

Substitute for SF 550
11-8-01

NOV 8 2001
Place On Calendar

HOUSE FILE 760
BY COMMITTEE ON
STATE GOVERNMENT

Passed House, Date 11-8-01 Passed Senate, Date 11-8-01
Vote: Ayes 99 Nays 2 Vote: Ayes 48 Nays 0
Approved November 16, 2001

A BILL FOR

1 An Act relating to the state general fund expenditure limitation
2 and budgeting practices and including effective date and
3 applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 760

1 Section 1. Section 2.47A, subsection 1, paragraph c, Code
2 2001, is amended by striking the paragraph.

3 Sec. 2. Section 8.6, subsection 14, Code 2001, is amended
4 by striking the subsection.

5 Sec. 3. Section 8.6, subsection 15, Code 2001, is amended
6 to read as follows:

7 15. CAPITAL PROJECT PLANNING AND BUDGETING AUTHORITY. To
8 call upon any state agency, as defined in section 8.3A, for
9 assistance the director may require in performing the
10 director's duties under ~~subsections~~ subsection 13 ~~and-14~~. All
11 state agencies, upon the request of the director, shall assist
12 the director and are authorized to make available to the
13 director any existing studies, surveys, plans, data, and other
14 materials in the possession of the state agencies which are
15 relevant to the director's duties.

16 Sec. 4. Section 8.21, unnumbered paragraph 2, Code 2001,
17 is amended to read as follows:

18 If the governor is required to use a lesser amount in the
19 budget process because of a later meeting of the state revenue
20 estimating conference under section 8.22A, subsection 3, the
21 governor shall transmit recommendations for a ~~balanced~~ budget
22 ~~meeting-this~~ in conformance with that requirement within
23 fourteen days of the later meeting of the state revenue
24 estimating conference.

25 Sec. 5. Section 8.22A, subsection 5, Code 2001, is amended
26 to read as follows:

27 5. At the meeting in which the conference agrees to the
28 revenue estimate for the succeeding fiscal year in accordance
29 with the provisions of subsection 3, the conference shall also
30 agree to the following ~~estimate~~ estimates which shall be used
31 by the governor ~~and-the-general-assembly~~ in preparation of the
32 budget message under section 8.22 and the general assembly in
33 the budget process for the succeeding fiscal year:

34 a. The amount of lottery revenues for the following fiscal
35 year to be available for disbursement following the deductions

1 made pursuant to section 99E.10, subsection 1.

2 b. The amount of revenue for the following fiscal year
3 from gambling revenues and from interest earned on the cash
4 reserve fund and the economic emergency fund to be deposited
5 in the rebuild Iowa infrastructure fund under section 8.57,
6 subsection 5, paragraph "e".

7 c. The amount of accruals of those revenues collected by
8 or due from entities other than the state on or before June 30
9 of the fiscal year but not remitted to the state until after
10 June 30.

11 d. The amount of accrued lottery revenues collected on or
12 before June 30 of the fiscal year but not transferred to the
13 general fund of the state until after June 30.

14 Sec. 6. Section 8.25, Code 2001, is amended to read as
15 follows:

16 8.25 TENTATIVE BUDGET.

17 Upon the receipt of the estimates of expenditure
18 requirements called for by section 8.23 ~~and the preparation of~~
19 ~~the estimates of income called for by section 8.24~~ and not
20 later than the following December 1, ~~next-succeeding,~~ the
21 director of the department of management, ~~hereinabove provided~~
22 ~~for,~~ shall cause to be prepared a tentative budget conforming
23 as to scope, contents and character to the requirements of
24 section 8.22 and containing the estimates of expenditures and
25 revenue as called for by sections section 8.23 and 8.24, which
26 tentative budget shall be transmitted to the governor.

27 Sec. 7. Section 8.29, unnumbered paragraphs 1, 2, and 3,
28 Code 2001, are amended by striking the unnumbered paragraphs.

29 Sec. 8. Section 8.35A, subsection 1, Code 2001, is amended
30 to read as follows:

31 1. By July 1, the director of the department of
32 management, in conjunction with the director of revenue and
33 finance, shall provide a projected expenditure breakdown of
34 each appropriation for the beginning fiscal year to the
35 legislative fiscal bureau in the form and level of detail

1 requested by the bureau. By the fifteenth of each month, the
2 director, in conjunction with the director of revenue and
3 finance, shall transmit to the legislative fiscal bureau a
4 record for each appropriation of actual expenditures for the
5 prior month of the fiscal year and the fiscal year to date in
6 the form and level of detail as requested by the bureau. By
7 October 1, the director, in conjunction with the director of
8 revenue and finance, shall transmit the total record of an
9 appropriation, including reversions and transfers for the
10 prior fiscal year ending June 30, to the legislative fiscal
11 bureau.

12 Sec. 9. Section 8.53, unnumbered paragraph 1, Code 2001,
13 is amended by striking the unnumbered paragraph.

14 Sec. 10. Section 8.54, subsection 4, Code 2001, is amended
15 to read as follows:

16 4. The state general fund expenditure limitation amount
17 provided for in this section shall be used by the governor in
18 the preparation of the budget under section 8.22 and approval
19 of the budget and by the general assembly in the budget
20 process. If a source for new revenues is proposed, the budget
21 revenue projection used for that new revenue source for the
22 period beginning on the effective date of the new revenue
23 source and ending in the fiscal year in which the source is
24 included in the revenue base shall be an amount determined by
25 subtracting estimated tax refunds payable from the projected
26 revenue from that new revenue source, multiplied by ninety-
27 five percent. If a new revenue source is established and
28 implemented, the original state general fund expenditure
29 limitation amount provided for in subsection 3 shall be
30 readjusted to include ninety-five percent of the estimated
31 revenue from the new revenue source.

32 Sec. 11. Section 8.54, subsections 7 and 8, Code 2001, are
33 amended by striking the subsections and inserting in lieu
34 thereof the following:

35 7. The governor shall transmit to the general assembly, in

1 accordance with section 8.21, a budget which does not exceed
2 the state general fund expenditure limitation. The general
3 assembly shall pass a budget which does not exceed the state
4 general fund expenditure limitation. The governor shall not
5 transmit a budget with recommended appropriations in excess of
6 the state general fund expenditure limitation and the general
7 assembly shall not pass a budget with appropriations in excess
8 of the state general fund expenditure limitation. The
9 governor shall not approve or disapprove appropriation bills
10 or items of appropriation bills passed by the general assembly
11 in a manner that would cause the final budget approved by the
12 governor to exceed the state general fund expenditure
13 limitation. In complying with the requirements of this
14 subsection, the governor and the general assembly shall not
15 rely on any anticipated reversion of appropriations in order
16 to meet the state general fund expenditure limitation.

17 Sec. 12. Sections 8.24, 8.37, 8.39A, and 8.42, Code 2001,
18 are repealed.

19 Sec. 13. EFFECTIVE DATE -- APPLICABILITY. This Act, being
20 deemed of immediate importance, takes effect upon enactment.
21 Sections 1 through 5, 7, 8, 10, and 11 are first applicable to
22 the budget and appropriations made for the fiscal year
23 beginning July 1, 2002, and ending June 30, 2003.

24 EXPLANATION

25 This bill relates to the state general fund expenditure
26 limitation and related state funds and budgeting practices.

27 In addition to the elimination of obsolete provisions in
28 Code sections 8.37, 8.42, and 8.53, the bill also does the
29 following: Code sections 2.47A(1)(c), 8.6(14), and 8.6(15)
30 are amended to eliminate the requirement for preparing an
31 annual five-year capital priority plan by the department of
32 management.

33 Code section 8.21, relating to the date requirements for
34 the governor to transmit the governor's budget recommendations
35 to the general assembly, is amended in conformance with the

1 expenditure limitation law to strike the word "balanced".
2 Code section 8.22A, relating to the revenue estimating
3 conference, is amended to require that for the meeting in
4 which the revenue estimate for the succeeding fiscal year is
5 developed, the conference must include an estimate of the
6 accruals. Accruals are revenues collected or owed by entities
7 other than the state on or before June 30 of the fiscal year
8 but not remitted until after June 30. Accruals also include
9 lottery revenue collected on or before June 30 of the fiscal
10 year but transferred to the state general fund after June 30.
11 The estimates developed at that meeting are required to be
12 used in calculation of the state general fund expenditure
13 limitation under Code section 8.54.

14 The repeal of Code section 8.24 and the amendment of Code
15 section 8.25 eliminate the department of management's
16 requirement to prepare estimates of total government income.

17 Code section 8.29 is amended to eliminate budget analysts
18 from the department of management from being attached to board
19 of regents institutions.

20 Code section 8.35A is amended so that the director of
21 revenue and finance will assist the director of the department
22 of management in providing projected and actual expenditures
23 to the legislative fiscal bureau.

24 The repeal of Code section 8.39A deletes the requirement of
25 the departments of agriculture and land stewardship and
26 natural resources to notify specific legislators about the
27 transfer of moneys or full-time equivalent positions.

- 28 The bill takes effect upon enactment with some sections
29 being first applicable to the budget that commences on July 1,
30 2002.

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HOUSE FILE 760

AN ACT

RELATING TO THE STATE GENERAL FUND EXPENDITURE LIMITATION AND BUDGETING PRACTICES AND INCLUDING EFFECTIVE DATE AND APPLICABILITY PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 2.47A, subsection 1, paragraph c, Code 2001, is amended by striking the paragraph.

Sec. 2. Section 8.6, subsection 14, Code 2001, is amended by striking the subsection.

Sec. 3. Section 8.6, subsection 15, Code 2001, is amended to read as follows:

15. CAPITAL PROJECT PLANNING AND BUDGETING AUTHORITY. To call upon any state agency, as defined in section 8.3A, for assistance the director may require in performing the director's duties under ~~subsections~~ subsection 13 and 14. All state agencies, upon the request of the director, shall assist the director and are authorized to make available to the director any existing studies, surveys, plans, data, and other materials in the possession of the state agencies which are relevant to the director's duties.

Sec. 4. Section 8.21, unnumbered paragraph 2, Code 2001, is amended to read as follows:

If the governor is required to use a lesser amount in the budget process because of a later meeting of the state revenue estimating conference under section 8.22A, subsection 3, the governor shall transmit recommendations for a balanced budget

~~meeting-this~~ in conformance with that requirement within fourteen days of the later meeting of the state revenue estimating conference.

Sec. 5. Section 8.22A, subsection 5, Code 2001, is amended to read as follows:

5. At the meeting in which the conference agrees to the revenue estimate for the succeeding fiscal year in accordance with the provisions of subsection 3, the conference shall also agree to the following ~~estimate~~ estimates which shall be used by the governor ~~and the general assembly~~ in preparation of the budget message under section 8.22 and the general assembly in the budget process for the succeeding fiscal year:

a. The amount of lottery revenues for the following fiscal year to be available for disbursement following the deductions made pursuant to section 99E.10, subsection 1.

b. The amount of revenue for the following fiscal year from gambling revenues and from interest earned on the cash reserve fund and the economic emergency fund to be deposited in the rebuild Iowa infrastructure fund under section 8.57, subsection 5, paragraph "e".

c. The amount of accruals of those revenues collected by or due from entities other than the state on or before June 30 of the fiscal year but not remitted to the state until after June 30.

d. The amount of accrued lottery revenues collected on or before June 30 of the fiscal year but not transferred to the general fund of the state until after June 30.

Sec. 6. Section 8.25, Code 2001, is amended to read as follows:

8.25 TENTATIVE BUDGET.

Upon the receipt of the estimates of expenditure requirements called for by section 8.23 ~~and the preparation of the estimates of income called for by section 8.24~~ and not later than the following December 1, next succeeding, the director of the department of management, ~~hereinabove provided~~

for shall cause to be prepared a tentative budget conforming as to scope, contents and character to the requirements of section 8.22 and containing the estimates of expenditures and revenue as called for by sections section 8.23 and 8.24, which tentative budget shall be transmitted to the governor.

Sec. 7. Section 8.29, unnumbered paragraphs 1, 2, and 3, Code 2001, are amended by striking the unnumbered paragraphs.

Sec. 8. Section 8.35A, subsection 1, Code 2001, is amended to read as follows:

1. By July 1, the director of the department of management, in conjunction with the director of revenue and finance, shall provide a projected expenditure breakdown of each appropriation for the beginning fiscal year to the legislative fiscal bureau in the form and level of detail requested by the bureau. By the fifteenth of each month, the director, in conjunction with the director of revenue and finance, shall transmit to the legislative fiscal bureau a record for each appropriation of actual expenditures for the prior month of the fiscal year and the fiscal year to date in the form and level of detail as requested by the bureau. By October 1, the director, in conjunction with the director of revenue and finance, shall transmit the total record of an appropriation, including reversions and transfers for the prior fiscal year ending June 30, to the legislative fiscal bureau.

Sec. 9. Section 8.53, unnumbered paragraph 1, Code 2001, is amended by striking the unnumbered paragraph.

Sec. 10. Section 8.54, subsection 4, Code 2001, is amended to read as follows:

4. The state general fund expenditure limitation amount provided for in this section shall be used by the governor in the preparation of the budget under section 8.22 and approval of the budget and by the general assembly in the budget process. If a source for new revenues is proposed, the budget revenue projection used for that new revenue source for the

period beginning on the effective date of the new revenue source and ending in the fiscal year in which the source is included in the revenue base shall be an amount determined by subtracting estimated tax refunds payable from the projected revenue from that new revenue source, multiplied by ninety-five percent. If a new revenue source is established and implemented, the original state general fund expenditure limitation amount provided for in subsection 3 shall be readjusted to include ninety-five percent of the estimated revenue from the new revenue source.

Sec. 11. Section 8.54, subsections 7 and 8, Code 2001, are amended by striking the subsections and inserting in lieu thereof the following:

7. The governor shall transmit to the general assembly, in accordance with section 8.21, a budget which does not exceed the state general fund expenditure limitation. The general assembly shall pass a budget which does not exceed the state general fund expenditure limitation. The governor shall not transmit a budget with recommended appropriations in excess of the state general fund expenditure limitation and the general assembly shall not pass a budget with appropriations in excess of the state general fund expenditure limitation. The governor shall not approve or disapprove appropriation bills or items of appropriation bills passed by the general assembly in a manner that would cause the final budget approved by the governor to exceed the state general fund expenditure limitation. In complying with the requirements of this subsection, the governor and the general assembly shall not rely on any anticipated reversion of appropriations in order to meet the state general fund expenditure limitation.

Sec. 12. Sections 8.24, 8.37, 8.39A, and 8.42, Code 2001, are repealed.

Sec. 13. EFFECTIVE DATE -- APPLICABILITY. This Act, being deemed of immediate importance, takes effect upon enactment. Sections 1 through 5, 7, 8, 10, and 11 are first applicable to

the budget and appropriations made for the fiscal year beginning July 1, 2002, and ending June 30, 2003.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 760, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved Nov. 16, 2001

THOMAS J. VILSACK
Governor