

# House File 407 - Introduced

HOUSE FILE \_\_\_\_\_  
BY SANDS, STRUYK, GRANZOW, WATTS,  
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Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the state general fund expenditure limitation  
2 and making appropriations to repay certain funds, and  
3 providing effective and applicability dates.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1304HH 82  
6 jp/je/5

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1 1 Section 1. Section 8.54, subsection 2, Code 2007, is  
1 2 amended to read as follows:  
1 3 2. There is created a state general fund expenditure  
1 4 limitation for each fiscal year calculated as provided in this  
1 5 section. An expenditure limitation shall be used for ~~the~~  
~~1 6 portion of the budget process commencing on the date the~~  
1 7 revenue estimating conference agrees to a revenue estimate for  
1 8 the following fiscal year in accordance with section 8.22A,  
1 9 subsection 3, and ending with the ~~governor's final approval or~~  
~~1 10 disapproval of the appropriations bills applicable to that~~  
~~1 11 fiscal year that were passed prior to July 1 of that fiscal~~  
~~1 12 year in a regular or extraordinary legislative session close~~  
1 13 of the fiscal year for which the expenditure limitation was  
1 14 calculated. Once the fiscal year for which the expenditure  
1 15 limitation was calculated commences, the expenditure  
1 16 limitation for that fiscal year is not subject to adjustment  
1 17 or readjustment except by law enacted for that purpose.  
1 18 Sec. 2. Section 8.54, Code 2007, is amended by adding the  
1 19 following new subsections:  
1 20 NEW SUBSECTION. 8. a. The requirements of this  
1 21 subsection are only applicable under the state general fund  
1 22 expenditure limitation for a fiscal year when the adjusted  
1 23 revenue estimate used to establish the expenditure limitation  
1 24 for that fiscal year represents an increase of more than two  
1 25 percent over the adjusted revenue estimate used to establish  
1 26 the expenditure limitation for the immediately preceding  
1 27 fiscal year.  
1 28 b. If an appropriation is made for a fiscal year from a  
1 29 source other than the general fund of the state for a  
1 30 designated purpose and in either of the two fiscal years  
1 31 immediately preceding that fiscal year the designated purpose  
1 32 was funded by an appropriation from the general fund of the  
1 33 state, for the purposes of the state general fund expenditure  
1 34 limitation, the amount of the appropriation from the other  
1 35 source shall be considered to have been transferred to and  
2 1 appropriated from the general fund of the state and shall be  
2 2 counted as both a new revenue causing readjustment of the  
2 3 expenditure limitation amount and as an appropriation made  
2 4 under the expenditure limitation amount. Subject to the  
2 5 applicability condition in paragraph "a", the requirements of  
2 6 this subsection shall apply to either or both the initial and  
2 7 immediately succeeding fiscal years for which the  
2 8 appropriation is made from the other funding source.  
2 9 NEW SUBSECTION. 9. a. Commencing during the fiscal year  
2 10 that begins July 1, 2008, if the adjusted revenue estimate  
2 11 used to establish the expenditure limitation for the  
2 12 succeeding fiscal year represents an increase over the  
2 13 adjusted revenue estimate used to establish the expenditure  
2 14 limitation for the fiscal year in progress by a percentage

2 15 amount listed in this paragraph, there is appropriated from  
2 16 the general fund of the state to the office of the treasurer  
2 17 of state for the succeeding fiscal year, the indicated amount.  
2 18 An appropriation made pursuant to this subsection shall be  
2 19 counted under the state general fund expenditure limitation  
2 20 amount for the fiscal year for which the appropriation is  
2 21 made. The treasurer of state shall distribute the  
2 22 appropriation as provided in paragraph "b" to be used to  
2 23 restore funding that was transferred to the general fund of  
2 24 the state or appropriated from various funds and accounts in  
2 25 lieu of funding from the general fund of the state. The  
2 26 appropriation made in this paragraph shall continue on an  
2 27 annual basis until the amounts listed in paragraph "b" have  
2 28 all been distributed. If the amount appropriated would exceed  
2 29 the amount remaining to be distributed, the appropriation  
2 30 shall be reduced by the excess.

2 31 (1) For an increase in the adjusted revenue estimate of  
2 32 more than two percent but less than four percent, the  
2 33 appropriation made in this paragraph "a" shall be an amount  
2 34 equal to one-half of one percent of the adjusted revenue  
2 35 estimate used to establish the state general fund expenditure  
3 1 limitation for the fiscal year for which the appropriation is  
3 2 made.

3 3 (2) For an increase in the adjusted revenue estimate of at  
3 4 least four percent but less than six percent, the  
3 5 appropriation made in this paragraph "a" shall be an amount  
3 6 equal to one percent of the adjusted revenue estimate used to  
3 7 establish the state general fund expenditure limitation for  
3 8 the fiscal year for which the appropriation is made.

3 9 (3) For an increase in the adjusted revenue estimate of at  
3 10 least six percent but less than eight percent, the  
3 11 appropriation made in this paragraph "a" shall be an amount  
3 12 equal to one and one-half percent of the adjusted revenue  
3 13 estimate used to establish the state general fund expenditure  
3 14 limitation for the fiscal year for which the appropriation is  
3 15 made.

3 16 (4) For an increase in the adjusted revenue estimate of  
3 17 eight percent or more, the appropriation made in this  
3 18 paragraph "a" shall be an amount equal to two percent of the  
3 19 adjusted revenue estimate used to establish the state general  
3 20 fund expenditure limitation for the fiscal year for which the  
3 21 appropriation is made.

3 22 b. The appropriation made in paragraph "a" shall be  
3 23 annually, if necessary, distributed as provided in this  
3 24 paragraph "b". Unless otherwise provided by law,  
3 25 notwithstanding section 8.33, moneys distributed in accordance  
3 26 with this paragraph that remain unencumbered or unobligated at  
3 27 the close of the fiscal year shall not revert but shall remain  
3 28 available for expenditure for the purposes designated until  
3 29 expended.

3 30 (1) Moneys appropriated in paragraph "a" shall be  
3 31 distributed to the funds and departments listed in this  
3 32 subparagraph, in the order and amounts listed until the full  
3 33 amounts listed have been distributed. To the extent the  
3 34 appropriation for a fiscal year is insufficient to fully fund  
3 35 an amount listed or remaining, the amount of the insufficiency  
4 1 shall be distributed from the next succeeding appropriation or  
4 2 appropriations. When all amounts listed in this subparagraph  
4 3 have been distributed in full, any remaining amounts of the  
4 4 appropriation made in paragraph "a" shall be distributed as  
4 5 provided in subparagraph (2). Moneys distributed pursuant to  
4 6 this subparagraph (1) shall be used for the purposes of the  
4 7 fund or department to which distributed, unless a purpose is  
4 8 stated with the amount:

4 9 (a) The innovations fund created in section 8.63, four  
4 10 hundred thousand dollars.

4 11 (b) The state department of transportation to be used for  
4 12 aviation hangars, three hundred sixty thousand dollars, and  
4 13 for airport engineering studies and improvement projects,  
4 14 three hundred forty-seven thousand dollars.

4 15 (c) The special all-terrain vehicle fund created pursuant  
4 16 to section 321I.8, eight hundred thousand dollars.

4 17 (d) The victim compensation fund established in section  
4 18 915.94, one million dollars.

4 19 (e) The special snowmobile fund created pursuant to  
4 20 section 321G.7, one million dollars.

4 21 (f) The revolving fund created in section 602.1302, for  
4 22 the purpose of paying jury and witness fees and mileage by the  
4 23 judicial branch, and for payment of other trial-related  
4 24 expenses, one million dollars.

4 25 (g) The brucellosis and tuberculosis eradication fund

4 26 created in section 165.18, one million dollars.  
4 27 (h) The agricultural drainage well water quality  
4 28 assistance fund created in section 460.303, one million one  
4 29 hundred thousand dollars.  
4 30 (i) The property tax relief fund risk pool created in  
4 31 section 426B.5, subsection 2, three million five hundred  
4 32 thousand dollars.  
4 33 (j) The title guaranty fund created in section 16.91, two  
4 34 million seven hundred thousand dollars.  
4 35 (k) The waste tire management fund created in section  
5 1 455D.11C, four million six hundred thousand dollars.  
5 2 (l) The groundwater protection fund established in section  
5 3 455E.11, five million two hundred thousand dollars.  
5 4 (m) The state department of transportation to be used for  
5 5 recreational trails projects, five million five hundred  
5 6 thousand dollars.  
5 7 (n) The strategic investment fund created in section  
5 8 15.313, three million dollars.  
5 9 (o) The physical infrastructure assistance fund created in  
5 10 section 15E.175, two million five hundred thousand dollars.  
5 11 (p) The value-added agricultural products and processes  
5 12 financial assistance fund created in section 15E.112, seven  
5 13 hundred fifty thousand dollars.  
5 14 (q) The school infrastructure fund created in section  
5 15 12.82, twenty-two million dollars.  
5 16 (2) When the amounts listed in subparagraph (1) have all  
5 17 been distributed, any remaining amounts of the appropriation  
5 18 made in paragraph "a" shall be annually distributed to the  
5 19 account and funds listed in this subparagraph (2) until the  
5 20 full amounts listed have been distributed. If the  
5 21 appropriation is insufficient to fully fund all amounts listed  
5 22 or remaining, the appropriation shall be prorated among the  
5 23 account and funds based upon an amount's proportion of the  
5 24 total amount to be distributed. The distribution of the  
5 25 appropriation made in paragraph "a" shall continue in  
5 26 succeeding fiscal years until the entire amount listed for  
5 27 each account or fund in this subparagraph (2) has been  
5 28 distributed. Moneys distributed shall be used for the  
5 29 purposes of the account or fund to which distributed:

5 30 (a) The environment first fund created in section 8.57A,  
5 31 sixty-nine million five hundred thousand dollars.  
5 32 (b) The rebuild Iowa infrastructure fund created in  
5 33 section 8.57, subsection 6, sixty million five hundred sixty  
5 34 thousand dollars.  
5 35 (c) The Iowa comprehensive petroleum underground storage  
6 1 tank fund created in section 455G.3, forty-eight million  
6 2 dollars.

6 3 c. This subsection is repealed on July 1 following the  
6 4 fiscal year in which all amounts listed in paragraph "b" have  
6 5 been paid in full. The treasurer of state shall notify the  
6 6 Code editor when the amounts have been paid in full.

6 7 Sec. 3. EFFECTIVE AND APPLICABILITY DATES. The section of  
6 8 this Act amending section 8.54, subsection 2, and the  
6 9 provision of the section of this Act enacting section 8.54,  
6 10 subsection 8, take effect July 1, 2008, and are first  
6 11 applicable to the state general fund expenditure limitation  
6 12 established for the fiscal year beginning July 1, 2009.

#### 6 13 EXPLANATION

6 14 This bill relates to the state general fund expenditure  
6 15 limitation by extending the duration of the limitation,  
6 16 providing for inclusion under the limitation of appropriations  
6 17 previously made from the state general fund that are made from  
6 18 another fund, and establishing standing appropriations in the  
6 19 event state general fund revenues are projected to increase by  
6 20 a certain amount.

6 21 The bill requires the expenditure limitation to be used for  
6 22 the budget process until the close of the fiscal year to which  
6 23 the expenditure limitation applies. Current law provides the  
6 24 expenditure limitation is applicable for the budget process  
6 25 until the governor's final approval or disapproval of the  
6 26 appropriations bills that were passed prior to July 1 of the  
6 27 fiscal year to which the limitation applies. Under the bill,  
6 28 once the fiscal year for which the expenditure limitation was  
6 29 calculated commences, the expenditure limitation for that  
6 30 fiscal year is not subject to adjustment or readjustment  
6 31 except by law enacted for that purpose.

6 32 The bill provides a new requirement applies if the adjusted  
6 33 revenue estimate used to establish the expenditure limitation  
6 34 is projected to be more than 2 percent over the adjusted  
6 35 revenue estimate for the immediately preceding fiscal year.

7 1 Under the new requirement, if an appropriation is made for a

7 2 fiscal year from a source other than the general fund of the  
7 3 state for a designated purpose and in either of the two fiscal  
7 4 years immediately preceding that fiscal year the designated  
7 5 purpose was funded by an appropriation from the general fund  
7 6 of the state, for the purposes of the state general fund  
7 7 expenditure limitation, the appropriation from the other  
7 8 source shall be considered to have been transferred to and  
7 9 appropriated from the general fund of the state and shall be  
7 10 counted as both a new revenue and an appropriation made under  
7 11 the expenditure limitation amount. "New revenue" is a defined  
7 12 term that means a revenue amount that was not included in the  
7 13 estimate made by the revenue estimating conference that was  
7 14 used to calculate the initial state general fund expenditure  
7 15 limitation for a fiscal year. The state general fund  
7 16 expenditure limitation is adjusted to include 95 percent of  
7 17 the new revenue. The requirements apply to the initial and  
7 18 immediately succeeding fiscal years for which the  
7 19 appropriation is made from the other funding source.

7 20 The bill provides that if the adjusted revenue estimate  
7 21 used to establish the expenditure limitation for the  
7 22 succeeding fiscal year is projected to be an increase over the  
7 23 adjusted revenue estimate for the fiscal year in progress by  
7 24 at least a specified amount, certain standing limited  
7 25 appropriations are made. "Adjusted revenue estimate" is a  
7 26 defined term that means a projection approved by the revenue  
7 27 estimating conference for purposes of the expenditure  
7 28 limitation as adjusted by subtracting estimated tax refunds  
7 29 payable from that estimated revenue and adding any new  
7 30 revenues which may be considered to be eligible for deposit in  
7 31 the general fund.

7 32 If the increase is projected to be more than 2 percent but  
7 33 less than 4 percent, the amount of the standing appropriation  
7 34 is 0.50 percent of the adjusted revenue estimate; for a  
7 35 projected increase of 4 percent but less than 6 percent, the  
8 1 amount is 1 percent of the adjusted revenue estimate; for an  
8 2 increase of 6 percent but less than 8 percent, the amount is  
8 3 1.5 percent of the adjusted revenue estimate; and for an  
8 4 increase of 8 percent or more, the increase is 2 percent of  
8 5 the adjusted revenue estimate. The amount of the standing  
8 6 limited appropriation is counted under the expenditure  
8 7 limitation amount for that fiscal year. The standing  
8 8 appropriation is made to the treasurer of state for  
8 9 distribution as provided in the bill to restore funding that  
8 10 was appropriated from various funds and accounts in lieu of  
8 11 the state general fund. These contingent annual standing  
8 12 limited appropriations are first made for the fiscal year  
8 13 beginning July 1, 2009.

8 14 The bill provides for distribution of the repayment funding  
8 15 in two groups. The first group is to be repaid in the order  
8 16 listed until all are paid in full. Once the first group is  
8 17 repaid, the second group is to be repaid next. If the amount  
8 18 of the standing appropriation is insufficient to pay in full  
8 19 all the amounts listed for the second group, the  
8 20 appropriations are to be prorated among the second group. The  
8 21 distributions of the appropriations shall continue to be made  
8 22 for the second group until all amounts listed are repaid.

8 23 Some provisions of the bill take effect July 1, 2008, and  
8 24 are first applicable to the state general fund expenditure  
8 25 limitation established for the fiscal year beginning July 1,  
8 26 2009.

8 27 LSB 1304HH 82

8 28 jp:mg/je/5