

House Joint Resolution 2005 - Introduced

HOUSE JOINT RESOLUTION 2005
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HOUSE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution
2 of the State of Iowa relating to state budgeting by creating
3 a state general fund expenditure limitation and requiring
4 authorization for certain bonds.

5 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. If a bill or joint resolution provides for new revenue or
5 appropriations bonding authority, or an expansion of existing
6 revenue or appropriations bonding authority, which bonds are
7 funded in whole or in part from revenues from the general
8 fund or from another portion of the state treasury, the bill
9 or joint resolution shall not become law unless approved by
10 the affirmative votes of at least two-thirds of the whole
11 membership of each house of the General Assembly. In addition,
12 the state general fund expenditure limitation for the initial
13 or subsequent fiscal year to which the bill or joint resolution
14 applies shall include any appropriations of such revenues for
15 the fiscal year.

16 8. The scope of the state general fund expenditure
17 limitation under subsection 3 shall not include federal funds,
18 donations, constitutionally dedicated moneys, and moneys in
19 expenditures from a state retirement system.

20 9. The Governor shall submit and the General Assembly shall
21 pass a budget which does not exceed the state general fund
22 expenditure limitation. The Governor shall not approve or
23 disapprove appropriation bills or items of appropriation bills
24 passed by the General Assembly in a manner that would cause
25 the final budget approved by the Governor to exceed the state
26 general fund expenditure limitation.

27 10. The Governor shall not submit and the General Assembly
28 shall not pass a budget which in order to balance assumes
29 reversion of any part of the total of the appropriations
30 included in the budget.

31 11. The state shall use consistent standards, in accordance
32 with generally accepted accounting principles, for all state
33 budgeting and accounting purposes.

34 12. The General Assembly shall enact laws to implement this
35 section.

1 resolution providing for new or expanded authority to issue
2 revenue or appropriations bonds funded in whole or in part from
3 revenues from the general fund or from another portion of the
4 state treasury requires a two-thirds majority of each house of
5 the general assembly. In addition, the appropriations of such
6 revenues are required to be included in the state general fund
7 expenditure limitation for each applicable fiscal year.

8 The amendment also requires the state to use generally
9 accepted accounting principles for state budgeting and
10 accounting purposes. The amendment provides that the general
11 assembly shall enact laws to implement the amendment.

12 The resolution, if adopted, will be referred to the next
13 general assembly. If the next general assembly adopts the
14 resolution, the amendment will be submitted to the voters for
15 ratification.