

April 5, 1963.

House File 578

Place on Calendar.

By COMMITTEE ON WAYS AND MEANS.

Passed House, Date..... Passed Senate, Date.....

Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....

Approved.....

## A BILL FOR

An Act to provide property tax credits whenever excessive property taxes are levied as the result of inaccurate estimates in local government budgets.

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

1 Section 1. Section twenty-four point nineteen (24.19),  
2 Code 1962, is hereby amended by adding thereto the following:

3 "Not later than May 15 in the year 1963, and not later than  
4 January 15 each year thereafter, the officer or officers of each  
5 municipality responsible under the provisions of section twenty-  
6 four point seventeen (24.17) of the Code for certifying the  
7 budget of the municipality to the county auditor, shall certify  
8 to the county auditor the following:

9 1. The amount of the total cash balance on hand in all funds  
10 of the municipality at the beginning of the first day of the  
11 preceding fiscal year, less outstanding warrants and less any  
12 tax credits granted during the preceding fiscal year under the  
13 provisions of this section.

14 2. The amount of the total cash balance on hand in all funds  
15 of the municipality at the end of the last day of the preceding  
16 fiscal year, less any outstanding warrants.

17 The county auditor shall thereupon for each municipality  
18 subtract the estimated unencumbered cash balance as shown in the  
19 budget of the municipality for the preceding fiscal year, as  
20 certified to the county auditor, from the actual total cash balance

21 on hand for all funds at the beginning of the first day of the  
22 preceding fiscal year, less outstanding warrants and less any tax  
23 credits granted during the preceding fiscal year under the pro-  
24 visions of this section. If the remainder is less than the actual  
25 total cash balance in all funds of the municipality, less outstand-  
26 ing warrants, at the end of the last day of the preceding fiscal  
27 year, an amount equal to this difference shall be apportioned  
28 among all property taxpayers of the municipality as a credit  
29 against their second property tax installments due in the current  
30 year, and the share of the total credit to be apportioned to each  
31 taxpayer by the county auditor shall be in the same proportion  
32 that the total assessed valuation of the property of each tax-  
33 payer bears to the total assessed valuation of all taxable property  
34 in the municipality. Provided, however, that whenever it is ascer-  
35 tained by the county auditor acting under the provisions of this  
36 section that a tax credit is due from a county government, the  
37 portion of the total county tax credit, if any, resulting from  
38 an excessive secondary road tax levy on property in townships  
39 only shall be credited only against the secondary road taxes on  
40 said properties in the township. Provided, further, that in the  
41 year 1964 only, a tax credit shall not be granted if the actual  
42 cash balance on January 1, 1964, is less than the actual cash  
43 balance on January 1, 1963. If the actual cash balance on Jan-  
44 uary 1, 1964, is greater than the actual cash balance on January  
45 1, 1963, less any tax credit granted in 1963, the tax credit for  
46 the year 1964 only shall be an amount equal to the difference.

47 The tax credits provided by this section shall be granted  
48 only whenever the county auditor, acting under the provisions  
49 of this section, ascertains that a credit is due from any

50 municipality that is more than one-eighth of a mill per dollar  
51 of assessed valuation in the municipality.”

1 Sec. 2. Section twenty-four point three (24.3), Code 1962,  
2 is hereby amended by adding thereto the following new subsection:

3 5. The amount to be expended from the total cash balance on  
4 hand at the beginning of the fiscal year which shall be called  
5 “the estimated unencumbered balance”, and for budgeting purposes  
6 this estimated unencumbered balance may be entered in the budget  
7 as either a plus or minus quantity.

1 Sec. 3. Section twenty-four point eight (24.8), Code 1962,  
2 is hereby amended by inserting after the word “taxation” in line  
3 three (3) the words “, including the estimated unencumbered  
4 balance,”.

1 Sec. 4. This Act, being deemed of immediate importance, shall  
2 be in full force and effect from and after its passage and publica-  
3 tion in The Pella Chronicle, a newspaper published at Pella,  
4 Iowa, and The Hartley Sentinel, a newspaper published at Hartley,  
5 Iowa.

#### EXPLANATION OF HOUSE FILE 578

This bill does not prevent the building or maintaining of cash surpluses, but it does require that the building and maintaining of surpluses be done “in the open.” This will prevent the practice of deliberate overestimating of expenditures and underestimating of revenue other than property taxes in order to build and maintain surpluses, and therefore will make the local budget a more effective expenditure control device than it now is. Moreover, the bill as presently written would also result in substantial property tax credits in September, 1963. For example, if the bill had been in effect a year ago, the property tax credits last September would have been in excess of \$46,000,000.