenue estimating conference
31 agrees to a revenue estimate for the following fiscal year in
32 accordance with section 8.22A, subsection 3, and ending with
33 the governor's final approval or disapproval of the
34 appropriations bills applicable to that fiscal year that were
35 passed prior to July 1 of that fiscal year in a regular or

1 extraordinary legislative session.

2 Sec. 3. Section 8.55, subsection 2, paragraph a, as
3 enacted by 2002 Iowa Acts, Second Extraordinary Session,
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5 Acts, chapter 179, section 40, is amended to read as follows:

6 a. The maximum balance of the fund is the amount equal to
7 ~~two-and-one-half~~ five percent of the adjusted revenue estimate
8 for the fiscal year. If the amount of moneys in the Iowa
9 economic emergency fund is equal to the maximum balance,
10 moneys in excess of this amount shall be transferred to the
11 general-fund surplus for taxpayers fund created in section
12 8.57B.

13 Sec. 4. Section 8.55, subsection 2, paragraph c, Code
14 Supplement 2003, is amended by striking the paragraph.

15 Sec. 5. Section 8.57, subsection 1A, paragraphs c and d,
16 as enacted by 2004 Iowa Acts, House File 2039, section 3, are
17 amended to read as follows:

18 c. The appropriation made in paragraph "a" shall continue
19 until the aggregate of the appropriations made or transferred
20 to the senior living trust fund pursuant to paragraph "a" of
21 ~~this-subsection-and-section-8-557-subsection-27-paragraph-"c"~~
22 is equal to one hundred eighteen million dollars.

23 ~~d.---The-aggregate-amount-of-the-appropriations-to-be~~
24 ~~transferred-from-the-Iowa-economic-emergency-fund-to-the~~
25 ~~senior-living-trust-fund-pursuant-to-section-8-557-subsection~~
26 ~~27-paragraph-"c",-shall-be-reduced-by-the-appropriations-made~~
27 ~~pursuant-to-paragraph-"a"-of-this-subsection.~~

28 Sec. 6. NEW SECTION. 8.57B SURPLUS FOR TAXPAYERS FUND.

29 1. The surplus for taxpayers fund is created in the state
30 treasury. The fund shall consist of appropriations made to
31 the fund and transfers from the Iowa economic emergency fund
32 and other funds as provided by law. The fund shall be
33 separate from the general fund of the state and the balance in
34 the fund shall not be considered part of the balance of the
35 general fund of the state. However, the fund shall be

1 considered a special account for the purposes of section 8.53,
2 relating to generally accepted accounting principles.

3 2. Notwithstanding section 12C.7, subsection 2, interest
4 or earnings on moneys in the surplus for taxpayers fund shall
5 be credited to the surplus for taxpayers fund. Moneys
6 credited to the fund are not subject to section 8.33.

7 3. Moneys in the fund in a fiscal year shall be used for
8 tax reductions as provided in law enacted by the general
9 assembly.

10 Sec. 7. CONTINGENT EFFECTIVE DATE. The section of this
11 Act amending Code section 8.55, subsection 2, paragraph "a",
12 takes effect on July 1 of the fiscal year immediately
13 following the fiscal year in which all transfers have been
14 made from the Iowa economic emergency fund, in the aggregate
15 amount required by section 8.55, subsection 2, paragraphs "b"
16 and "d", Code Supplement 2003. The director of the department
17 of management shall notify the Iowa Code editor when the
18 transfers have been made.

19 Sec. 8. IMMEDIATE EFFECTIVE DATE. The sections of this
20 Act amending sections 8.22A and 8.54, being deemed of
21 immediate importance, take effect upon enactment.

22 EXPLANATION

23 This bill relates to state budget requirements for the
24 state general fund expenditure limitation and the Iowa
25 economic emergency fund.

26 Code section 8.22A, relating to the revenue estimating
27 conference, is amended. This Code section requires that by
28 December 15 of each fiscal year the conference must make an
29 estimate for the following fiscal year and that this estimate
30 must be used by the governor and the general assembly in the
31 budget process for the following fiscal year. The Code
32 section by definition provides that if, at a later meeting of
33 the conference held prior to the conclusion of the regular
34 session of the general assembly, the conference agrees to a
35 different estimate of a lesser amount of revenue, the lesser

1 amount is to be used in the budget process. The expenditure
2 limitation statute in Code section 8.54 provides for the
3 different estimate to be used in calculating the expenditure
4 limitation.

5 The bill amends Code section 8.22A to provide that if the
6 general assembly holds an extraordinary session prior to the
7 commencement of the fiscal year for which the estimate
8 applies, then an estimate of a lesser amount of revenue agreed
9 to at a meeting of the revenue estimating conference held
10 prior to or during the extraordinary session would be required
11 to be used in the budgeting process. The expenditure
12 limitation would also be adjusted. This section of the bill
13 takes effect upon enactment.

14 The bill amends Code section 8.54, relating to the
15 expenditure limitation, to specify the budget process time
16 period in which the limitation is to be used. The bill
17 provides that the time period commences on the date the
18 revenue estimating conference agrees to the revenue estimate
19 used by the governor and general assembly for the following
20 fiscal year and ends with the governor's final approval or
21 disapproval of the appropriations bills applicable to that
22 fiscal year that were passed prior to July 1 of that fiscal
23 year in a regular or extraordinary legislative session.

24 Code section 8.55, relating to the Iowa economic emergency
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28 percent of the adjusted revenue estimate for the fiscal year.
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30 million from the Iowa economic emergency fund to the senior
31 living trust fund. In 2004 Iowa Acts, House File 2039, the
32 \$118 million is provided under Code section 8.57 as the
33 initial allocation of the ending balance of the general fund
34 of state.

35 The surplus for taxpayers fund is created as a separate

1 fund in the state treasury. Once the Iowa economic emergency
2 fund reaches its maximum balance and reimburses the endowment
3 for Iowa's health account of the tobacco settlement trust
4 fund, the excess is required to be transferred to the surplus
5 for taxpayers fund instead of to the general fund of the state
6 as is provided in current law. The surplus for taxpayers fund
7 retains interest and earnings and moneys credited to the fund
8 are not subject to reversion as otherwise provided in Code
9 section 8.33.

10 The change to increase the percentage used for the maximum
11 balance of the Iowa economic emergency fund has a contingent
12 effective date of July 1 of the fiscal year immediately
13 following the fiscal year in which the transfers from the fund
14 have been made in the required aggregate amount. Under
15 existing law in Code section 8.55, unless reduced by other
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