

Senate Joint Resolution 2 - Introduced

SENATE JOINT RESOLUTION _____
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HOUSER, and WARD

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

SENATE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution of
2 the State of Iowa establishing a state general fund
3 expenditure limitation.
4 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1968XS 83
6 jp/rj/24

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1 1 Section 1. The following amendment to the Constitution of
1 2 the State of Iowa is proposed:
1 3 The Constitution of the State of Iowa is amended by adding
1 4 the following new section to new Article XIII:
1 5 ARTICLE XIII.
1 6 EXPENDITURE LIMITATION.
1 7 GENERAL FUND EXPENDITURE LIMITATION. SECTION 1.
1 8 1. For the purposes of this section:
1 9 a. "Adjusted revenue estimate" means the most recent
1 10 revenue estimate determined before January 1, or a later and
1 11 lesser revenue estimate determined before adjournment of the
1 12 regular session of the General Assembly, for the general fund
1 13 for the following fiscal year as determined by a revenue
1 14 estimating conference which shall be established by the
1 15 General Assembly by law, adjusted by subtracting estimated
1 16 refunds payable from that estimated revenue and adding any
1 17 available surplus in accordance with subsection 6. However,
1 18 if the general assembly holds an extraordinary session prior
1 19 to the commencement of the fiscal year to which the revenue
1 20 estimate applies and before or during the extraordinary
1 21 session the revenue estimating conference determines a lesser
1 22 revenue estimate, the lesser estimate shall be used for the
1 23 adjusted revenue estimate.
1 24 b. "General fund" means the principal operating fund of
1 25 the state which shall be established by the General Assembly
1 26 by law.
1 27 c. "New revenues" means moneys which are received by the
1 28 state due to increased tax rates or fees or newly created
1 29 taxes or fees over and above those moneys which are received
1 30 due to state taxes or fees which are in effect as of January 1
1 31 following the most recent meeting of the state revenue
1 32 estimating conference. "New revenues" also includes moneys
1 33 received by the general fund due to new transfers over and
1 34 above those moneys received by the general fund due to
1 35 transfers which are in effect as of January 1 following the
2 1 most recent meeting of the state revenue estimating
2 2 conference. The state revenue estimating conference shall
2 3 determine the eligibility of transfers to the general fund
2 4 which are to be considered as new revenue in determining the
2 5 state general fund expenditure limitation.
2 6 2. A state general fund expenditure limitation is created
2 7 and calculated in subsection 3, for each fiscal year beginning
2 8 on or after July 1 following the effective date of this
2 9 section.
2 10 3. Except as otherwise provided in this section, the state
2 11 general fund expenditure limitation for a fiscal year shall be
2 12 ninety-nine percent of the adjusted revenue estimate.

2 13 4. The state general fund expenditure limitation shall be
2 14 used by the Governor in the preparation and approval of the
2 15 budget and by the General Assembly in the budget process. An
2 16 expenditure limitation shall be used for the budget process
2 17 commencing on the date the revenue estimating conference
2 18 agrees to a revenue estimate for the following fiscal year in
2 19 accordance with law, and ending with the close of the fiscal
2 20 year for which the expenditure limitation was calculated.
2 21 Once the fiscal year for which the expenditure limitation was
2 22 calculated commences, the expenditure limitation for that
2 23 fiscal year is not subject to adjustment or readjustment.

2 24 5. If a new revenue source is proposed, the budget revenue
2 25 projection used for that new revenue source for the period
2 26 beginning on the effective date of the new revenue source and
2 27 ending in the fiscal year in which the source is included in
2 28 the adjusted revenue estimate shall be ninety-five percent of
2 29 the amount remaining after subtracting estimated refunds
2 30 payable from the projected revenue from that source. If a new
2 31 revenue source is established and implemented, the original
2 32 state general fund expenditure limitation amount provided for
2 33 in subsection 3 shall be readjusted to include ninety-five
2 34 percent of the estimated revenue from that source.

2 35 6. Any surplus existing at the end of a fiscal year which
3 1 exceeds ten percent of the adjusted revenue estimate of that
3 2 fiscal year shall be included in the adjusted revenue estimate
3 3 for the following fiscal year. Any surplus equal to ten
3 4 percent or less of the adjusted revenue estimate of the fiscal
3 5 year may be included in the adjusted revenue estimate for the
3 6 following fiscal year if approved in a bill receiving the
3 7 affirmative votes of at least three-fifths of the whole
3 8 membership of each house of the General Assembly. For
3 9 purposes of this section, "surplus" means the cumulative
3 10 excess of revenues and other financing sources over
3 11 expenditures and other financing uses for the general fund at
3 12 the end of a fiscal year.

3 13 7. The scope of the state general fund expenditure
3 14 limitation under subsection 3 shall not include federal funds,
3 15 donations, constitutionally dedicated moneys, and moneys in
3 16 expenditures from a state retirement system.

3 17 8. The Governor shall submit and the General Assembly
3 18 shall pass a budget which does not exceed the state general
3 19 fund expenditure limitation. The Governor shall not approve
3 20 or disapprove appropriation bills or items of appropriation
3 21 bills passed by the General Assembly in a manner that would
3 22 cause the final budget approved by the Governor to exceed the
3 23 state general fund expenditure limitation.

3 24 9. The Governor shall not submit and the General Assembly
3 25 shall not pass a budget which in order to balance assumes
3 26 reversion of any part of the total of the appropriations
3 27 included in the budget.

3 28 10. The state shall use consistent standards, in
3 29 accordance with generally accepted accounting principles, for
3 30 all state budgeting and accounting purposes.

3 31 11. The General Assembly shall enact laws to implement
3 32 this section.

3 33 Sec. 2. REFERRAL AND PUBLICATION. The foregoing proposed
3 34 amendment to the Constitution of the State of Iowa is referred
3 35 to the General Assembly to be chosen at the next general
4 1 election for members of the General Assembly and the Secretary
4 2 of State is directed to cause it to be published for three
4 3 consecutive months previous to the date of that election as
4 4 provided by law.

4 5 EXPLANATION

4 6 This resolution proposes an amendment to the Constitution
4 7 of the State of Iowa relating to state budgets.

4 8 The amendment establishes a state general fund expenditure
4 9 limitation. The amount of the limitation is 99 percent of the
4 10 adjusted revenue estimate. The amendment defines adjusted
4 11 revenue estimate and requires that that estimate be determined
4 12 by a revenue estimating conference which is to be created by
4 13 the general assembly by law. The amendment requires that the
4 14 expenditure limitation be used by the governor in preparation
4 15 of the governor's budget and by the general assembly in the
4 16 budget process. The governor is prohibited from approving or
4 17 disapproving of appropriations in a manner that would cause
4 18 the final budget approved by the governor to exceed the
4 19 expenditure limitation.

4 20 The budget process period begins on the date the revenue
4 21 estimating conference agrees to a revenue estimate for the
4 22 following fiscal year in accordance with law and ends with the
4 23 close of the fiscal year for which the expenditure limitation

4 24 was calculated. Once the fiscal year for which the
4 25 expenditure limitation was calculated commences, the
4 26 expenditure limitation is not subject to adjustment or
4 27 readjustment.

4 28 The amendment also provides that, if a new revenue source
4 29 is established and implemented, 95 percent of the estimate of
4 30 that new revenue shall be included in the expenditure
4 31 limitation.

4 32 The amendment also requires that the amount of any surplus
4 33 which exceeds an amount equal to 10 percent of the adjusted
4 34 revenue estimate be included in the adjusted revenue estimate
4 35 for the following fiscal year. Any surplus which is equal to
5 1 10 percent or less of the amount of the adjusted revenue
5 2 estimate may be included in the following year's adjusted
5 3 revenue estimate if inclusion is approved in a bill by a
5 4 three-fifths majority of each house of the general assembly.
5 5 The amendment also requires the State to use generally
5 6 accepted accounting principles for state budgeting and
5 7 accounting purposes. The amendment provides that the general
5 8 assembly shall enact laws to implement the amendment.

5 9 The resolution, if adopted, will be referred to the next
5 10 general assembly. If the next general assembly adopts the
5 11 resolution, the amendment will be submitted to the voters for
5 12 ratification.

5 13 LSB 1968XS 83

5 14 jp/rj/24.1