

House Study Bill 19

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 _____
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:
5 TLSB 1822YC 81
6 sc/sh/8

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1 1 Section 1. The following amendment to the Constitution of
1 2 the State of Iowa is proposed:
1 3 The Constitution of the State of Iowa is amended by adding
1 4 the following new sections to new Article XIII:
1 5 ARTICLE XIII
1 6 PEOPLE'S RIGHT TO VOTE ON TAX OR FEE INCREASES
1 7 PEOPLE'S RIGHT TO VOTE ON TAX OR FEE INCREASES. SECTION 1.
1 8 If all tax and fee increases adopted in a fiscal year would
1 9 produce new annual revenue exceeding one percent of total
1 10 state general fund revenue received in the preceding fiscal
1 11 year, excluding transfers from other state funds, the
1 12 increases shall be submitted to the electors, starting with
1 13 the largest increase and including increases in descending
1 14 order, except the remaining increases that total one percent
1 15 or less. All increases of any one tax or fee shall together
1 16 be regarded as one increase. An adopted tax or fee increase
1 17 required by this article to be submitted to the electors shall
1 18 take effect only if submitted to the electors at the next
1 19 state general election and approved by a majority of the
1 20 electors voting thereon.
1 21 APPLICATION. SEC. 2. In this article:
1 22 1. "Local governments" includes all political
1 23 subdivisions.
1 24 2. "Increase" includes, but is not limited to, imposing a
1 25 new tax or fee; raising a rate or amount; repealing, reducing,
1 26 or delaying an exemption, deduction, credit, exclusion,
1 27 reduction, or indexing requirement; or broadening the base or
1 28 scope of a tax or fee in any way.
1 29 3. "Increase" includes legislation that allows or requires
1 30 one or more local governments, with or without approval by
1 31 local electors, to impose or increase any tax on income,
1 32 sales, or property, but excludes legislation in which the only
1 33 subject matter is establishment of the state percentage of
1 34 growth for school foundation aid.
1 35 4. "Increase" of property tax includes legislation that
2 1 has the effect of reducing total state funds transferred to
2 2 all local governments in a fiscal year in comparison with the
2 3 preceding fiscal year, taking into account all legislation
2 4 increasing or reducing such transfers.
2 5 5. "Increase" of property tax includes legislation that
2 6 has the effect of requiring local governments to incur
2 7 aggregate net cost increases in a fiscal year, after deducting
2 8 increased transfers of state funds for the express purpose of
2 9 offsetting those cost increases. Such increased transfers
2 10 shall be deducted under this subsection and not under
2 11 subsection 4.
2 12 6. "New annual revenue" means the estimated net increase
2 13 over the fiscal year preceding adoption in total state general
2 14 fund revenue produced by the total of all tax and fee
2 15 increases adopted in a fiscal year, less estimated refunds
2 16 payable as a result of the increases, all as estimated for the
2 17 fiscal year in which all such increases are adopted, as if all

2 18 such increases and refunds were fully effective and entirely
2 19 implemented for that full fiscal year. Actual amounts, if
2 20 known, shall be used instead of estimates.
2 21 7. "Adopted" or "adoption" means that after 2006, a bill
2 22 has been passed and all requirements of article III have been
2 23 met, so that the bill would become law except for the
2 24 requirements of this article.

2 25 8. This article does not apply to taxes and fees subject
2 26 to article VII, sections 5 and 8.
2 27 EMERGENCY. SEC. 3. A temporary exception to the preceding
2 28 requirements of this article shall be allowed only to this
2 29 extent and only if all these conditions are met: (1) the
2 30 Governor requests the General Assembly to adopt an emergency
2 31 tax increase for only one specified fiscal year; (2) the
2 32 request specifically states the nature of the emergency, the
2 33 expenditures needed to respond to the emergency, and the
2 34 proposed tax increase to pay for the emergency expenditures
2 35 for that year; and (3) a law declaring an emergency and
3 1 providing an emergency tax increase in accordance with the
3 2 Governor's specific request is passed by a vote of two-thirds
3 3 of all the members elected to each branch of the General
3 4 Assembly and is approved by the Governor. Such law shall not
3 5 be passed more than four months prior to the fiscal year to
3 6 which it applies. Such law must be enacted prior to
3 7 obligating any requested emergency expenditures.

3 8 ENFORCEMENT. SEC. 4. Any citizen or taxpayer may, within
3 9 two years after a tax or fee increase is adopted, bring suit
3 10 to enforce compliance with this article. If no such suit is
3 11 filed within the two-year period, the elector approval
3 12 requirement for that tax or fee increase is negated. The
3 13 Supreme Court shall have original jurisdiction of any such
3 14 suit. The Supreme Court shall invalidate any increase which
3 15 should have been, but was not, submitted to the electors as
3 16 required by this article and shall order that the revenue
3 17 collected in violation of this article be refunded or applied
3 18 to reduce future taxes. A citizen or taxpayer who brings suit
3 19 and prevails shall receive from the state the costs of the
3 20 suit, including reasonable attorney fees.

3 21 IMPLEMENTATION. SEC. 5. This article shall be interpreted
3 22 and implemented to achieve its purpose to increase the
3 23 electors' control of taxes and fees. The General Assembly
3 24 shall enact laws to implement this article.

3 25 Sec. 2. SUBMISSION TO ELECTORATE. The foregoing proposed
3 26 amendment to the Constitution of the State of Iowa, having
3 27 been adopted and agreed to by the Eightieth General Assembly,
3 28 2004 Session, thereafter duly published, and now adopted and
3 29 agreed to by the Eighty-first General Assembly in this joint
3 30 resolution, shall be submitted to the people of the State of
3 31 Iowa at the next following general election in the manner
3 32 required by the Constitution of the State of Iowa and the laws
3 33 of the State of Iowa.

3 34 EXPLANATION

3 35 This joint resolution proposes an amendment adding a new
4 1 Article XIII to the Constitution of the State of Iowa, giving
4 2 the people of Iowa the right to vote on certain adopted
4 3 increases of taxes and fees, so that the increases will not
4 4 take effect unless approved by majority vote at a state
4 5 general election.

4 6 The amendment requires that a law or laws increasing any
4 7 taxes or fees that would result in new annual revenue of more
4 8 than 1 percent of total state general fund revenue received in
4 9 the fiscal year preceding enactment of the law or laws must
4 10 receive voter approval at a state general election. The
4 11 amendment defines "new annual revenue". The amendment also
4 12 defines "increase". This definition includes legislation that
4 13 allows or requires a local government to impose or increase
4 14 any tax on income, sales, or property; legislation that has
4 15 the effect of reducing total state funds transferred to all
4 16 local governments; and legislation that requires local
4 17 governments to incur aggregate net cost increases in a fiscal
4 18 year.

4 19 The amendment allows the general assembly, at the
4 20 governor's request and by two-thirds vote, to increase taxes
4 21 in emergency situations.

4 22 The amendment allows any citizen or taxpayer to bring suit
4 23 to enforce compliance with the voter approval requirement
4 24 within two years of adoption of a tax or fee increase. The
4 25 amendment also provides that the general assembly shall enact
4 26 laws to implement the amendment.

4 27 The joint resolution, if adopted by this second consecutive
4 28 general assembly, will be submitted to the voters for

4 29 ratification at the next following general election.
4 30 LSB 1822YC 81
4 31 sc/sh/8