

Senate Joint Resolution 9 - Introduced

SENATE JOINT RESOLUTION 9
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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 a new Article:

5 ARTICLE ____.

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 lower
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 the revenue estimating
14 conference, adjusted by subtracting estimated refunds payable
15 from that estimated revenue. However, if the state general
16 fund expenditure limitation is calculated based upon the
17 adjusted revenue estimate and not based upon the net revenue
18 estimate and the general assembly holds an extraordinary
19 session prior to the commencement of the fiscal year to which
20 the adjusted revenue estimate applies and if before or during
21 the extraordinary session the revenue estimating conference
22 determines a lower revenue estimate, the lower estimate shall
23 be used for calculating 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.

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

1 the state general fund expenditure limitation is calculated
2 based upon the net revenue estimate and not based upon the
3 adjusted 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 if before
6 or during the extraordinary session the revenue estimating
7 conference determines a lower revenue estimate for the current
8 fiscal year, the lower estimate shall be used for calculating
9 the net revenue estimate for the general fund.

10 *e. "New revenue"* means moneys received by the general fund
11 due to increased tax rates or fees or newly created taxes or
12 fees over and above those moneys received by the general fund
13 due to state taxes or fees in effect as of January 1 following
14 the most recent meeting of the revenue estimating conference.
15 *"New revenue"* also includes moneys received by the general
16 fund due to new transfers to the general fund over and above
17 those moneys received by the general fund due to transfers in
18 effect as of January 1 following the most recent meeting of the
19 revenue estimating conference.

20 2. A state general fund expenditure limitation is created,
21 as calculated in subsection 3, for each fiscal year beginning
22 on or after July 1 following ratification by the voters of this
23 amendment to the Constitution of the State of Iowa.

24 3. The state general fund expenditure limitation for a
25 fiscal year shall be the lesser of the following amounts:

26 *a.* Ninety-nine percent of the adjusted revenue estimate for
27 the following fiscal year for the general fund.

28 *b.* One hundred four percent of the current fiscal year net
29 revenue estimate for the general fund.

30 4. The state general fund expenditure limitation shall be
31 used by the governor in the preparation and approval of the
32 budget and by the general assembly in the budget process.

33 5. If a new revenue source is proposed, the budget revenue
34 projection used for that new revenue source for the period
35 beginning on the effective date of the new revenue source and

1 ending in the fiscal year in which that source is included in
2 the adjusted revenue estimate or the net revenue estimate,
3 as applicable, shall be ninety-five percent of the amount
4 remaining after subtracting estimated refunds payable from the
5 projected revenue from that source.

6 6. If a revenue decrease is proposed, the projection for the
7 revenue source used for that revenue decrease for the period
8 beginning on the effective date of the revenue decrease and
9 ending in the fiscal year in which that decrease is included in
10 the adjusted revenue estimate or the net revenue estimate, as
11 applicable, shall be one hundred percent of the amount of the
12 projected revenue decrease from that source.

13 7. The scope of the state general fund expenditure
14 limitation calculated in accordance with this section shall not
15 include federal funds, donations, constitutionally dedicated
16 moneys, and moneys expended from a state retirement system.

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

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

28 10. The general assembly shall establish by law a general
29 fund of the state and a revenue estimating conference. The
30 general assembly shall enact laws to implement this section.

31 Sec. 2. REFERRAL AND PUBLICATION. The foregoing amendment
32 to the Constitution of the State of Iowa is referred to the
33 general assembly to be chosen at the next general election
34 for members of the general assembly, and the secretary of
35 state is directed to cause the same to be published for three

1 consecutive months previous to the date of that election as
2 provided by law.

3 EXPLANATION

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

6 This joint resolution proposes an amendment establishing
7 a new Article to the Constitution of the State of Iowa that
8 relates to state budgets and state revenue.

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

24 If a new revenue source is proposed, the budget revenue
25 projection used for the new revenue source is 95 percent of the
26 amount remaining after subtracting refunds payable from the
27 projected revenue from that source. If a revenue decrease is
28 proposed, the projection for the revenue source used for the
29 revenue decrease is 100 percent of the amount of the projected
30 revenue decrease from that source.

31 The amendment provides that the general assembly shall enact
32 laws to implement the amendment.

33 The joint resolution, if adopted, will be referred to the
34 next general assembly for adoption a second time before being
35 submitted to the electorate for ratification.