

**Senate File 2294 - Introduced**

SENATE FILE 2294

BY COMMITTEE ON REBUILD IOWA

(SUCCESSOR TO SSB 3196)

**A BILL FOR**

- 1 An Act creating a disaster recovery fund and including
- 2 effective date and applicability provisions.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8.55, subsection 2, paragraph a, Code  
2 2009, is amended to read as follows:

3 a. The maximum balance of the fund is the amount equal  
4 to two and one-half percent of the adjusted revenue estimate  
5 for the fiscal year. If the amount of moneys in the Iowa  
6 economic emergency fund is equal to the maximum balance,  
7 moneys in excess of this amount shall be transferred to the  
8 ~~general~~ disaster recovery fund created in section 8.56A.

9 Sec. 2. NEW SECTION. **8.56A Disaster recovery fund.**

10 1. A disaster recovery fund is created. The fund shall be  
11 separate from the general fund of the state and the balance in  
12 the fund shall not be considered part of the balance of the  
13 general fund of the state. The moneys credited to the fund  
14 are not subject to section 8.33, and shall not be transferred,  
15 used, obligated, appropriated, or otherwise encumbered except  
16 as provided in this section.

17 2. The maximum balance of the fund is the amount equal to  
18 ten percent of the adjusted revenue estimate for the fiscal  
19 year. If the amount of moneys in the disaster recovery fund is  
20 equal to the maximum balance, moneys in excess of this amount  
21 shall be transferred to the general fund of the state.

22 3. Except as authorized in subsection 4, moneys in the  
23 fund shall only be used pursuant to an appropriation made  
24 by the general assembly for purposes of disaster relief and  
25 recovery. In order to become law, the bill or joint resolution  
26 containing the appropriation must be approved by vote of at  
27 least three-fifths of the members of both chambers of the  
28 general assembly and signed by the governor.

29 4. a. Moneys in the fund may be used for cash flow purposes  
30 during a fiscal year provided that any moneys so allocated are  
31 returned to the fund by the end of that fiscal year.

32 b. Except as provided in section 8.58, the disaster recovery  
33 fund shall be considered a special account for the purposes of  
34 section 8.53 in determining the cash position of the general  
35 fund of the state for the payment of state obligations.

1 5. Notwithstanding section 12C.7, subsection 2, interest  
2 or earnings on moneys deposited in the disaster recovery fund  
3 shall be credited to the fund. Such credited moneys, if  
4 appropriated, may be used for the expenses of providing ongoing  
5 training and staffing for disaster response and recovery by  
6 the department of human services, department of economic  
7 development, Iowa finance authority, or division of homeland  
8 security and emergency management of the department of public  
9 safety.

10 Sec. 3. Section 8.58, Code 2009, is amended to read as  
11 follows:

12 **8.58 Exemption from automatic application.**

13 1. To the extent that moneys appropriated under section  
14 8.57 do not result in moneys being credited to the general  
15 fund under section 8.55, subsection 2, moneys appropriated  
16 under section 8.57 and moneys contained in the cash reserve  
17 fund, rebuild Iowa infrastructure fund, environment first  
18 fund, disaster recovery fund, and Iowa economic emergency fund  
19 shall not be considered in the application of any formula,  
20 index, or other statutory triggering mechanism which would  
21 affect appropriations, payments, or taxation rates, contrary  
22 provisions of the Code notwithstanding.

23 2. To the extent that moneys appropriated under section  
24 8.57 do not result in moneys being credited to the general  
25 fund under section 8.55, subsection 2, moneys appropriated  
26 under section 8.57 and moneys contained in the cash reserve  
27 fund, rebuild Iowa infrastructure fund, environment first fund,  
28 disaster recovery fund, and Iowa economic emergency fund shall  
29 not be considered by an arbitrator or in negotiations under  
30 chapter 20.

31 Sec. 4. EFFECTIVE UPON ENACTMENT AND APPLICABILITY. This  
32 Act, being deemed of immediate importance, takes effect upon  
33 enactment and is applicable to moneys transferred from the Iowa  
34 economic emergency fund pursuant to section 8.55, subsection 2,  
35 paragraph "a", as amended by this Act, beginning with the close

1 of the fiscal year ending on June 30, 2010.

2 EXPLANATION

3 This bill creates a disaster recovery fund in new Code  
4 section 8.56A.

5 Under current state financing law, surplus state general  
6 fund moneys are first credited to the cash reserve until  
7 it reaches its maximum balance equal to 7.5 percent of the  
8 adjusted revenue estimate for the applicable fiscal year, then  
9 surplus moneys are credited to the Iowa economic emergency  
10 fund until it reaches its maximum balance equal to 2.5 percent  
11 of the adjusted revenue estimate. The bill provides for the  
12 surplus moneys to flow to the disaster recovery fund once  
13 the first two funds have reached the maximum balance. Under  
14 current law, the surplus funding is transferred to the general  
15 fund of the state. The bill provides that if the disaster  
16 recovery fund reaches its maximum balance equal to 10 percent  
17 of the adjusted revenue estimate, surplus moneys then flow to  
18 the general fund.

19 Moneys credited to the new fund may only be used pursuant  
20 to an appropriation made for purposes of disaster relief and  
21 recovery but are otherwise not subject to transfer, use,  
22 obligation, appropriation, or other encumbrance except for  
23 disaster relief and recovery. However, during the course of  
24 a fiscal year moneys in the fund may be used for cash flow  
25 purposes provided that any moneys so allocated are returned  
26 to the fund by the end of that fiscal year. In order for an  
27 appropriation to become law it must be approved by a vote of at  
28 least three-fifths of the members of each chamber and approved  
29 by the governor.

30 Interest or earnings on moneys in the fund are retained by  
31 the fund instead of the general fund as otherwise provided in  
32 Code section 12C.7. These retained moneys may be appropriated  
33 for training and staffing of disaster and recovery functions  
34 of the state agencies listed in the bill as providing those  
35 functions.

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1 Code section 8.58 is amended to include the disaster  
2 recovery fund in the list of various reserve funds that are  
3 exempted from being considered to be available for any formula,  
4 index, or other statutory triggering mechanism which would  
5 affect appropriations, payments, or taxation rates or being  
6 considered by an arbitrator or in negotiations under Code  
7 chapter 20, relating to public employee collective bargaining.  
8 The bill takes effect upon enactment and applies to  
9 transfers of surplus moneys from the Iowa economic emergency  
10 fund beginning with the close of the fiscal year ending on June  
11 30, 2010.