

Senate File 222 - Introduced

SENATE FILE _____
BY HOGG

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

A BILL FOR

1 An Act relating to the Iowa economic emergency fund and the cash
2 reserve fund by increasing the maximum balances of the funds
3 and authorizing a contingent appropriation.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2255SS 82
6 jp/es/88

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1 1 Section 1. Section 8.55, subsection 2, paragraph a, Code
1 2 2007, is amended to read as follows:
1 3 a. The maximum balance of the fund is the amount equal to
1 4 ~~two and one-half~~ ten percent of the adjusted revenue estimate
1 5 for the fiscal year. If the amount of moneys in the Iowa
1 6 economic emergency fund is equal to the maximum balance,
1 7 moneys in excess of this amount shall be transferred to the
1 8 general fund.

1 9 Sec. 2. Section 8.55, subsection 3, paragraph a, Code
1 10 2007, is amended to read as follows:

1 11 a. Except as provided in paragraphs "b", "bb", and "c",
1 12 the moneys in the Iowa economic emergency fund shall only be
1 13 used pursuant to an appropriation made by the general
1 14 assembly. An appropriation shall only be made for the fiscal
1 15 year in which the appropriation is made. The moneys shall
1 16 only be appropriated by the general assembly for emergency
1 17 expenditures.

1 18 Sec. 3. Section 8.55, subsection 3, Code 2007, is amended
1 19 by adding the following new paragraph:

1 20 NEW PARAGRAPH. bb. There is appropriated from the Iowa
1 21 economic emergency fund to the general fund of the state an
1 22 amount sufficient to reduce or prevent an overdraft on or
1 23 deficit in the general fund of the state for the fiscal year
1 24 in which the appropriation is made. The appropriation made in
1 25 this paragraph shall not exceed an amount equal to twenty
1 26 percent of the unobligated and unencumbered balance in the
1 27 fund on the date the appropriation is made and is contingent
1 28 upon all of the following having occurred:

1 29 (1) The governor projects that the appropriation is
1 30 necessary to preclude implementation of or to reduce the
1 31 amount of the uniform reductions in appropriations otherwise
1 32 required pursuant to section 8.31 to prevent an overdraft on
1 33 or deficit in the general fund of the state.

1 34 (2) The governor projects that without the appropriation,
1 35 the balance of the general fund of the state at the close of
2 1 the fiscal year will be negative.

2 2 (3) The general assembly is not in regular or
2 3 extraordinary session.

2 4 (4) The governor has issued an official proclamation and
2 5 has notified the co-chairpersons of the fiscal committee of
2 6 the legislative council and the legislative services agency
2 7 verifying the contingencies addressed in subparagraphs (1)
2 8 through (3) and outlining the reasons why the appropriation
2 9 authorized in this paragraph "bb" is necessary to prevent an
2 10 overdraft on or deficit in the general fund of the state. The
2 11 appropriation amount shall be identified in the proclamation.
2 12 The effective date of the appropriation is the date the
2 13 proclamation is published in the Iowa administrative bulletin.

2 14 Sec. 4. Section 8.56, subsection 4, paragraph b, Code
2 15 2007, is amended to read as follows:

2 16 b. In addition to the requirements of paragraph "a", an
2 17 appropriation shall not be made from the cash reserve fund
2 18 which would cause the fund's balance to be less than ~~three and~~
2 19 ~~three-fourths~~ five percent of the adjusted revenue estimate

2 20 for the year for which the appropriation is made unless the
2 21 bill or joint resolution is approved by vote of at least
2 22 three-fifths of the members of both chambers of the general
2 23 assembly and is signed by the governor.

2 24 Sec. 5. Section 8.57, subsection 1, paragraph a, Code
2 25 2007, is amended to read as follows:

2 26 a. The "cash reserve goal percentage" for fiscal years
2 27 beginning on or after July 1, ~~2004~~ 2007, is ~~seven and one-half~~
2 28 ~~ten~~ percent of the adjusted revenue estimate. For each fiscal
2 29 year in which the appropriation of the surplus existing in the
2 30 general fund of the state at the conclusion of the prior
2 31 fiscal year pursuant to paragraph "b" was not sufficient for
2 32 the cash reserve fund to reach the cash reserve goal
2 33 percentage for the current fiscal year, there is appropriated
2 34 from the general fund of the state an amount to be determined
2 35 as follows:

3 1 (1) If the balance of the cash reserve fund in the current
3 2 fiscal year is not more than ~~six and one-half~~ nine percent of
3 3 the adjusted revenue estimate for the current fiscal year, the
3 4 amount of the appropriation under this lettered paragraph is
3 5 one percent of the adjusted revenue estimate for the current
3 6 fiscal year.

3 7 (2) If the balance of the cash reserve fund in the current
3 8 fiscal year is more than ~~six and one-half~~ nine percent but
3 9 less than ~~seven and one-half~~ ten percent of the adjusted
3 10 revenue estimate for that fiscal year, the amount of the
3 11 appropriation under this lettered paragraph is the amount
3 12 necessary for the cash reserve fund to reach ~~seven and~~
3 13 ~~one-half~~ ten percent of the adjusted revenue estimate for the
3 14 current fiscal year.

3 15 (3) The moneys appropriated under this lettered paragraph
3 16 shall be credited in equal and proportionate amounts in each
3 17 quarter of the current fiscal year.

3 18 EXPLANATION

3 19 This bill relates to the Iowa economic emergency fund and
3 20 the cash reserve fund by increasing the maximum balances of
3 21 the funds and authorizes a contingent appropriation.

3 22 Current law establishes the maximum balance of the Iowa
3 23 economic emergency fund under Code section 8.55 for a fiscal
3 24 year at 2.5 percent of the adjusted revenue estimate for the
3 25 fiscal year under the state general fund expenditure
3 26 limitation law. Under the expenditure limitation law, the
3 27 adjusted revenue estimate is calculated from the appropriate
3 28 estimate issued for a fiscal year by the revenue estimating
3 29 conference, and subtracting tax revenues and adding new
3 30 revenue. Current law establishes the maximum balance of the
3 31 cash reserve fund under Code section 8.56 for a fiscal year by
3 32 applying the cash reserve goal percentage under Code section
3 33 8.57 to the adjusted revenue estimate for the fiscal year.
3 34 Under current law, the cash reserve goal percentage is 7.5
3 35 percent. The bill changes the applicable percentages used to

4 1 establish the maximum balances for both funds to 10 percent.

4 2 The bill includes a conforming amendment to language for
4 3 the cash reserve fund in Code section 8.56 which prohibits an
4 4 appropriation from the fund which would cause the fund balance
4 5 to fall below a percentage equal to one half of the maximum
4 6 percentage. The bill increases that percentage from 3.75 to 5
4 7 percent.

4 8 The bill also amends the Iowa economic emergency fund
4 9 provisions to authorize a new contingent appropriation of up
4 10 to 20 percent of the available balance of the Iowa economic
4 11 emergency fund to the general fund of the state. An existing
4 12 contingent appropriation for a similar purpose may only be
4 13 made at the close of the fiscal year. The new appropriation
4 14 is contingent upon the following: the governor projecting
4 15 that the appropriation is necessary to preclude the governor
4 16 from ordering an across-the-board appropriation reduction in
4 17 accordance with Code section 8.31, the governor projecting
4 18 that without the appropriation the balance of the general fund
4 19 will be negative at the close of the fiscal year, the general
4 20 assembly is not in regular or extraordinary session, and the
4 21 governor verifies these contingencies in an official
4 22 proclamation which states the reasons why the appropriation is
4 23 necessary to prevent an overdraft on or deficit in the general
4 24 fund of the state.

4 25 The proclamation is required to identify the amount of the
4 26 appropriation and the appropriation takes effect on the date
4 27 the proclamation is published in the Iowa administrative
4 28 bulletin.

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