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WAYS & MEANS

SENATE FILE 2211

BY SHULL

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
 Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the establishment of and disbursement from a  
 2 resident taxpayer rebate fund and including an effective date  
 3 provision.

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

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WAYS & MEANS

Sf 2211

1 Section 1. Section 8.54, subsections 5 and 6, Code 2005,  
2 are amended to read as follows:

3 ~~5. For fiscal years in which section 8.55, subsection 2,~~  
4 ~~results in moneys being transferred to the general fund, the~~  
5 ~~original state general fund expenditure limitation amount~~  
6 ~~provided for in subsection 3 shall be readjusted to include~~  
7 ~~the moneys which are so transferred.~~

8 6. 5. The scope of the expenditure limitation under  
9 subsection 3 shall not encompass federal funds, donations,  
10 constitutionally dedicated moneys, and moneys in expenditures  
11 from state retirement system moneys, and moneys disbursed from  
12 the resident taxpayer rebate fund pursuant to section 8.55A.

13 Sec. 2. Section 8.55, subsection 2, Code Supplement 2005,  
14 is amended to read as follows:

15 2. a. The maximum balance of the fund is the amount equal  
16 to two and one-half percent of the adjusted revenue estimate  
17 for the fiscal year. If the amount of moneys in the Iowa  
18 economic emergency fund is equal to the maximum balance,  
19 moneys in excess of this amount shall be transferred to the  
20 general fund resident taxpayer rebate fund established in  
21 section 8.55A.

22 b. Notwithstanding paragraph "a", any moneys in excess of  
23 the maximum balance in the economic emergency fund after the  
24 distribution of the surplus in the general fund of the state  
25 at the conclusion of each fiscal year shall not be transferred  
26 to the general fund of the state resident taxpayer rebate fund  
27 but shall be transferred to the senior living trust fund. The  
28 total amount transferred, in the aggregate, under this  
29 paragraph for all fiscal years shall not exceed one hundred  
30 eighteen million dollars.

31 Sec. 3. NEW SECTION. 8.55A RESIDENT TAXPAYER REBATE  
32 FUND.

33 1. A resident taxpayer rebate fund is created in the state  
34 treasury. The resident taxpayer rebate fund shall be separate  
35 from the general fund of the state and shall not be considered

1 part of the general fund of the state. The moneys in the  
2 resident taxpayer rebate fund are not subject to section 8.33  
3 and shall not be transferred, used, obligated, appropriated,  
4 or otherwise encumbered except as provided in this section.  
5 Notwithstanding section 12C.7, subsection 2, interest or  
6 earnings on moneys deposited in the resident taxpayer rebate  
7 fund shall be credited to the fund. Moneys in the resident  
8 taxpayer rebate fund may be used for cash flow purposes during  
9 a fiscal year provided that any moneys so allocated are  
10 returned to the resident taxpayer rebate fund by the end of  
11 that fiscal year.

12 2. a. There is appropriated for a fiscal year in which  
13 the fund balance reaches at least fifty million dollars to the  
14 director of revenue the total sum in the fund to be used as  
15 provided in paragraph "c".

16 b. By October 15 of the fiscal year, the director of  
17 revenue shall identify individual income taxpayers who were  
18 residents of the state as of the end of the calendar year  
19 preceding the fiscal year in which the appropriation in  
20 paragraph "a" is made.

21 c. By November 15 of the fiscal year, the director shall  
22 issue rebates to each resident taxpayer identified in  
23 paragraph "b". Each rebate shall be equal to a minimum of  
24 twenty dollars. Each resident taxpayer shall receive the same  
25 amount except that married persons filing jointly shall  
26 receive twice the amount received by a single filer. If the  
27 balance in the rebate fund is insufficient to provide a rebate  
28 to each resident taxpayer of the minimum amount, the director  
29 of revenue shall not provide any rebates during the fiscal  
30 year.

31 3. a. In addition to the appropriation made in subsection  
32 2, the moneys in the resident taxpayer rebate fund may be used  
33 for cash flow purposes pursuant to an appropriation made by  
34 the general assembly. The appropriation shall be made in  
35 accordance with this subsection only for the fiscal year in

1 which the appropriation is made. The moneys shall only be  
2 appropriated by the general assembly for nonrecurring  
3 emergency expenditures and shall not be appropriated for  
4 payment of any collective bargaining agreement or arbitrator's  
5 decision negotiated or awarded under chapter 20. Except as  
6 provided in section 8.58, the resident taxpayer rebate fund  
7 shall be considered a special account for the purposes of  
8 section 8.53 in determining the cash position of the general  
9 fund of the state for the payment of state obligations.

10 b. Except as provided in subsection 2, an appropriation  
11 shall not be made from the resident taxpayer rebate fund  
12 unless the appropriation is in accordance with all of the  
13 following:

14 (1) The appropriation is contained in a bill or joint  
15 resolution in which the appropriation is the only subject  
16 matter of the bill or joint resolution.

17 (2) The bill or joint resolution states the reasons the  
18 appropriation is necessary.

19 c. In addition to the requirements of paragraph "b", an  
20 appropriation shall not be made from the resident taxpayer  
21 rebate fund unless the bill or joint resolution is approved by  
22 vote of at least two-thirds of the members of both chambers of  
23 the general assembly and is signed by the governor.

24 Sec. 4. Section 8.58, Code 2005, is amended to read as  
25 follows:

26 8.58 EXEMPTION FROM AUTOMATIC APPLICATION.

27 ~~To the extent that moneys appropriated under section 8.57~~  
28 ~~do not result in moneys being credited to the general fund~~  
29 ~~under section 8.557-subsection-27-moneys~~ Moneys appropriated  
30 under section 8.57 and moneys contained in the cash reserve  
31 fund, rebuild Iowa infrastructure fund, environment first  
32 fund, and Iowa economic emergency fund, and resident taxpayer  
33 rebate fund shall not be considered in the application of any  
34 formula, index, or other statutory triggering mechanism which  
35 would affect appropriations, payments, or taxation rates,

1 contrary provisions of the Code notwithstanding.

2 ~~To the extent that moneys appropriated under section 8.57~~  
3 ~~do not result in moneys being credited to the general fund~~  
4 ~~under section 8.557, subsection 27, moneys~~ Moneys appropriated  
5 under section 8.57 and moneys contained in the cash reserve  
6 fund, rebuild Iowa infrastructure fund, environment first  
7 fund, ~~and Iowa economic emergency fund, and resident taxpayer~~  
8 rebate fund shall not be considered by an arbitrator or in  
9 negotiations under chapter 20.

10 Sec. 5. EFFECTIVE DATE. This Act takes effect January 1,  
11 2007.

12 EXPLANATION

13 This bill establishes a resident taxpayer rebate fund.  
14 Moneys in the economic emergency fund in excess of the limit  
15 of the fund and after payment of certain amounts to the senior  
16 living trust fund are to be deposited into the resident  
17 taxpayer rebate fund. Present law requires such excess to be  
18 deposited into the state general fund.

19 Once the balance of the resident taxpayer rebate fund  
20 reaches \$50 million, the fund is to be rebated to the resident  
21 income taxpayers determined as of the end of the previous  
22 year. A minimum of \$20 per resident taxpayer is to be  
23 refunded.

24 The bill allows the general assembly to make an  
25 appropriation for cash flow purposes but only if the  
26 appropriation is for nonrecurring emergency expenditures, made  
27 for the fiscal year in which the appropriation is made, is the  
28 only subject matter of the bill, and is approved by at least  
29 two-thirds of the members of each house and signed by the  
30 governor.

31 The bill takes effect January 1, 2007.

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