

FEB 21 2001

LOCAL GOVERNMENT

HOUSE FILE 336

BY RICHARDSON

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the imposition and distribution of revenues
2 from a local sales and services tax for school infrastructure
3 purposes and including an effective date.

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

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HF 336

1 Section 1. Section 422E.2, subsection 1, paragraph a, Code
2 2001, is amended to read as follows:

3 a. (1) This section applies to counties that have in
4 effect local sales and services taxes for school
5 infrastructure purposes on March 31, 2001. This section does
6 not apply to counties that vote to impose local sales and
7 services taxes for school infrastructure purposes first
8 effective on or after April 1, 2001, or to counties that had
9 in effect local sales and services taxes for school
10 infrastructure purposes on March 31, 2001, and which voted
11 specifically to continue the tax to a date beyond March 31,
12 2001.

13 (2) A local sales and services tax shall be imposed by a
14 county only after an election at which a majority of those
15 voting on the question favors imposition. The effective date
16 shall be either January 1 or July 1 but not sooner than ninety
17 days following the favorable election. A local sales and
18 services tax approved by a majority vote shall apply to all
19 incorporated and unincorporated areas of that county.

20 Sec. 2. NEW SECTION. 422E.2A IMPOSITION BY COUNTY AFTER
21 MARCH 31, 2001.

22 1. This section applies to counties that vote to impose
23 local sales and services taxes for school infrastructure
24 purposes first effective on or after April 1, 2001, and to
25 counties that had in effect a local sales and services tax for
26 school infrastructure purposes on March 31, 2001, and which
27 voted specifically to continue the tax to a date beyond March
28 31, 2001.

29 2. a. A local sales and services tax for school
30 infrastructure purposes shall be imposed by a county only
31 after an election at which a majority of those voting on the
32 question favors imposition. All such elections shall be held
33 on the first Tuesday following the second Monday in June. The
34 effective date of the tax shall be January 1 following the
35 favorable election. A local sales and services tax approved

1 by a majority vote shall apply to all incorporated and
2 unincorporated areas of that county.

3 b. A local sales and services tax for school
4 infrastructure purposes shall be repealed on December 31.

5 c. The rate of a local sales and services tax for school
6 infrastructure purposes is one percent.

7 3. a. (1) Each county that does not have in effect on
8 March 31, 2001, a local sales and services tax for school
9 infrastructure purposes shall hold an election on June 12,
10 2001, on the question of the imposition of a one percent local
11 sales and services tax for school infrastructure purposes for
12 a period of ten years beginning January 1, 2002. The tax
13 shall be repealed December 31, 2011.

14 (2) Subsequent ten-year periods shall begin following the
15 end of the preceding ten-year period.

16 b. If a county' voters do not by a majority vote approve
17 the imposition of the tax on June 12, 2001, or prior to the
18 end of any subsequent ten-year period, the county voters may
19 revote on the question of imposition for the remainder of the
20 ten-year period specified in paragraph "a", as provided in
21 subsection 4. Any county may hold as many subsequent
22 elections as necessary for imposition.

23 c. Prior to the repeal of the local sales and services tax
24 for school infrastructure purposes at the end of the 2011
25 calendar year or any other ten-year period, each county,
26 whether it has imposed the tax or not, shall hold an election
27 on the question of continuing the tax or imposing the tax, as
28 the case may be, for another or for a ten-year period.

29 d. (1) A county that has in effect a local sales and
30 services tax for school infrastructure purposes on March 31,
31 2001, shall have its tax extended beyond its original repeal
32 date until the end of the ten-year period specified in
33 paragraph "a". This extension shall be done without an
34 election. Tax revenues collected in that county during the
35 period of the extension shall be credited to the local school

1 infrastructure sales and services tax pool.

2 (2) A county that has in effect a local sales and services
3 tax for school infrastructure purposes on March 31, 2001, that
4 votes to continue its tax beyond March 31, 2001, shall have
5 its tax in effect until the end of the ten-year period
6 specified in paragraph "a". Tax revenues collected in that
7 county beginning January 1 following the favorable election
8 shall be credited to the local school infrastructure sales and
9 services tax pool.

10 4. a. Upon receipt by a county board of supervisors of a
11 petition requesting imposition of a local sales and services
12 tax for infrastructure purposes, signed by eligible electors
13 of the whole county equal in number to five percent of the
14 persons in the whole county who voted at the last preceding
15 state general election, the board shall within thirty days
16 direct the county commissioner of elections to submit the
17 question of imposition of the tax to the registered voters of
18 the whole county.

19 b. Alternatively, the question of imposition of a local
20 sales and services tax for school infrastructure purposes may
21 be proposed by motion or motions, requesting such submission,
22 adopted by the governing body of a school district or school
23 districts located within the county containing a total, or a
24 combined total in the case of more than one school district,
25 of at least one-half of the population of the county, or by
26 the county board of supervisors. Upon adoption of such
27 motion, the governing body of a school district shall notify
28 the board of supervisors of the adoption of the motion. The
29 county board of supervisors shall submit the motion or motions
30 to the county commissioner of elections, who shall publish
31 notice of the ballot proposition concerning the imposition of
32 the local sales and services tax. A motion ceases to be valid
33 at the time of the holding of the regular election for the
34 election of members of the governing body which adopted the
35 motion.

1 5. The county commissioner of elections shall submit the
2 question of imposition of a local sales and services tax for
3 school infrastructure purposes as provided in subsection 2.
4 However, the election shall not be held sooner than sixty days
5 after publication of notice of the ballot proposition. The
6 ballot proposition shall specify the rate of tax, the date the
7 tax will be imposed and repealed, and shall contain a
8 statement as to the specific purpose or purposes for which the
9 revenues shall be expended. The dates for the imposition and
10 repeal of the tax shall be as provided in subsection 2. The
11 state commissioner of elections shall establish by rule the
12 form for the ballot proposition which form shall be uniform
13 throughout the state.

14 6. Within ten days of the election at which a majority of
15 those voting on the question favors the imposition of the tax,
16 the county auditor shall give written notice by sending a copy
17 of the abstract of the votes from the favorable election to
18 the director of revenue and finance of the result of the
19 election. Election costs shall be apportioned among school
20 districts within the county on a pro rata basis in proportion
21 to the number of registered voters in each school district
22 residing within the county and the total number of registered
23 voters in all of the school districts residing within the
24 county.

25 Sec. 3. Section 422E.3, subsections 1 and 4, Code 2001,
26 are amended to read as follows:

27 1. If a majority of those voting on the question of
28 imposition of a local sales and services tax for school
29 infrastructure purposes favors imposition of the tax, the tax
30 shall be imposed by the county board of supervisors within the
31 county pursuant to section 422E.2 or 422E.2A, as appropriate,
32 at the rate specified for a ten-year duration on the gross
33 receipts taxed by the state under chapter 422, division IV.

34 4. The director of revenue and finance shall credit tax
35 receipts and interest and penalties from the local sales and

1 services tax for school infrastructure purposes to an account
2 within the county's local sales and services tax fund, as
3 created in section 422B.10, subsection 1, maintained in the
4 name of the school district or school districts located within
5 the county except as provided in subsection 4A. If the
6 director is unable to determine from which county any of the
7 receipts were collected, those receipts shall be allocated
8 among the possible counties based on allocation rules adopted
9 by the director.

10 Sec. 4. Section 422E.3, Code 2001, is amended by adding
11 the following new subsection:

12 NEW SUBSECTION. 4A. Counties that vote to impose local
13 sales and services taxes for school infrastructure purposes
14 first effective on or after April 1, 2001, and counties that
15 had in effect local sales and services taxes for school
16 infrastructure purposes on March 31, 2001, and that voted
17 specifically to continue the tax to a date beyond March 31,
18 2001, are subject to this subsection as follows:

19 a. The tax receipts and interest and penalties from all
20 such local sales and services taxes shall be deposited into a
21 local school infrastructure sales and services tax pool
22 established in the office of the treasurer of state.

23 b. Moneys collected from the tax imposed during the fiscal
24 year which are deposited as provided in paragraph "a" shall be
25 distributed to school districts located in those counties
26 subject to this subsection on a per student basis determined
27 by the director of revenue and finance in accordance with the
28 following calculations:

29 (1) Calculate a preliminary per student amount by dividing
30 the moneys collected during the fiscal year by the sum of the
31 combined actual enrollment for all counties subject to this
32 subsection as described in subsection 5, paragraph "d",
33 subparagraph (2).

34 (2) For school districts located in a county where the tax
35 is imposed for less than the entire fiscal year, reduce the

1 per student amount calculated in subparagraph (1) by
2 multiplying that amount by the quotient of the number of
3 quarters the tax is imposed during the fiscal year divided by
4 four quarters. This resulting amount is the per student
5 amount for that county that the school districts shall
6 receive.

7 (3) If an adjustment to the per student amount calculated
8 under subparagraph (2) by any school district was made
9 pursuant to subparagraph (2), any resulting leftover moneys
10 shall be used to increase the per student amount calculated in
11 subparagraph (1) in counties that have imposed the tax for the
12 entire fiscal year. This increased per student amount is the
13 amount each school district shall receive in those counties.
14 If an adjustment is not made under subparagraph (2), the per
15 student amount each school district shall receive equals the
16 preliminary per student amount calculated in subparagraph (1).

17 c. The remitting of the appropriate per student amounts to
18 the eligible school districts shall be done in the manner
19 provided in subsection 5, paragraphs "a", "b", and "c".

20 Sec. 5. Section 422E.3, subsection 5, paragraph c,
21 unnumbered paragraph 2, Code 2001, is amended to read as
22 follows:

23 d. (1) If more than one school district, or a portion of
24 a school district, is located within the county, tax receipts
25 shall be remitted to each school district or portion of a
26 school district in which the county tax is imposed in a pro
27 rata share based upon the ratio which the percentage of actual
28 enrollment for the school district that attends school in the
29 county bears to the percentage of the total combined actual
30 enrollments for all school districts that attend school in the
31 county.

32 (2) The combined actual enrollment for a county, for
33 purposes of this section, shall be determined for each county
34 imposing a sales and services tax for school infrastructure
35 purposes by the department of management based on the actual

1 enrollment figures reported by October 1 to the department of
2 management by the department of education pursuant to section
3 257.6, subsection 1. The combined actual enrollment count
4 shall be forwarded to the director of ~~the department of~~
5 management revenue and finance by March 1, annually, for
6 purposes of calculating the preliminary and final per student
7 amounts pursuant to subsection 4A and for purposes of
8 supplying estimated tax payment figures and making estimated
9 tax payments pursuant to this section for the following fiscal
10 year.

11 Sec. 6. Section 422E.3, subsection 7, Code 2001, is
12 amended to read as follows:

13 7. Construction contractors may make application to the
14 department for a refund of the additional local sales and
15 services tax paid under this chapter by reason of taxes paid
16 on goods, wares, or merchandise under the conditions specified
17 in section 422B.11. The refund shall be paid by the
18 department from the appropriate school district's account in
19 the local sales and services tax fund or from the local school
20 infrastructure sales and services tax pool, as appropriate.
21 The penalty provisions contained in section 422B.11,
22 subsection 3, shall apply regarding an erroneous application
23 for refund of local sales and services tax paid under this
24 chapter.

25 Sec. 7. EFFECTIVE DATE. This Act, being deemed of
26 immediate importance, takes effect upon enactment.

27 EXPLANATION

28 This bill provides that for counties that impose a local
29 option school infrastructure sales and services tax which is
30 first effective on or after April 1, 2001, or that continues
31 an existing tax to a date beyond March 31, 2001, all tax
32 revenues would be deposited into a joint pool to be
33 distributed on an equal per student basis to the school
34 districts located in counties that have imposed the tax. The
35 per student amount is reduced for school districts in those

1 counties that have imposed the tax for less than the entire
2 fiscal year.

3 The bill requires those counties that do not have in effect
4 the tax on March 31, to hold an election on the question of
5 the imposition. The election is to be held on the first
6 Tuesday after the second Monday in June (June 12, 2001). The
7 tax is to be imposed January 1, 2002, and repealed December
8 31, 2011 (10 years later). If the question of imposition is
9 defeated, the county may vote each year until the question is
10 passed. However, the repeal will still be December 31, 2011.
11 Prior to the December 31, 2011, repeal, an election on the
12 continuation of the tax for another 10 years is to be held.
13 Those who defeat the question may again vote on its imposition
14 with the repeal being the end of the 10-year period, thus
15 every local sales and services tax will be repealed at the
16 same time every 10 years.

17 The bill also makes a corrective change. The correction
18 change provides that the combined actual enrollment count is
19 to be forwarded to the director of revenue and finance instead
20 of to the director of the department of management since the
21 department of management already has the combined actual
22 enrollment count which it calculates.

23 The bill takes effect upon enactment.

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