

MAR 2 2005
APPROPRIATIONS

HOUSE FILE 519
BY DANDEKAR, CARROLL, HUSER,
HOGG, KURTENBACH, WISE,
PETERSEN, and STRUYK

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the state general fund expenditure limitation
2 and making appropriations to repay certain funds, and
3 providing effective and applicability dates.

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

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

HF-519

1 Section 1. Section 8.54, subsection 2, Code 2005, is
2 amended to read as follows:

3 2. There is created a state general fund expenditure
4 limitation for each fiscal year calculated as provided in this
5 section. An expenditure limitation shall be used for ~~the~~
6 ~~portion-of~~ the budget process commencing on the date the
7 revenue estimating conference agrees to a revenue estimate for
8 the following fiscal year in accordance with section 8.22A,
9 subsection 3, and ending with the ~~governor's-final-approval-or~~
10 ~~disapproval-of-the-appropriations-bills-applicable-to-that~~
11 ~~fiscal-year-that-were-passed-prior-to-July-1-of-that-fiscal~~
12 ~~year-in-a-regular-or-extraordinary-legislative-session~~ close
13 of the fiscal year for which the expenditure limitation was
14 calculated. Once the fiscal year for which the expenditure
15 limitation was calculated commences, the expenditure
16 limitation for that fiscal year is not subject to adjustment
17 or readjustment except by law enacted for that purpose.

18 Sec. 2. Section 8.54, Code 2005, is amended by adding the
19 following new subsections:

20 NEW SUBSECTION. 8. a. The requirements of this
21 subsection are only applicable under the state general fund
22 expenditure limitation for a fiscal year when the adjusted
23 revenue estimate used to establish the expenditure limitation
24 for that fiscal year represents an increase of two percent or
25 more over the adjusted revenue estimate used to establish the
26 expenditure limitation for the immediately preceding fiscal
27 year.

28 b. If an appropriation is made for a fiscal year from a
29 source other than the general fund of the state for a
30 designated purpose and in either of the two fiscal years
31 immediately preceding that fiscal year the designated purpose
32 was funded by an appropriation from the general fund of the
33 state, for the purposes of the state general fund expenditure
34 limitation, the amount of the appropriation from the other
35 source shall be considered to have been transferred to and

1 appropriated from the general fund of the state and shall be
2 counted as both a new revenue causing readjustment of the
3 expenditure limitation amount and as an appropriation made
4 under the expenditure limitation amount. Subject to the
5 applicability condition in paragraph "a", the requirements of
6 this subsection shall apply to either or both the initial and
7 immediately succeeding fiscal years for which the
8 appropriation is made from the other funding source.

9 NEW SUBSECTION. 9. a. Commencing during the fiscal year
10 that begins July 1, 2006, if the adjusted revenue estimate
11 used to establish the expenditure limitation for the
12 succeeding fiscal year represents an increase over the
13 adjusted revenue estimate used to establish the expenditure
14 limitation for the fiscal year in progress by a percentage
15 amount listed in this paragraph, there is appropriated from
16 the general fund of the state to the office of the treasurer
17 of state for the succeeding fiscal year, the indicated amount.
18 An appropriation made pursuant to this subsection shall be
19 counted under the state general fund expenditure limitation
20 amount for the fiscal year for which the appropriation is
21 made. The treasurer of state shall distribute the
22 appropriation as provided in paragraph "b" to be used to
23 restore funding that was transferred to the general fund of
24 the state or appropriated from various funds and accounts in
25 lieu of funding from the general fund of the state. The
26 appropriation made in this paragraph shall continue on an
27 annual basis until the amounts listed in paragraph "b" have
28 all been distributed. If the amount appropriated would exceed
29 the amount remaining to be distributed, the appropriation
30 shall be reduced by the excess.

31 (1) For an increase in the adjusted revenue estimate of at
32 least two percent but less than four percent, the
33 appropriation made in this paragraph "a" shall be an amount
34 equal to one-half of one percent of the adjusted revenue
35 estimate used to establish the state general fund expenditure

1 limitation for the fiscal year for which the appropriation is
2 made.

3 (2) For an increase in the adjusted revenue estimate of at
4 least four percent but less than six percent, the
5 appropriation made in this paragraph "a" shall be an amount
6 equal to one percent of the adjusted revenue estimate used to
7 establish the state general fund expenditure limitation for
8 the fiscal year for which the appropriation is made.

9 (3) For an increase in the adjusted revenue estimate of at
10 least six percent but less than eight percent, the
11 appropriation made in this paragraph "a" shall be an amount
12 equal to one and one-half percent of the adjusted revenue
13 estimate used to establish the state general fund expenditure
14 limitation for the fiscal year for which the appropriation is
15 made.

16 (4) For an increase in the adjusted revenue estimate of
17 eight percent or more, the appropriation made in this
18 paragraph "a" shall be an amount equal to two percent of the
19 adjusted revenue estimate used to establish the state general
20 fund expenditure limitation for the fiscal year for which the
21 appropriation is made.

22 b. The appropriation made in paragraph "a" shall be
23 annually, if necessary, distributed as provided in this
24 paragraph "b". Unless otherwise provided by law,
25 notwithstanding section 8.33, moneys distributed in accordance
26 with this paragraph that remain unencumbered or unobligated at
27 the close of the fiscal year shall not revert but shall remain
28 available for expenditure for the purposes designated until
29 expended.

30 (1) Moneys appropriated in paragraph "a" shall be
31 distributed to the funds and departments listed in this
32 subparagraph, in the order and amounts listed until the full
33 amounts listed have been distributed. To the extent the
34 appropriation for a fiscal year is insufficient to fully fund
35 an amount listed or remaining, the amount of the insufficiency

1 shall be distributed from the next succeeding appropriation or
2 appropriations. When all amounts listed in this subparagraph
3 have been distributed in full, any remaining amounts of the
4 appropriation made in paragraph "a" shall be distributed as
5 provided in subparagraph (2). Moneys distributed pursuant to
6 this subparagraph (1) shall be used for the purposes of the
7 fund or department to which distributed, unless a purpose is
8 stated with the amount:

9 (a) The innovations fund created in section 8.63, four
10 hundred thousand dollars.

11 (b) The state department of transportation to be used for
12 aviation hangars, three hundred sixty thousand dollars, and
13 for airport engineering studies and improvement projects,
14 three hundred forty-seven thousand dollars.

15 (c) The special all-terrain vehicle fund created pursuant
16 to section 321I.8, eight hundred thousand dollars.

17 (d) The victim compensation fund established in section
18 915.94, one million dollars.

19 (e) The special snowmobile fund created pursuant to
20 section 321G.7, one million dollars.

21 (f) The revolving fund created in section 602.1302, for
22 the purpose of paying jury and witness fees and mileage by the
23 judicial branch, one million dollars.

24 (g) The brucellosis and tuberculosis eradication fund
25 created in section 165.18, one million dollars.

26 (h) The alternative drainage system assistance fund
27 created in section 460.303, one million one hundred thousand
28 dollars.

29 (i) The property tax relief fund risk pool created in
30 section 426B.5, subsection 2, one million five hundred
31 thousand dollars.

32 (j) The title guaranty fund created in section 16.91, two
33 million seven hundred thousand dollars.

34 (k) The waste tire management fund created in section
35 455D.11C, four million six hundred thousand dollars.

1 (l) The groundwater protection fund established in section
2 455E.11, five million two hundred thousand dollars.

3 (m) The state department of transportation to be used for
4 recreational trails projects, five million five hundred
5 thousand dollars.

6 (n) The strategic investment fund created in section
7 15.313, three million dollars.

8 (o) The physical infrastructure assistance fund created in
9 section 15E.175, two million five hundred thousand dollars.

10 (p) The value-added agricultural products and processes
11 financial assistance fund created in section 15E.112, seven
12 hundred fifty thousand dollars.

13 (q) The school infrastructure fund created in section
14 12.82, twenty-two million dollars.

15 (2) When the amounts listed in subparagraph (1) have all
16 been distributed, any remaining amounts of the appropriation
17 made in paragraph "a" shall be annually distributed to the
18 account and funds listed in this subparagraph (2) until the
19 full amounts listed have been distributed. If the
20 appropriation is insufficient to fully fund all amounts listed
21 or remaining, the appropriation shall be prorated among the
22 account and funds based upon an amount's proportion of the
23 total amount to be distributed. The distribution of the
24 appropriation made in paragraph "a" shall continue in
25 succeeding fiscal years until the entire amount listed for
26 each account or fund in this subparagraph (2) has been
27 distributed. Moneys distributed shall be used for the
28 purposes of the account or fund to which distributed:

29 (a) The endowment for Iowa's health account of the tobacco
30 settlement trust fund created pursuant to section 12E.12, four
31 hundred twenty-nine million one hundred thousand dollars.

32 (b) The environment first fund created in section 8.57A,
33 fifty-four million five hundred thousand dollars.

34 (c) The rebuild Iowa infrastructure fund created in
35 section 8.57, subsection 6, forty-three million eight hundred

1 thousand dollars.

2 (d) The senior living trust fund created in section
3 249H.4, four hundred forty-six million dollars.

4 (e) The Iowa comprehensive petroleum underground storage
5 tank fund created in section 455G.3, forty-eight million
6 dollars.

7 (f) The cash reserve fund created in section 8.56, two
8 hundred ninety million dollars.

9 (3) The aggregate amount of the appropriations to be
10 transferred from the Iowa economic emergency fund to the
11 senior living trust fund and the endowment for Iowa's health
12 account of the tobacco settlement trust fund pursuant to
13 section 8.55, subsection 2, paragraphs "b" and "c", and the
14 amount to be transferred to the senior living trust fund
15 pursuant to section 8.57, subsection 2, paragraph "d", shall
16 be reduced by the distributions made to the fund and account
17 in accordance with subparagraph (2). The amounts to be
18 distributed to the senior living trust fund and the endowment
19 for Iowa's health account in accordance with subparagraph (2)
20 shall be reduced by any amounts transferred to the fund or
21 account pursuant to section 8.55, subsection 2, paragraphs "b"
22 and "c", or section 8.57, subsection 2, paragraph "d".

23 c. This subsection is repealed on July 1 following the
24 fiscal year in which all amounts listed in paragraph "b" have
25 been paid in full. The treasurer of state shall notify the
26 Code editor when the amounts have been paid in full.

27 Sec. 3. Section 8.55, subsection 2, paragraphs b, c, and
28 d, Code 2005, are amended to read as follows:

29 ~~b. Notwithstanding paragraph "a", any moneys in excess of~~
30 ~~the maximum balance in the economic emergency fund after the~~
31 ~~distribution of the surplus in the general fund of the state~~
32 ~~at the conclusion of the fiscal year beginning July 1, 2002,~~
33 ~~and subsequent fiscal years, shall not be transferred to the~~
34 ~~general fund of the state but shall be transferred to the~~
35 ~~endowment for Iowa's health account of the tobacco settlement~~

~~1 trust fund. The amount transferred under this paragraph shall~~
~~2 not exceed the difference between forty million dollars and~~
~~3 the total amount transferred to the endowment for Iowa's~~
~~4 health account pursuant to 2001 Iowa Acts, chapter 177,~~
~~5 section 2, as amended by 2001 Iowa Acts, chapter 187, section~~
~~6 28, and previous fiscal years.~~

7 e. Notwithstanding paragraph "a", any moneys in excess of
8 the maximum balance in the economic emergency fund after the
9 distribution of the surplus in the general fund of the state
10 at the conclusion of each fiscal year ~~and after the~~
11 ~~appropriate amount has been transferred pursuant to paragraph~~
12 ~~"b"~~, shall not be transferred to the general fund of the state
13 but shall be transferred to the senior living trust fund. The
14 total amount transferred, in the aggregate, under this
15 paragraph, section 8.54, subsection 9, paragraph "b", and
16 section 8.57, subsection 2, paragraph "d", for all fiscal
17 years shall not exceed one four hundred eighteen forty-six
18 million dollars.

19 d. c. Notwithstanding paragraph "a", any moneys in excess
20 of the maximum balance in the economic emergency fund after
21 the distribution of the surplus in the general fund of the
22 state at the conclusion of each fiscal year and after the
23 appropriate amounts have been transferred pursuant to
24 ~~paragraphs~~ paragraph "b" and "e" shall not be transferred to
25 the general fund of the state but shall be transferred to the
26 endowment for Iowa's health account of the tobacco settlement
27 trust fund. The total amount transferred, in the aggregate,
28 under this paragraph for all fiscal years shall not exceed the
29 difference between one four hundred thirty-one twenty-nine
30 million five one hundred thirty-six thousand dollars and the
31 amounts transferred to the endowment for Iowa's health account
32 to repay the amounts transferred or appropriated from the
33 endowment for Iowa's health account in 2002 Iowa Acts, chapter
34 1165, 2002 Iowa Acts, chapter 1166, 2002 Iowa Acts, chapter
35 1167, 2002 Iowa Acts, Second Extraordinary Session, chapter

1 1003, 2003 Iowa Acts, chapter 183, and 2004 Iowa Acts, chapter
2 1175, and the amounts distributed to the endowment for Iowa's
3 health account pursuant to section 8.54, subsection 9,
4 paragraph "b".

5 Sec. 4. Section 8.57, subsection 2, paragraph d, Code
6 2005, is amended to read as follows:

7 d. The aggregate amount of the appropriations to be
8 transferred from the Iowa economic emergency fund to the
9 senior living trust fund pursuant to section 8.55, subsection
10 2, paragraph "e" "b", shall be reduced by the appropriations
11 made pursuant to paragraph "a" of this subsection and the
12 amounts distributed to the senior living trust fund pursuant
13 to section 8.54, subsection 9, paragraph "b".

14 Sec. 5. EFFECTIVE AND APPLICABILITY DATES. The section of
15 this Act amending section 8.54, subsection 2, and the
16 provision of the section of this Act enacting section 8.54,
17 subsection 8, take effect July 1, 2006, and are first
18 applicable to the state general fund expenditure limitation
19 established for the fiscal year beginning July 1, 2007.

20 EXPLANATION

21 This bill relates to the state general fund expenditure
22 limitation by extending the duration of the limitation,
23 providing for inclusion under the limitation of appropriations
24 previously made from the general fund, and establishing
25 standing appropriations in the event general fund revenues are
26 projected to increase by a certain amount.

27 The bill requires the expenditure limitation to be used for
28 the budget process until the close of the fiscal year to which
29 the expenditure limitation applies. Current law provides the
30 expenditure limitation is applicable for the budget process
31 until the governor's final approval or disapproval of the
32 appropriations bills that were passed prior to July 1 of the
33 fiscal year to which the limitation applies. Under the bill,
34 once the fiscal year for which the expenditure limitation was
35 calculated commences, the expenditure limitation for that

1 fiscal year is not subject to adjustment or readjustment
2 except by law enacted for that purpose.

3 The bill provides a new requirement applies if the adjusted
4 revenue estimate used to establish the expenditure limitation
5 is projected to be 2 percent or more over the adjusted revenue
6 estimate for the immediately preceding fiscal year. Under the
7 new requirement, if an appropriation is made for a fiscal year
8 from a source other than the general fund of the state for a
9 designated purpose and in either of the two fiscal years
10 immediately preceding that fiscal year the designated purpose
11 was funded by an appropriation from the general fund of the
12 state, for the purposes of the state general fund expenditure
13 limitation, the appropriation from the other source shall be
14 considered to have been transferred to and appropriated from
15 the general fund of the state and shall be counted as both a
16 new revenue and an appropriation made under the expenditure
17 limitation amount. "New revenue" is a defined term that means
18 a revenue amount that was not included in the estimate made by
19 the revenue estimating conference that was used to calculate
20 the initial state general fund expenditure limitation for a
21 fiscal year. The state general fund expenditure limitation is
22 adjusted to include 95 percent of the new revenue. The
23 requirements apply to the initial and immediately succeeding
24 fiscal years for which the appropriation is made from the
25 other funding source.

26 The bill provides that if the adjusted revenue estimate
27 used to establish the expenditure limitation for the
28 succeeding fiscal year is projected to be an increase over the
29 adjusted revenue estimate for the fiscal year in progress by
30 at least a specified amount, certain standing limited
31 appropriations are made. "Adjusted revenue estimate" is a
32 defined term meaning a projection approved by the revenue
33 estimating conference for purposes of the expenditure
34 limitation as adjusted by subtracting estimated tax refunds
35 payable from that estimated revenue and adding any new

1 revenues which may be considered to be eligible for deposit in
2 the general fund.

3 If the increase is projected to be at least 2 percent but
4 less than 4 percent, the amount of the standing appropriation
5 is 0.50 percent of the adjusted revenue estimate; for a
6 projected increase of 4 percent but less than 6 percent, the
7 amount is 1 percent of the increase; for an increase of 6
8 percent but less than 8 percent, the amount is 1.5 percent of
9 the adjusted revenue estimate; and for an increase of 8
10 percent or more, the increase is 2 percent of the adjusted
11 revenue estimate. The amount of the standing limited
12 appropriation is counted under the expenditure limitation
13 amount for that fiscal year. The standing appropriation is
14 made to the treasurer of state for distribution as provided in
15 the bill to restore funding that was appropriated from various
16 funds and accounts in lieu of the general fund. These
17 contingent annual standing limited appropriations are first
18 made for the fiscal year beginning July 1, 2007.

19 The bill provides for distribution of the repayment funding
20 in two groups. The first group is to be repaid in the order
21 listed until all are paid in full. Once the first group is
22 repaid, the second group is to be repaid next. If the amount
23 of the standing appropriation is insufficient to pay in full
24 all the amounts listed for the second group, the
25 appropriations are to be prorated among the second group. The
26 distributions of the appropriations shall continue to be made
27 for the second group until all amounts listed are repaid.

28 The bill includes conforming changes to existing repayment
29 mechanisms for the endowment for Iowa's health account of the
30 tobacco settlement trust fund and the senior living trust fund
31 so that there is no duplication in repayments.

32 Some provisions of the bill take effect July 1, 2006, and
33 are first applicable to the state general fund expenditure
34 limitation established for the fiscal year beginning July 1,
35 2007.