

House Study Bill 698

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON DIX)

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:
5 TLSB 6492YC 80
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1 1 Section 1. Section 8.22A, subsection 3, Code Supplement
1 2 2003, is amended to read as follows:
1 3 3. By December 15 of each fiscal year the conference shall
1 4 agree to a revenue estimate for the fiscal year beginning the
1 5 following July 1. That estimate shall be used by the governor
1 6 in the preparation of the budget message under section 8.22
1 7 and by the general assembly in the budget process. If the
1 8 conference agrees to a different estimate at a later meeting
1 9 which projects a greater amount of revenue than the initial
1 10 estimate amount agreed to by December 15, the governor and the
1 11 general assembly shall continue to use the initial estimate
1 12 amount in the budget process for that fiscal year. However,
1 13 if the conference agrees to a different estimate at a later
1 14 meeting which projects a lesser amount of revenue than the
1 15 initial estimate amount, the governor and the general assembly
1 16 shall use the lesser amount in the budget process for that
1 17 fiscal year. As used in this subsection, "later meeting"
1 18 means only those later meetings which are held prior to the
1 19 conclusion of the regular session of the general assembly and
1 20 if the general assembly holds an extraordinary session prior
1 21 to the commencement of the fiscal year to which the estimate
1 22 applies, those later meetings which are held before or during
1 23 the extraordinary session.

1 24 Sec. 2. Section 8.54, subsection 2, Code 2003, is amended
1 25 to read as follows:
1 26 2. There is created a state general fund expenditure
1 27 limitation for each fiscal year ~~beginning on or after July 1,~~
~~1 28 1993,~~ calculated as provided in this section. An expenditure
1 29 limitation shall be used for the portion of the budget process
1 30 commencing on the date the revenue estimating conference
1 31 agrees to a revenue estimate for the following fiscal year in
1 32 accordance with section 8.22A, subsection 3, and ending with
1 33 the governor's final approval or disapproval of the
1 34 appropriations bills applicable to that fiscal year that were
1 35 passed prior to July 1 of that fiscal year in a regular or
2 1 extraordinary legislative session.

2 2 Sec. 3. Section 8.55, subsection 2, paragraph a, as
2 3 enacted by 2002 Iowa Acts, Second Extraordinary Session,
2 4 chapter 1001, section 25, and as made effective by 2003 Iowa
2 5 Acts, chapter 179, section 40, is amended to read as follows:
2 6 a. The maximum balance of the fund is the amount equal to
2 7 ~~two and one-half~~ five percent of the adjusted revenue estimate
2 8 for the fiscal year. If the amount of moneys in the Iowa
2 9 economic emergency fund is equal to the maximum balance,
2 10 moneys in excess of this amount shall be transferred to the
2 11 ~~general fund surplus for taxpayers fund created in section~~
2 12 ~~8.57B.~~

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

2 15 Sec. 5. Section 8.57, subsection 1A, paragraphs c and d,
2 16 as enacted by 2004 Iowa Acts, House File 2039, section 3, are
2 17 amended to read as follows:

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

2 22 is equal to one hundred eighteen million dollars.

2 23 ~~d. The aggregate amount of the appropriations to be~~
2 24 ~~transferred from the Iowa economic emergency fund to the~~
2 25 ~~senior living trust fund pursuant to section 8.55, subsection~~
2 26 ~~2, paragraph "c", shall be reduced by the appropriations made~~
2 27 ~~pursuant to paragraph "a" of this subsection.~~

2 28 Sec. 6. NEW SECTION. 8.57B SURPLUS FOR TAXPAYERS FUND.

2 29 1. The surplus for taxpayers fund is created in the state
2 30 treasury. The fund shall consist of appropriations made to
2 31 the fund and transfers from the Iowa economic emergency fund
2 32 and other funds as provided by law. The fund shall be
2 33 separate from the general fund of the state and the balance in
2 34 the fund shall not be considered part of the balance of the
2 35 general fund of the state. However, the fund shall be
3 1 considered a special account for the purposes of section 8.53,
3 2 relating to generally accepted accounting principles.

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

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

3 10 Sec. 7. CONTINGENT EFFECTIVE DATE. The section of this
3 11 Act amending Code section 8.55, subsection 2, paragraph "a",
3 12 takes effect on July 1 of the fiscal year immediately
3 13 following the fiscal year in which all transfers have been
3 14 made from the Iowa economic emergency fund, in the aggregate
3 15 amount required by section 8.55, subsection 2, paragraphs "b"
3 16 and "d", Code Supplement 2003. The director of the department
3 17 of management shall notify the Iowa Code editor when the
3 18 transfers have been made.

3 19 Sec. 8. IMMEDIATE EFFECTIVE DATE. The sections of this
3 20 Act amending sections 8.22A and 8.54, being deemed of
3 21 immediate importance, take effect upon enactment.

3 22 EXPLANATION

3 23 This bill relates to state budget requirements for the
3 24 state general fund expenditure limitation and the Iowa
3 25 economic emergency fund.

3 26 Code section 8.22A, relating to the revenue estimating
3 27 conference, is amended. This Code section requires that by
3 28 December 15 of each fiscal year the conference must make an
3 29 estimate for the following fiscal year and that this estimate
3 30 must be used by the governor and the general assembly in the
3 31 budget process for the following fiscal year. The Code
3 32 section by definition provides that if, at a later meeting of
3 33 the conference held prior to the conclusion of the regular
3 34 session of the general assembly, the conference agrees to a
3 35 different estimate of a lesser amount of revenue, the lesser
4 1 amount is to be used in the budget process. The expenditure
4 2 limitation statute in Code section 8.54 provides for the
4 3 different estimate to be used in calculating the expenditure
4 4 limitation.

4 5 The bill amends Code section 8.22A to provide that if the
4 6 general assembly holds an extraordinary session prior to the
4 7 commencement of the fiscal year for which the estimate
4 8 applies, then an estimate of a lesser amount of revenue agreed
4 9 to at a meeting of the revenue estimating conference held
4 10 prior to or during the extraordinary session would be required
4 11 to be used in the budgeting process. The expenditure
4 12 limitation would also be adjusted. This section of the bill
4 13 takes effect upon enactment.

4 14 The bill amends Code section 8.54, relating to the
4 15 expenditure limitation, to specify the budget process time
4 16 period in which the limitation is to be used. The bill
4 17 provides that the time period commences on the date the
4 18 revenue estimating conference agrees to the revenue estimate
4 19 used by the governor and general assembly for the following
4 20 fiscal year and ends with the governor's final approval or
4 21 disapproval of the appropriations bills applicable to that
4 22 fiscal year that were passed prior to July 1 of that fiscal
4 23 year in a regular or extraordinary legislative session.

4 24 Code section 8.55, relating to the Iowa economic emergency
4 25 fund, is amended to strike duplicative language providing for
4 26 transfer of moneys to the senior living trust fund and to
4 27 increase the maximum balance of the fund from 2.5 percent to 5
4 28 percent of the adjusted revenue estimate for the fiscal year.
4 29 Currently, Code section 8.55 provides for transfer of \$118
4 30 million from the Iowa economic emergency fund to the senior
4 31 living trust fund. In 2004 Iowa Acts, House File 2039, the
4 32 \$118 million is provided under Code section 8.57 as the

4 33 initial allocation of the ending balance of the general fund
4 34 of state.

4 35 The surplus for taxpayers fund is created as a separate
5 1 fund in the state treasury. Once the Iowa economic emergency
5 2 fund reaches its maximum balance and reimburses the endowment
5 3 for Iowa's health account of the tobacco settlement trust
5 4 fund, the excess is required to be transferred to the surplus
5 5 for taxpayers fund instead of to the general fund of the state
5 6 as is provided in current law. The surplus for taxpayers fund
5 7 retains interest and earnings and moneys credited to the fund
5 8 are not subject to reversion as otherwise provided in Code
5 9 section 8.33.

5 10 The change to increase the percentage used for the maximum
5 11 balance of the Iowa economic emergency fund has a contingent
5 12 effective date of July 1 of the fiscal year immediately
5 13 following the fiscal year in which the transfers from the fund
5 14 have been made in the required aggregate amount. Under
5 15 existing law in Code section 8.55, unless reduced by other
5 16 transfers, an aggregate of \$141,751,000 is to be transferred
5 17 to the endowment for Iowa's health account of the tobacco
5 18 settlement trust fund once the Iowa economic emergency fund
5 19 reaches the maximum balance.

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