

Senate Joint Resolution 10 - Introduced

SENATE JOINT RESOLUTION 10
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SENATE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution
2 of the State of Iowa relating to the state budget by
3 creating a state general fund 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
16 from that estimated revenue. However, if the state general
17 fund expenditure limitation is calculated based upon the
18 adjusted revenue estimate and the general assembly holds an
19 extraordinary session prior to the commencement of the fiscal
20 year to which the adjusted revenue estimate applies and before
21 or during the extraordinary session the revenue estimating
22 conference determines a lesser revenue estimate, the lesser
23 estimate shall be used for the adjusted revenue estimate.

24 *b. "Current fiscal year"* means the fiscal year preceding
25 the fiscal year to which the state general fund expenditure
26 limitation applies.

27 *c. "General fund"* means the principal operating fund of the
28 state which shall be established by the general assembly by
29 law.

30 *d. "Net revenue estimate"* means the most recent revenue
31 estimate determined before January 1, or a later and lesser
32 estimate determined before adjournment of the regular
33 session of the general assembly for the general fund for the
34 current fiscal year, as determined by the revenue estimating
35 conference, and adjusted by subtracting estimated refunds

1 payable from that estimated revenue. However, if the state
2 general fund expenditure limitation is calculated based upon
3 the net revenue estimate and the general assembly holds an
4 extraordinary session prior to the completion of the fiscal
5 year to which the net revenue estimate applies and before
6 or during the extraordinary session the revenue estimating
7 conference determines a lesser revenue estimate for the current
8 fiscal year, such lesser estimate shall be used for calculating
9 the net revenue estimate for the general fund.

10 e. "New revenue" means moneys which are received by the
11 general fund due to increased tax rates or fees or newly
12 created taxes or fees over and above those moneys which are
13 received due to state taxes or fees which are in effect as
14 of January 1 following the most recent meeting of the state
15 revenue estimating conference. "New revenue" also includes
16 moneys received by the general fund due to new transfers over
17 and above those moneys received by the general fund due to
18 transfers which are in effect as of January 1 following the
19 most recent meeting of the state revenue estimating conference.
20 Except for transfers provided for by law, the state revenue
21 estimating conference shall determine whether transfers to the
22 general fund are to be considered as new revenue in determining
23 the state general fund expenditure limitation.

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

28 3. Except as otherwise provided in this section, the state
29 general fund expenditure limitation for a fiscal year shall be
30 the lesser of the following amounts:

31 a. Ninety-nine percent of the adjusted revenue estimate for
32 the general fund for the following fiscal year.

33 b. One hundred four percent of the current fiscal year net
34 revenue estimate for the general fund.

35 4. The state general fund expenditure limitation shall be

1 used by the governor in the preparation and approval of the
2 budget and by the general assembly in the budget process.

3 5. If a new revenue source is proposed, the budget revenue
4 projection used for that new revenue source for the period
5 beginning on the effective date of the new revenue source and
6 ending in the fiscal year in which the source is included in
7 the adjusted revenue estimate or the net revenue estimate,
8 as applicable, shall be ninety-five percent of the amount
9 remaining after subtracting estimated refunds payable from the
10 projected revenue from that source. If a new revenue source
11 is established and implemented, the original state general
12 fund expenditure limitation amount provided for in subsection
13 3 shall be recalculated to include ninety-five percent of the
14 estimated revenue from that source that is attributed to the
15 revenue estimate used to calculate the original limitation
16 amount.

17 6. The scope of the state general fund expenditure
18 limitation calculated in accordance with this section shall not
19 include federal funds, donations, constitutionally dedicated
20 moneys, and moneys expended from a state retirement system.

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

28 8. The governor shall not submit and the general assembly
29 shall not pass a budget which in order to balance assumes
30 reversion of any part of the total of the appropriations
31 included in the budget.

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

35 10. The general assembly shall enact laws to implement this

1 section.

2

EXPLANATION

3 The inclusion of this explanation does not constitute agreement with
4 the explanation's substance by the members of the general assembly.

5 This resolution proposes an amendment within a new Article
6 XIII to the Constitution of the State of Iowa that relates to
7 state budgets and state revenue.

8 The amendment creates a state general fund expenditure
9 limitation. The amount of the limitation is the lesser of
10 99 percent of the adjusted revenue estimate for the general
11 fund of the state for the following fiscal year or 104 percent
12 of the net revenue estimate for the general fund for the
13 current fiscal year. The amendment defines adjusted revenue
14 estimate and net revenue estimate and requires that the
15 estimates be determined by a revenue estimating conference
16 which is to be created by the general assembly by law. The
17 expenditure limitation is required to be used by the governor
18 in preparation of the governor's budget and by the general
19 assembly in the budget process. The governor is prohibited
20 from approving or disapproving of appropriations in a manner
21 that would cause the final budget approved by the governor to
22 exceed the expenditure limitation.

23 If a new revenue source is established and implemented, 95
24 percent of the estimate of that new revenue shall be included
25 in the revenue estimate used to calculate the expenditure
26 limitation.

27 The amendment also requires the state to use generally
28 accepted accounting principles for state budgeting and
29 accounting purposes. The amendment provides that the general
30 assembly shall enact laws to implement the amendment.

31 The resolution, if adopted, will be referred to the next
32 general assembly. If the next general assembly adopts this
33 resolution, the amendments will be submitted to the voters for
34 their decision on ratification.