

MAR 6 2001

WAYS AND MEANS

HOUSE FILE 524
BY SCHRADER

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

A BILL FOR

1 An Act relating to the distribution of local school
2 infrastructure sales and services tax revenues to contiguous
3 counties and including effective and applicability date
4 provisions.

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

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HF 524

1 Section 1. Section 422E.3, subsection 4, Code 2001, is
2 amended to read as follows:

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

14 Sec. 2. Section 422E.3, Code 2001, is amended by adding
15 the following new subsection:

16 NEW SUBSECTION. 4A. Counties that have imposed local
17 sales and services taxes for school infrastructure purposes
18 and are contiguous to each other are subject to this
19 subsection as follows:

20 a. The tax receipts and interest and penalties from all
21 local sales and services taxes collected in the area made up
22 of these contiguous counties shall be deposited into a
23 separate joint account in a local school infrastructure sales
24 and services tax fund established in the office of the
25 treasurer of state.

26 b. Moneys collected from the tax imposed during the fiscal
27 year in the group of contiguous counties, which are deposited
28 into a separate fund as provided in paragraph "a", shall be
29 distributed to school districts located in those counties on a
30 per student basis calculated by the director of revenue and
31 finance as follows:

32 (1) Calculate a preliminary per student amount by dividing
33 the moneys collected in the area made up of these contiguous
34 counties during the fiscal year by the sum of the combined
35 actual enrollment for all counties in the group as described

1 in subsection 5, paragraph "d", subparagraph (2).

2 (2) For school districts located in a county where the
3 rate of tax imposed is less than one percent or the tax is
4 imposed for less than the entire fiscal year, reduce the per
5 student amount calculated in subparagraph (1) by multiplying
6 that amount by the quotient of the tax rate percent divided by
7 one percent and multiplied by the quotient of the number of
8 quarters the tax is imposed during the fiscal year divided by
9 four quarters. This is the per student amount that the school
10 districts shall receive for each student residing in that
11 county.

12 (3) If an adjustment to the preliminary per student amount
13 calculated under subparagraph (1) for any school district was
14 made pursuant to subparagraph (2), the resulting leftover
15 moneys shall be used to increase the preliminary per student
16 amount calculated in subparagraph (1) for students residing in
17 the other counties in the group of contiguous counties that
18 have imposed the tax at the rate of one percent for the entire
19 fiscal year. This increased per student amount is the amount
20 each school district shall receive for each student residing
21 in those counties. If an adjustment is not made under
22 subparagraph (2), the per student amount each school district
23 shall receive equals the preliminary per student amount
24 calculated in subparagraph (1).

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

28 d. School districts that have issued bonds, prior to the
29 effective date of this Act under the authority of section
30 422E.4, which remain outstanding, or have entered into
31 construction contracts for infrastructure projects prior to
32 the effective date of this Act, in anticipation of the receipt
33 of tax revenues under this chapter, which projects are not
34 completed and are located in a county that is included in the
35 group of contiguous counties, are entitled to additional funds

1 from the group of counties' separate fund. These additional
2 funds shall be provided prior to computations under paragraph
3 "b". The department of revenue and finance shall establish
4 procedures for school districts to request the additional
5 funds from the department, including requirements regarding
6 the provision of any information, documents, and statistics
7 needed to justify the request.

8 e. For purposes of this subsection, a county which is
9 contiguous to another county which is contiguous to a third
10 county is contiguous to that third county, and the counties
11 shall be considered as a group.

12 Sec. 3. Section 422E.3, subsection 5, paragraph c,
13 unnumbered paragraph 2, Code 2001, is amended to read as
14 follows:

15 d. (1) If more than one school district, or a portion of
16 a school district, is located within the county, tax receipts
17 shall be remitted to each school district or portion of a
18 school district in which the county tax is imposed in a pro
19 rata share based upon the ratio which the percentage of actual
20 enrollment for the school district that attends school in the
21 county bears to the percentage of the total combined actual
22 enrollments for all school districts that attend school in the
23 county.

24 (2) The combined actual enrollment for a county, for
25 purposes of this section, is the actual number of students who
26 are residents of the county and shall be determined for each
27 county imposing a sales and services tax for school
28 infrastructure purposes by the department of management based
29 on the actual enrollment figures reported by October 1 to the
30 department of management by the department of education
31 pursuant to section 257.6, subsection 1. The combined actual
32 enrollment count shall be forwarded to the director of the
33 department-of-management revenue and finance by March 1,
34 annually, for purposes of calculating the preliminary and
35 final per student amounts pursuant to subsection 4A and for

1 purposes of supplying estimated tax payment figures and making
2 estimated tax payments pursuant to this section for the
3 following fiscal year.

4 Sec. 4. Section 422E.3, subsection 7, Code 2001, is
5 amended to read as follows:

6 7. Construction contractors may make application to the
7 department for a refund of the additional local sales and
8 services tax paid under this chapter by reason of taxes paid
9 on goods, wares, or merchandise under the conditions specified
10 in section 422B.11. The refund shall be paid by the
11 department from the appropriate school district's account in
12 the local sales and services tax fund or from the joint
13 account designated in subsection 4A, paragraph "a", as
14 appropriate. The penalty provisions contained in section
15 422B.11, subsection 3, shall apply regarding an erroneous
16 application for refund of local sales and services tax paid
17 under this chapter.

18 Sec. 5. EFFECTIVE AND APPLICABILITY DATES. This Act,
19 being deemed of immediate importance, takes effect upon
20 enactment and applies to fiscal years beginning after the
21 effective date.

22 EXPLANATION

23 This bill provides that for counties that impose a local
24 option school infrastructure sales and services tax and that
25 are contiguous to each other, all tax revenues would go into a
26 joint fund to be distributed on an equal per student basis to
27 the school districts located in the contiguous counties that
28 have imposed the tax. The per student amount is reduced for
29 school districts in those counties that have imposed the tax
30 at less than 1 percent or imposed it for less than the entire
31 fiscal year.

32 School districts that have issued bonds or entered into
33 contractual obligations in anticipation of the receipt of the
34 tax revenues are entitled to additional funds to meet these
35 obligations. These funds are from the tax revenues collected

1 in the entire area of the contiguous counties and are provided
2 prior to computing the per student amount to be remitted to
3 all of the school districts in the contiguous area.

4 The bill also makes a corrective change. The correction
5 provides that the combined actual enrollment count is to be
6 forwarded to the director of revenue and finance instead of
7 the director of the department of management since the
8 department of management already has the combined actual
9 enrollment count which it calculates.

10 The bill takes effect upon enactment and applies to fiscal
11 years beginning after the effective date.

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