

**House Joint Resolution 2004 - Introduced**

HOUSE JOINT RESOLUTION 2004  
BY HAGENOW

**HOUSE JOINT RESOLUTION**

1 A Joint Resolution proposing an amendment to the Constitution  
2 of the State of Iowa providing for a state general fund  
3 expenditure limitation.

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

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 section to new Article XIII:

5 ARTICLE XIII.

6 EXPENDITURE LIMITATION.

7 **General fund expenditure limitation.** SECTION 1.

8 1. For the purposes of this section:

9 *a. "Adjusted revenue estimate"* means the most recent revenue  
10 estimate determined before January 1, or a later and lesser  
11 revenue estimate determined before adjournment of the regular  
12 session of the General Assembly, for the general fund for the  
13 following fiscal year as determined by a revenue estimating  
14 conference which shall be established by the General Assembly  
15 by law, adjusted by subtracting estimated refunds payable from  
16 that estimated revenue and adding any available surplus in  
17 accordance with subsection 6. However, if the General Assembly  
18 holds an extraordinary session prior to the commencement of the  
19 fiscal year to which the revenue estimate applies and before  
20 or during the extraordinary session the revenue estimating  
21 conference determines a lesser revenue estimate, the lesser  
22 estimate shall be used for the adjusted revenue estimate.

23 *b. "General fund"* means the principal operating fund of the  
24 state which shall be established by the General Assembly by  
25 law.

26 *c. "New revenues"* means moneys which are received by the  
27 state due to increased tax rates or fees or newly created  
28 taxes or fees over and above those moneys which are received  
29 due to state taxes or fees which are in effect as of January  
30 1 following the most recent meeting of the state revenue  
31 estimating conference. *"New revenues"* also includes moneys  
32 received by the general fund due to new transfers over  
33 and above those moneys received by the general fund due to  
34 transfers which are in effect as of January 1 following the  
35 most recent meeting of the state revenue estimating conference.

1 The state revenue estimating conference shall determine the  
2 eligibility of transfers to the general fund which are to be  
3 considered as new revenue in determining the state general fund  
4 expenditure limitation.

5 2. A state general fund expenditure limitation is created  
6 and calculated in subsection 3, for each fiscal year beginning  
7 on or after July 1 following the effective date of this  
8 section.

9 3. Except as otherwise provided in this section, the state  
10 general fund expenditure limitation for a fiscal year shall be  
11 ninety-nine percent of the adjusted revenue estimate.

12 4. The state general fund expenditure limitation shall be  
13 used by the Governor in the preparation and approval of the  
14 budget and by the General Assembly in the budget process.

15 5. If a new revenue source is proposed, the budget revenue  
16 projection used for that new revenue source for the period  
17 beginning on the effective date of the new revenue source and  
18 ending in the fiscal year in which the source is included in  
19 the adjusted revenue estimate shall be ninety-five percent  
20 of the amount remaining after subtracting estimated refunds  
21 payable from the projected revenue from that source. If a new  
22 revenue source is established and implemented, the original  
23 state general fund expenditure limitation amount provided for  
24 in subsection 3 shall be readjusted to include ninety-five  
25 percent of the estimated revenue from that source.

26 6. Any surplus existing at the end of a fiscal year which  
27 exceeds ten percent of the adjusted revenue estimate of  
28 that fiscal year shall be included in the adjusted revenue  
29 estimate for the following fiscal year. Any surplus equal to  
30 ten percent or less of the adjusted revenue estimate of the  
31 fiscal year may be included in the adjusted revenue estimate  
32 for the following fiscal year if approved in a bill receiving  
33 the affirmative votes of at least three-fifths of the whole  
34 membership of each house of the General Assembly. For purposes  
35 of this section, "surplus" means the cumulative excess of

1 revenues and other financing sources over expenditures and  
2 other financing uses for the general fund at the end of a  
3 fiscal year.

4 7. a. The scope of the state general fund expenditure  
5 limitation under subsection 3 shall not include federal funds,  
6 donations, constitutionally dedicated moneys, and moneys in  
7 expenditures from a state retirement system.

8 b. The scope of the state general fund expenditure  
9 limitation under subsection 3 shall include any portion of  
10 an appropriation subject to a state general fund expenditure  
11 limitation for a previous fiscal year that remains authorized  
12 for expenditure in the fiscal year to which the expenditure  
13 limitation under subsection 3 is applicable.

14 8. The Governor shall submit and the General Assembly shall  
15 pass a budget which does not exceed the state general fund  
16 expenditure limitation. The Governor shall not approve or  
17 disapprove appropriation bills or items of appropriation bills  
18 passed by the General Assembly in a manner that would cause  
19 the final budget approved by the Governor to exceed the state  
20 general fund expenditure limitation.

21 9. The Governor shall not submit and the General Assembly  
22 shall not pass a budget which in order to balance assumes  
23 reversion of any part of the total of the appropriations  
24 included in the budget.

25 10. The state shall use consistent standards, in accordance  
26 with generally accepted accounting principles, for all state  
27 budgeting and accounting purposes.

28 11. The General Assembly shall enact laws to implement this  
29 section.

30 Sec. 2. REFERRAL AND PUBLICATION. The foregoing proposed  
31 amendment to the Constitution of the State of Iowa is referred  
32 to the General Assembly to be chosen at the next general  
33 election for members of the General Assembly, and the Secretary  
34 of State is directed to cause it to be published for three  
1 consecutive months previous to the date of that election as

2 provided by law.

3

EXPLANATION

4 This joint resolution proposes an amendment to the  
5 Constitution of the State of Iowa relating to state budgets.

6 The amendment provides for a state general fund expenditure  
7 limitation. The amount of the limitation is 99 percent of the  
8 adjusted revenue estimate. The amendment defines adjusted  
9 revenue estimate and requires that that estimate be determined  
10 by a revenue estimating conference which is to be created by  
11 the general assembly by law. The amendment requires that the  
12 expenditure limitation be used by the governor in preparation  
13 of the governor's budget and by the general assembly in the  
14 budget process. The governor is prohibited from approving or  
15 disapproving of appropriations in a manner that would cause the  
16 final budget approved by the governor to exceed the expenditure  
17 limitation.

18 The amendment also provides that, if a new revenue source is  
19 established and implemented, 95 percent of the estimate of that  
20 new revenue shall be included in the expenditure limitation.

21 The amendment also requires that the amount of any surplus  
22 which exceeds an amount equal to 10 percent of the adjusted  
23 revenue estimate be included in the adjusted revenue estimate  
24 for the following fiscal year. Any surplus which is equal  
25 to 10 percent or less of the amount of the adjusted revenue  
26 estimate may be included in the following year's adjusted  
27 revenue estimate if inclusion is approved in a bill by a  
28 three-fifths majority of each house of the general assembly.

29 The amendment provides that certain revenues such as federal  
30 funds are not within the scope of the expenditure limitation.  
31 The scope does encompass any portion of an appropriation  
32 previously subject to an expenditure limitation which remains  
33 authorized for expenditure in the fiscal year to which the  
34 expenditure limitation being addressed applies.

35 The amendment also requires the state to use generally  
1 accepted accounting principles for state budgeting and

2 accounting purposes. The amendment provides that the general  
3 assembly shall enact laws to implement the amendment.

4 The resolution, if adopted, will be referred to the next  
5 general assembly. If the next general assembly adopts the  
6 resolution, the amendment will be submitted to the voters for  
7 ratification.