

**Sec. 57. TRANSITION AND EFFECTIVE DATE.**

1. When the terms of the current members of the board of examiners for voting machines and electronic voting systems expire in June 1994, the state commissioner shall appoint three examiners for staggered terms. One examiner shall be appointed for six years, one for four years, and one for two years.

2. This section of this Act and the section of this Act which amends Code section 52.4, relating to appointment of the board of examiners for voting machines and electronic voting systems, being deemed of immediate importance, take effect upon enactment.

**Sec. 58. APPLICABILITY.** Section 46 of this Act, which amends Code section 331.237, subsection 2, is applicable to charters adopted by the electorate on or after the effective date of this Act.

Approved May 16, 1994

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**CHAPTER 1181**

**STATE BUDGET PROCESSES**

*S.F. 2318*

**AN ACT** relating to state budget processes and providing effective dates.

*Be It Enacted by the General Assembly of the State of Iowa:*

**DIVISION I  
REVERSIONS**

Section 1. Section 8.54, Code 1993, is amended by adding the following new subsection:  
**NEW SUBSECTION. 8.** The governor shall not submit and the general assembly shall not pass a budget which in order to balance assumes reversion of a specific amount of the total of the appropriations included in the budget.

**Sec. 2. NEW SECTION. 8.62 USE OF REVERSIONS.**

For the purposes of this section, "operational appropriation" means an appropriation from the general fund of the state providing for salary, support, administrative expenses, or other personnel-related costs. Notwithstanding the provisions of section 8.33 or any other provision of law to the contrary, if on June 30 of the fiscal years ending in 1995 and 1996, a balance of an operational appropriation remains unexpended or unencumbered, not more than fifty percent of the balance may be encumbered by the agency to which the appropriation was made and used as provided in this section and the remaining balance shall be deposited in the cash reserve fund created in section 8.56. Moneys encumbered under this section shall only be used by the agency during the succeeding fiscal year for employee training and for technology enhancement. Unused moneys encumbered under this section shall be deposited in the cash reserve fund on June 30 of the succeeding fiscal year. On or before June 30, 1996, and 1997, an agency encumbering funds under this section shall report to the joint appropriations subcommittee which recommends funding for the agency, the legislative fiscal bureau, the department of management, and the legislative fiscal committee of the legislative council detailing how the moneys were expended. Moneys shall not be encumbered under this section from an appropriation which received a transfer from another appropriation pursuant to section 8.39. This section is repealed on September 1, 1997.

**Sec. 3. CONTINGENCY PROVISION FOR USE OF REVERSIONS.** For the fiscal year beginning July 1, 1994, and ending June 30, 1995, if the sum of the moneys that agencies would

encumber under section 8.62 as enacted by this Act would cause a deficit in the general fund of the state, the department of management shall determine the amount of that sum which is necessary to eliminate the potential deficit. The department shall prorate the determined amount among the agencies and moneys encumbered by an agency under section 8.62 shall be reduced to the extent of that proration.

## DIVISION II EXPENDITURE LIMITATION

Sec. 4. Section 8.22A, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 4. At the meeting in which the conference agrees to the revenue estimate for the following fiscal year in accordance with the provisions of subsection 3, the conference shall agree to an estimate for tax refunds payable from that estimated revenue. The estimates required by this subsection shall be used in determining the adjusted revenue estimate under section 8.54.

Sec. 5. Section 8.54, subsection 1, unnumbered paragraph 1, and paragraph a, Code 1993, are amended to read as follows:

For the purposes of section 8.22A, this section, and sections 8.55 through 8.57:

a. "Adjusted revenue estimate" means the appropriate revenue estimate for the general fund for the following fiscal year as determined by the revenue estimating conference under section 8.22A, subsection 3, adjusted by subtracting estimated tax refunds payable from that estimated revenue and as determined by the conference, adding any new revenues which may be considered to be eligible for deposit in the general fund.

## DIVISION III MANAGEMENT OF FUNDS

Sec. 6. Section 8.39, subsection 2, Code 1993, is amended to read as follows:

2. If the appropriation of a department, institution, or agency is insufficient to properly meet the legitimate expenses of the department, institution, or agency, the director, with the approval of the governor, may make an interdepartmental transfer from any other department, institution, or agency of the state having an appropriation in excess of its needs, of sufficient funds to meet that deficiency. An interdepartmental transfer to an appropriation which is not an entitlement appropriation is not authorized when the general assembly is in regular session and, in addition, the sum of interdepartmental transfers in a fiscal year to an appropriation which is not an entitlement appropriation shall not exceed fifty percent of the amount of the appropriation as enacted by the general assembly. For the purposes of this subsection, an entitlement appropriation is a line item appropriation to the department of human services for foster care, state supplementary assistance, or medical assistance, or for the family investment program.

Sec. 7. Section 8.53, unnumbered paragraph 1, Code 1993, is amended to read as follows:

For the fiscal year beginning July 1, 1992, and the two succeeding fiscal years, the governor shall recommend in the governor's budget and the general assembly shall provide funds to eliminate the state generally accepted accounting principles (GAAP) deficit, as reported in the state's comprehensive annual financial report issued during the prior fiscal year, and taking into account the revised GAAP standards that are ~~projected to be in place by~~ for the fiscal year ending in 1995, either through the appropriation of specific funds to provide an adjustment in the GAAP deficit or by setting funds aside in a special account in an amount equal to the GAAP deficit.

Sec. 8. Section 8.55, subsection 1, Code 1993, is amended to read as follows:

1. The Iowa economic emergency fund is created. The fund shall be separate from the general fund of the state and the balance in the fund shall not be considered part of the balance of the general fund of the state. The moneys in the fund shall not revert to the general fund,

notwithstanding section 8.33, unless and to the extent the fund exceeds the maximum balance. However, the fund shall be considered a special account for the purposes of section 8.53.

Sec. 9. Section 8.56, subsection 1, Code 1993, is amended to read as follows:

1. A cash reserve fund is created in the state treasury. The cash reserve fund shall be separate from the general fund of the state and shall not be considered part of the general fund of the state except in determining the cash position of the state as provided in subsection 3. The moneys in the cash reserve fund are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in this section. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the cash reserve fund shall be credited to the Iowa economic emergency fund. Moneys in the cash reserve fund may be used for cash flow purposes provided that any moneys so allocated are returned to the cash reserve fund by the end of each fiscal year. However, the fund shall be considered a special account for the purposes of section 8.53.

Sec. 10. Section 8.57, subsections 2 and 3, Code 1993, are amended to read as follows:

2. Moneys appropriated under subsection 1 shall be first credited to the cash reserve fund. To the extent that moneys appropriated under subsection 1 would make the moneys in the cash reserve fund exceed the cash reserve goal percentage of the adjusted revenue estimate for the fiscal year, the moneys are appropriated to the department of management to be spent for the purpose of eliminating Iowa's GAAP deficit, including the payment of items budgeted in a subsequent fiscal year which under generally accepted accounting principles should be budgeted in the current fiscal year. These moneys shall be deposited into a GAAP deficit reduction account established within the department of management. Unspent moneys in this account shall be available for expenditure for subsequent fiscal years. The department of management shall annually file with both houses of the general assembly at the time of the submission of the governor's budget, a schedule of the items for which moneys appropriated under this subsection for the purpose of eliminating Iowa's GAAP deficit, including the payment of items budgeted in a subsequent fiscal year which under generally accepted accounting principles should be budgeted in the current fiscal year, shall be spent in the fiscal year commencing July 1 following the date of the filing of the report. The schedule shall indicate the fiscal year in which the spending for an item is to take place and shall incorporate the items detailed in 1994 Iowa Acts, Senate File 2318, section 17. The schedule shall list each item of expenditure and the maximum estimated dollar amount of moneys to be spent on that item for the fiscal year. The department of management may submit during a regular legislative session an amended schedule for legislative consideration. If moneys appropriated under this subsection are not enough to pay for all listed expenditures, the department of management shall allocate distribute the payments among the listed expenditure items. Moneys appropriated to the department of management under this subsection shall not be spent on items other than those included in the filed schedule. After elimination of the GAAP deficit, including elimination of the making of any appropriation in an incorrect fiscal year, any moneys in the GAAP deficit reduction account shall be appropriated to the Iowa economic emergency fund.

3. To the extent that moneys appropriated under subsection 1 exceed the amounts necessary for the cash reserve fund to reach its maximum balance and the amounts necessary to eliminate Iowa's GAAP deficit, including elimination of the making of any appropriation in an incorrect fiscal year, the moneys shall be appropriated to the Iowa economic emergency fund.

Sec. 11. Section 8.57, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 5. A rebuild Iowa infrastructure account is created under the authority of the department of management. Moneys in the account shall be used as directed by the general assembly for public infrastructure-related expenditures. The general assembly may provide that all or part of the moneys deposited in the GAAP deficit reduction account created in this section shall be transferred to the infrastructure account in lieu of appropriation of the moneys to the Iowa economic emergency fund.

Sec. 12. Section 257.16, unnumbered paragraph 2, Code 1993, is amended to read as follows:

All state aids paid under this chapter, unless otherwise stated, shall be paid in monthly installments beginning on September 15 of a budget year and ending on or about June 15 of the budget year as determined by the department of management, taking into consideration the relative budget and cash position of the state resources. ~~However, an amount of state school foundation aid equal to the general allocation of the school district as determined under section 405A.2 and the amount of the tax credit for livestock pursuant to section 442.2, subsection 2, as it appeared in the 1987 Code, shall be paid to the school district on July 15 of the subsequent fiscal year, and the appropriation for this amount shall be made for the fiscal year during which the payment is made. However, the state aid paid to school districts under section 257.13 shall be paid in monthly installments beginning on December 15 and ending on June 15 of a budget year.~~

Sec. 13. Section 260D.12, Code 1993, is amended to read as follows:

260D.12 PAYMENT OF APPROPRIATION.

Payment of appropriations for distribution under this chapter or of appropriations made in lieu of such appropriations, shall be made by the department of revenue and finance in four installments due on or about November 15, February 15, and May 15, and August 15 of a budget year and on or about August 15 of the next following budget year, and installments shall be as nearly equal as possible, as determined by the department of revenue and finance, taking into consideration the relative budget and cash position of the state resources.

~~The payment made on or about August 15 of the next following budget year is an account receivable for the budget year.~~

Sec. 14. Section 285.2, unnumbered paragraph 5, Code 1993, is amended to read as follows:

Claims shall be accompanied by an affidavit of an officer of the public school district affirming the accuracy of the claim. By February 1 and by July on or about June 15 of each year, the department shall certify to the department of revenue and finance the amounts of approved claims to be paid, and the department of revenue and finance shall draw warrants payable to school districts which have established claims. Claims shall be allowed where practical, and at the option of the public school district of the pupil's residence, subject to approval by the area education agency of the pupil's residence, under section 285.9, subsection 3, the public school district of the pupil's residence may transport a pupil to a school located in a contiguous public school district outside the boundary lines of the public school district of the pupil's residence. The public school district of the pupil's residence may contract with the contiguous public school district or with a private contractor under section 285.5 to transport the pupils to the school of attendance within the boundary lines of the contiguous public school district. The public school district in which the pupil resides may contract with the contiguous public school district or with a private contractor under section 285.5 to transport the pupil from the pupil's residence or from designated school bus collection locations to the school located within the boundary lines of the contiguous public school district, subject to the approval of the area education agency of the pupil's residence. The public school district of the pupil's residence may utilize the reimbursement provisions of section 285.1, subsection 3.

Sec. 15. Section 303.18, unnumbered paragraph 2, Code Supplement 1993, is amended to read as follows:

The historical division shall repay a portion of the amount of the loan together with annual interest payments due on the balance of the loan over a ten-year period commencing with the fiscal year beginning July 1, 1987. Payments shall be made from gross receipts and other moneys available to the historical division. The historical division shall solicit voluntary contributions on behalf of the historical division, at the entrance and other locations throughout the state historical building for purposes of raising funds for making payments under this section. Payments of both principal and interest made by the state historical division under this section shall be paid quarterly and shall be considered interest earned on the permanent school fund to the extent necessary for payment of interest to the first in the nation in education foundation under section 257B.1A.

Sec. 16. Section 421.31, subsection 5, Code 1993, is amended to read as follows:

5. ACCOUNTS. To keep the central budget and proprietary control accounts of the general fund of the state and special funds, as defined in section 8.2, of the state government. Upon elimination of the state deficit under generally accepted accounting principles, including the payment of items budgeted in a subsequent fiscal year which under generally accepted accounting principles should be budgeted in the current fiscal year, the recognition of revenues received and expenditures paid and transfers received and paid within the time period required pursuant to section 8.33, shall be in accordance with generally accepted accounting principles. Budget accounts are those accounts maintained to control the receipt and disposition of all funds, appropriations, and allotments. Proprietary accounts are those accounts relating to assets, liabilities, income, and expense. For each fiscal year, the financial position and results of operations of the state shall be reported in a comprehensive annual financial report prepared in accordance with generally accepted accounting principles, as established by the governmental accounting standards board.

Sec. 17. GAAP DEFICIT REDUCTION ACCOUNT. The department of management shall utilize the moneys deposited during the fiscal year beginning July 1, 1994, and succeeding fiscal years, in the GAAP deficit reduction account created in section 8.57 for payment of the following list of items. Notwithstanding the Code section specified in the list or any provision to the contrary, payment of an item included in the list shall be in the same fiscal year the item is due or the expense of the item is incurred. Payment for the items shall be made in the following descending priority order, where feasible:

1. Education of children placed in foster care.
2. Women, infants, and children program.
3. Education of children placed by the district court.
4. Human services decategorization projects.
5. Permanent school fund loan.
6. Franchise tax.
7. Expenditures incurred by school districts for vocational education aid to secondary schools.
8. Nonpublic school transportation paid under section 285.2.
9. Notwithstanding chapter 260D for state financial aid, including general financial aid to merged areas in lieu of personal property tax replacement payments under section 427A.13, to merged areas to be used for expenditures incurred by the community colleges.
10. School aid property credits paid under section 257.16.
11. Accrued salaries.
12. Other items included in the schedule filed by the department of management in accordance with section 8.57.

Sec. 18. CONTINGENT EFFECTIVE DATE. Sections 12, 13, 14, and 15 of this division shall take effect upon the publication date of the state comprehensive annual financial report prepared in accordance with generally accepted accounting principles which indicates that the payment of the obligation described in the section is made in accordance with generally accepted accounting principles. A report shall be made by the department of management to the Code editor on or before the publication date of the report.

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