

FEB 25 2005  
WAYS & MEANS CALENDAR

HOUSE JOINT RESOLUTION 3  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 19)

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

HOUSE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution of  
2 the State of Iowa to require approval by vote of the people  
3 before certain tax or fee increases take effect.

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

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HJR 3

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 sections to new Article XIII:

5 ARTICLE XIII

6 PEOPLE'S RIGHT TO VOTE ON TAX OR FEE INCREASES

7 PEOPLE'S RIGHT TO VOTE ON TAX OR FEE INCREASES. SECTION 1.

8 If all tax and fee increases adopted in a fiscal year would  
9 produce new annual revenue exceeding one percent of total  
10 state general fund revenue received in the preceding fiscal  
11 year, excluding transfers from other state funds, the  
12 increases shall be submitted to the electors, starting with  
13 the largest increase and including increases in descending  
14 order, except the remaining increases that total one percent  
15 or less. All increases of any one tax or fee shall together  
16 be regarded as one increase. An adopted tax or fee increase  
17 required by this article to be submitted to the electors shall  
18 take effect only if submitted to the electors at the next  
19 state general election and approved by a majority of the  
20 electors voting thereon.

21 APPLICATION. SEC. 2. In this article:

22 1. "Local governments" includes all political  
23 subdivisions.

24 2. "Increase" includes, but is not limited to, imposing a  
25 new tax or fee; raising a rate or amount; repealing, reducing,  
26 or delaying an exemption, deduction, credit, exclusion,  
27 reduction, or indexing requirement; or broadening the base or  
28 scope of a tax or fee in any way.

29 3. "Increase" includes legislation that allows or requires  
30 one or more local governments, with or without approval by  
31 local electors, to impose or increase any tax on income,  
32 sales, or property, but excludes legislation in which the only  
33 subject matter is establishment of the state percentage of  
34 growth for school foundation aid.

35 4. "Increase" of property tax includes legislation that

1 has the effect of reducing total state funds transferred to  
2 all local governments in a fiscal year in comparison with the  
3 preceding fiscal year, taking into account all legislation  
4 increasing or reducing such transfers.

5 5. "Increase" of property tax includes legislation that  
6 has the effect of requiring local governments to incur  
7 aggregate net cost increases in a fiscal year, after deducting  
8 increased transfers of state funds for the express purpose of  
9 offsetting those cost increases. Such increased transfers  
10 shall be deducted under this subsection and not under  
11 subsection 4.

12 6. "New annual revenue" means the estimated net increase  
13 over the fiscal year preceding adoption in total state general  
14 fund revenue produced by the total of all tax and fee  
15 increases adopted in a fiscal year, less estimated refunds  
16 payable as a result of the increases, all as estimated for the  
17 fiscal year in which all such increases are adopted, as if all  
18 such increases and refunds were fully effective and entirely  
19 implemented for that full fiscal year. Actual amounts, if  
20 known, shall be used instead of estimates.

21 7. "Adopted" or "adoption" means that after 2006, a bill  
22 has been passed and all requirements of article III have been  
23 met, so that the bill would become law except for the  
24 requirements of this article.

25 8. This article does not apply to taxes and fees subject  
26 to article VII, sections 5 and 8.

27 EMERGENCY. SEC. 3. A temporary exception to the preceding  
28 requirements of this article shall be allowed only to this  
29 extent and only if all these conditions are met: (1) the  
30 Governor requests the General Assembly to adopt an emergency  
31 tax increase for only one specified fiscal year; (2) the  
32 request specifically states the nature of the emergency, the  
33 expenditures needed to respond to the emergency, and the  
34 proposed tax increase to pay for the emergency expenditures  
35 for that year; and (3) a law declaring an emergency and

1 providing an emergency tax increase in accordance with the  
2 Governor's specific request is passed by a vote of two-thirds  
3 of all the members elected to each branch of the General  
4 Assembly and is approved by the Governor. Such law shall not  
5 be passed more than four months prior to the fiscal year to  
6 which it applies. Such law must be enacted prior to  
7 obligating any requested emergency expenditures.

8 ENFORCEMENT. SEC. 4. Any citizen or taxpayer may, within  
9 two years after a tax or fee increase is adopted, bring suit  
10 to enforce compliance with this article. If no such suit is  
11 filed within the two-year period, the elector approval  
12 requirement for that tax or fee increase is negated. The  
13 Supreme Court shall have original jurisdiction of any such  
14 suit. The Supreme Court shall invalidate any increase which  
15 should have been, but was not, submitted to the electors as  
16 required by this article and shall order that the revenue  
17 collected in violation of this article be refunded or applied  
18 to reduce future taxes. A citizen or taxpayer who brings suit  
19 and prevails shall receive from the state the costs of the  
20 suit, including reasonable attorney fees.

21 IMPLEMENTATION. SEC. 5. This article shall be interpreted  
22 and implemented to achieve its purpose to increase the  
23 electors' control of taxes and fees. The General Assembly  
24 shall enact laws to implement this article.

25 Sec. 2. SUBMISSION TO ELECTORATE. The foregoing proposed  
26 amendment to the Constitution of the State of Iowa, having  
27 been adopted and agreed to by the Eightieth General Assembly,  
28 2004 Session, thereafter duly published, and now adopted and  
29 agreed to by the Eighty-first General Assembly in this joint  
30 resolution, shall be submitted to the people of the State of  
31 Iowa at the next following general election in the manner  
32 required by the Constitution of the State of Iowa and the laws  
33 of the State of Iowa.

34 EXPLANATION

35 This joint resolution proposes an amendment adding a new

1 Article XIII to the Constitution of the State of Iowa, giving  
2 the people of Iowa the right to vote on certain adopted  
3 increases of taxes and fees, so that the increases will not  
4 take effect unless approved by majority vote at a state  
5 general election.

6 The amendment requires that a law or laws increasing any  
7 taxes or fees that would result in new annual revenue of more  
8 than 1 percent of total state general fund revenue received in  
9 the fiscal year preceding enactment of the law or laws must  
10 receive voter approval at a state general election. The  
11 amendment defines "new annual revenue". The amendment also  
12 defines "increase". This definition includes legislation that  
13 allows or requires a local government to impose or increase  
14 any tax on income, sales, or property; legislation that has  
15 the effect of reducing total state funds transferred to all  
16 local governments; and legislation that requires local  
17 governments to incur aggregate net cost increases in a fiscal  
18 year.

19 The amendment allows the general assembly, at the  
20 governor's request and by two-thirds vote, to increase taxes  
21 in emergency situations.

22 The amendment allows any citizen or taxpayer to bring suit  
23 to enforce compliance with the voter approval requirement  
24 within two years of adoption of a tax or fee increase. The  
25 amendment also provides that the general assembly shall enact  
26 laws to implement the amendment.

27 The joint resolution, if adopted by this second consecutive  
28 general assembly, will be submitted to the voters for  
29 ratification at the next following general election.

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Succeeded by  
HJR 3

HSB 19  
WAYS AND MEANS

Paulsen, Ch.  
Carroll  
Kaufmann  
Hogg  
Shoultz

HOUSE JOINT RESOLUTION \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS RESOLUTION  
BY CHAIRPERSON VAN FOSSEN)

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