

House Joint Resolution 2010 - Introduced

HOUSE JOINT RESOLUTION 2010
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HJR 2006)

HOUSE JOINT RESOLUTION

1 A Joint Resolution proposing amendments to the Constitution of
2 the State of Iowa relating to state budgeting by creating a
3 state general fund expenditure limitation, providing for a
4 taxpayers relief fund, requiring authorization for certain
5 bonds, and restricting certain state revenue changes.
6 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. However, if the general assembly holds
17 an extraordinary session prior to the commencement of the
18 fiscal year to which the revenue estimate applies and before
19 or during the extraordinary session the revenue estimating
20 conference determines a lesser revenue estimate, the lesser
21 estimate shall be used for the adjusted revenue estimate.

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

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

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

5 *d.* "Surplus" means the cumulative excess of revenue and
6 other financing sources over expenditures and other financing
7 uses for the general fund at the end of a fiscal year.

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

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

15 4. The state general fund expenditure limitation shall be
16 used by the governor in the preparation and approval of the
17 budget and by the general assembly in the budget process.

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

29 6. *a.* If there is a surplus existing at the end of a fiscal
30 year which exceeds ten percent of the adjusted revenue estimate
31 of that fiscal year and the actual net revenue for the general
32 fund exceeds the adjusted revenue estimate for that fiscal
33 year, the surplus shall be transferred to a taxpayers trust
34 fund. Except for temporary cash flow purposes, moneys in the
35 taxpayers trust fund shall only be used in accordance with

1 appropriations made for purposes of providing tax relief.

2 *b.* Any surplus equal to ten percent or less of the adjusted
3 revenue estimate of the following fiscal year may be included
4 in the adjusted revenue estimate for the following fiscal year
5 if approved in a bill receiving the affirmative votes of at
6 least three-fifths of the members elected to each house of the
7 general assembly.

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

20 8. The scope of the state general fund expenditure
21 limitation under subsection 3 shall not include federal funds,
22 donations, constitutionally dedicated moneys, and moneys
23 expended from a state retirement system.

24 9. The governor shall submit and the general assembly shall
25 pass a budget which does not exceed the state general fund
26 expenditure limitation. The governor shall not approve or
27 disapprove appropriation bills or items of appropriation bills
28 passed by the general assembly in a manner that would cause
29 the final budget approved by the governor to exceed the state
30 general fund expenditure limitation.

31 10. The governor shall not submit and the general assembly
32 shall not pass a budget which in order to balance assumes
33 reversion of any part of the total of the appropriations
34 included in the budget.

35 11. The state shall use consistent standards, in accordance

1 with generally accepted accounting principles, for all state
2 budgeting and accounting purposes.

3 12. The general assembly shall enact laws to implement this
4 section.

5 Sec. 2. The following amendment to the Constitution of the
6 State of Iowa is proposed:

7 The Constitution of the State of Iowa is amended by adding
8 the following new sections to new Article XIII:

9 ARTICLE XIII.

10 THREE-FIFTHS MAJORITY FOR TAX LAW CHANGES.

11 **Three-fifths majority to increase taxes.** SECTION 1. A
12 bill containing provisions enacting, amending, or repealing
13 the state income tax or enacting, amending, or repealing the
14 state sales and use taxes, in which the aggregate fiscal
15 impact of those provisions relating to those taxes results
16 in a net increase in state tax revenue, as determined by the
17 general assembly, shall require the affirmative votes of at
18 least three-fifths of the members elected to each house of the
19 general assembly for passage. This section does not apply to
20 income tax or sales and use taxes imposed at the option of a
21 local government.

22 **Three-fifths majority to enact new state tax.** SEC. 2. A bill
23 that establishes a new state tax to be imposed by the state
24 shall require the affirmative votes of at least three-fifths
25 of the members elected to each house of the general assembly
26 for passage.

27 **Enforcement of three-fifths majority requirement.** SEC. 3. A
28 lawsuit challenging the proper enactment of a bill pursuant to
29 section 1 or 2 shall be filed no later than one year following
30 the enactment. Failure to file such a lawsuit within the
31 one-year time limit shall negate the three-fifths majority
32 requirement as it applies to the bill.

33 Each bill to which section 1 or 2 applies shall include a
34 separate provision describing the requirements for enactment
35 prescribed by section 1 or 2.

1 **Implementation.** SEC. 4. The general assembly shall enact
2 laws to implement sections 1 through 3.

3 Sec. 3. The foregoing proposed amendments to the
4 Constitution of the State of Iowa are referred to the general
5 assembly to be chosen at the next general election for members
6 of the general assembly, and the Secretary of State is directed
7 to cause them to be published for three consecutive months
8 previous to the date of that election as provided by law.

9

EXPLANATION

10 This resolution proposes two amendments within a new Article
11 XIII to the Constitution of the State of Iowa which relates to
12 state budgets and state revenue.

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

25 The first amendment also provides that if a new revenue
26 source is established and implemented, 95 percent of the
27 estimate of that new revenue shall be included in the
28 expenditure limitation.

29 The first amendment provides that if there is a surplus
30 existing at the end of a fiscal year which exceeds 10 percent
31 of the adjusted revenue for the fiscal year and the actual net
32 revenue for the general fund for the fiscal year exceeds the
33 adjusted revenue estimate for the fiscal year, the surplus is
34 required to be transferred to a taxpayers trust fund. Any
35 surplus which is equal to 10 percent or less of the amount of

1 the adjusted revenue estimate of the following fiscal year may
2 be included in the following year's adjusted revenue estimate
3 if inclusion is approved in a bill by at least three-fifths of
4 the members elected to each house of the general assembly.

5 The first amendment requires that enactment of a bill or
6 joint resolution providing for new or expanded authority to
7 issue revenue or appropriations bonds funded in whole or in
8 part from revenue from the general fund or from another portion
9 of the state treasury requires a vote of at least two-thirds of
10 the members elected to each house of the general assembly. In
11 addition, the appropriations of such revenue are required to
12 be included in the state general fund expenditure limitation
13 for each applicable fiscal year.

14 The first amendment also requires the state to use generally
15 accepted accounting principles for state budgeting and
16 accounting purposes. The amendment provides that the general
17 assembly shall enact laws to implement the amendment.

18 The second amendment contained in the resolution requires
19 a three-fifths majority vote of the members elected to each
20 house of the general assembly for certain tax law changes.
21 The amendment provides that any bill that enacts, amends,
22 or repeals the state income tax or the state sales and use
23 tax, and which causes, in the aggregate, an increase in state
24 tax revenues, as determined by the general assembly, must be
25 adopted by at least three-fifths of the members elected to each
26 house of the general assembly. The amendment also requires
27 a three-fifths majority vote of the members elected to each
28 house of the general assembly in order to enact a new state tax
29 to be imposed by the state. A lawsuit challenging enactment
30 of a bill subject to either three-fifths majority passage
31 requirement must be filed no later than one year from the date
32 of enactment of the bill. Finally, the amendment provides
33 that the general assembly shall enact laws to implement the
34 amendment.

35 The resolution, if adopted, will be referred to the next

1 general assembly. If the next general assembly adopts this
2 resolution, the amendments will be submitted to the voters for
3 their decision on ratification.