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WAYS & MEANS CALENDAR

HOUSE FILE 739

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 573)

Passed House, Date 5/3/01 (p.1807) Passed Senate, Date 5/7/01 (p.1596)  
Vote: Ayes 93 Nays 0 Vote: Ayes 42 Nays 0  
Approved May 18, 2001

## A BILL FOR

1 An Act relating to the application of sales and services tax  
2 receipts by a political subdivision to the payment of  
3 principal and interest of certain bonds.

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

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HF 739

1 Section 1. Section 76.4, Code 2001, is amended to read as  
2 follows:

3 76.4 PERMISSIVE APPLICATION OF FUNDS.

4 Whenever the governing authority of such political  
5 subdivision shall have on hand funds derived from any other  
6 source than taxation which may be appropriated to the payment  
7 either of interest or principal, or both principal and  
8 interest of such bonds, such funds may be so appropriated and  
9 used and the levy for the payment of the bonds correspondingly  
10 reduced. Notwithstanding section 422E.1, subsection 3, a  
11 school district may apply local sales and services tax  
12 receipts collected pursuant to chapter 422E for the purposes  
13 of this section.

14 EXPLANATION

15 This bill amends Code section 76.4, which authorizes the  
16 reduction of a levy for the payment of bonds when the  
17 governing authority of a political subdivision has  
18 nontaxation-related funds on hand to appropriate for the  
19 payment of bond interest or principal, to authorize the  
20 political subdivision to apply sales and services tax receipts  
21 collected pursuant to Code chapter 422E for the same purpose.

22  
23  
24 HOUSE FILE 739

25 H-1752

1 Amend House File 739 as follows:  
2 1. Page 1, line 10, by inserting after the word  
3 "reduced." the following: "This section shall not  
4 restrict the authority of a political subdivision to  
5 apply sales and services tax receipts collected  
6 pursuant to chapter 422B for such purpose."

By EICHHORN of Hamilton

H-1752 FILED APRIL 27, 2001

*Adopted 5/3/01 (p. 1794)*

## HOUSE FILE 739

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1 Amend House File 739 as follows:

2 1. Page 1, line 12, by inserting after the word  
3 "collected" the following: "prior to the effective  
4 date of this Act".

5 2. Page 1, line 13, by inserting after the word  
6 "section." the following: "A school district may also  
7 apply amounts received from the school district sales  
8 and use tax fund established in section 293.1 for the  
9 purposes of this section."

10 3. Page 1, by inserting after line 13, the  
11 following:

12 "Sec. \_\_\_\_ . NEW SECTION. 293.1 SCHOOL DISTRICT  
13 SALES AND USE TAX FUND.

14 1. A school district sales and use tax fund is  
15 created as a separate and distinct fund in the state  
16 treasury under the control of the department of  
17 revenue and finance. Moneys in the fund include  
18 revenues credited to the fund pursuant to section  
19 422.69, subsection 2, and section 423.24,  
20 appropriations made to the fund and other moneys  
21 deposited into the fund. The moneys credited in a  
22 fiscal year to the fund shall be distributed as  
23 follows:

24 a. A school district located in whole or in part  
25 in a county that had in effect on March 31, 2001, the  
26 local sales and services tax for school infrastructure  
27 purposes under chapter 422E shall receive an amount  
28 equal to its guaranteed school infrastructure amount  
29 as calculated under subsection 2 if the board of  
30 directors notifies the director of revenue and finance  
31 that the school district wants to receive its  
32 guaranteed school infrastructure amount. The  
33 notification shall be provided by July 1, 2001. If  
34 notification is not received by July 1, 2001, the  
35 school district shall receive moneys pursuant to  
36 paragraph "b". Nothing in this chapter shall prevent  
37 a school district from using its guaranteed school  
38 infrastructure amount to pay principle and interest on  
39 obligations issued pursuant to section 422E.4.

40 A school district receiving moneys pursuant to this  
41 paragraph shall cease to receive its guaranteed school  
42 infrastructure amount and shall receive moneys  
43 pursuant to paragraph "b" starting with the fiscal  
44 year immediately following the fiscal year in which  
45 occurs the end of the original ten-year period or the  
46 date listed on the original ballot proposition,  
47 whichever is the earlier, as provided in chapter 422E.  
48 A school district may adopt a plan, as provided in  
49 section 293.2, subsection 2, to anticipate moneys it  
50 will receive pursuant to paragraph "b". A school

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1 district receiving moneys pursuant to this paragraph  
2 may elect to receive moneys pursuant to paragraph "b"  
3 by providing notification to receive moneys pursuant  
4 to paragraph "b" to the director of revenue and  
5 finance and the director of the department of  
6 management by February 15 preceding the fiscal year  
7 for which the election will apply. Once a school  
8 district makes this election it is irrevocable.

9 b. Moneys remaining after computations made  
10 pursuant to paragraph "a" shall be distributed to  
11 school districts not receiving moneys under paragraph  
12 "a" on a per student basis calculated by the director  
13 of revenue and finance by dividing the moneys  
14 available during the fiscal year by the combined  
15 actual enrollment for all school districts receiving  
16 distributions under this paragraph.

17 The combined actual enrollment for school  
18 districts, for purposes of this paragraph, shall be  
19 calculated by adding together the actual enrollment  
20 for each school district receiving distributions under  
21 this paragraph as determined by the department of  
22 management based on the actual enrollment figures  
23 reported by October 1 to the department of management  
24 by the department of education pursuant to section  
25 257.6, subsection 1. The combined actual enrollment  
26 count shall be forwarded to the director of revenue  
27 and finance by March 1, annually, for purposes of  
28 supplying estimated tax payment figures and making  
29 estimated tax payments pursuant to subsection 3 for  
30 the following fiscal year.

31 2. a. For purposes of distributions under  
32 subsection 1, paragraph "a", the school district's  
33 guaranteed school infrastructure amount shall be  
34 calculated according to the following formula:

35 The district's guaranteed school infrastructure  
36 amount equals the product of the county guaranteed  
37 school infrastructure amount times the district's  
38 county actual enrollment divided by the county  
39 combined actual enrollment.

40 b. For purposes of the formula in paragraph "a":

41 (1) "Base year" means the fiscal year beginning  
42 July 1, 2000.

43 (2) "Base year county taxable sales percentage"  
44 means the percentage that the taxable sales in the  
45 county during the base year is of the total state  
46 taxable sales during the base year.

47 (3) "County combined actual enrollment" means the  
48 actual enrollment figures determined by the department  
49 of management for the county based on the actual  
50 enrollment figures reported by October 1 to the

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1 department of management by the department of  
2 education pursuant to section 257.6, subsection 1.  
3 (4) "County guaranteed school infrastructure  
4 amount" means an amount equal to the product of the  
5 county's chapter 422E proportionate share times the  
6 amount deposited in the school district sales and use  
7 tax fund for the current year times the current year  
8 county taxable sales percentage divided by the base  
9 year county taxable sales percentage.

10 (5) "County's chapter 422E proportionate share"  
11 means the percentage that the annualized revenues  
12 received in the county under chapter 422E for the base  
13 year is of one-fifth of the total state sales and use  
14 tax revenues collected for deposit into the general  
15 fund of the state for the base year.

16 (6) "Current year" means the fiscal year for which  
17 distributions under this section are being made.

18 (7) "Current year county taxable sales percentage"  
19 means the percentage that the taxable sales in the  
20 county during the current fiscal year is of the total  
21 state taxable sales during the current fiscal year.

22 (8) "District's county actual enrollment" means the  
23 actual enrollment of the school district that attends  
24 school in the county for which the county combined  
25 actual enrollment is determined.

26 (9) "Taxable sales" means sales subject to the  
27 state sales and services tax under chapter 422,  
28 division IV.

29 3. a. The director of revenue and finance within  
30 fifteen days of the beginning of each fiscal year  
31 shall send to each school district an estimate of the  
32 amount of tax moneys each school district will receive  
33 for the year and for each quarter of the year. At the  
34 end of each quarter, the director may revise the  
35 estimates for the year and remaining quarters.

36 b. The director shall remit ninety-five percent of  
37 the estimated tax receipts for the school district to  
38 the school district on or before September 30 of the  
39 fiscal year and on or before the last day of each  
40 following quarter.

41 c. The director shall remit a final payment of the  
42 remainder of tax moneys due for the fiscal year before  
43 November 10 of the next fiscal year. If an  
44 overpayment has resulted during the previous fiscal  
45 year, the November payment shall be adjusted to  
46 reflect any overpayment.

47 d. If the distributions are to school districts  
48 described in subsection 1, paragraph "a", the payments  
49 to these school districts shall be done on a monthly  
50 basis beginning with the month of August.

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1 Sec.       . NEW SECTION. 293.2 USE OF SCHOOL

2 DISTRICT SALES AND USE TAX FUND MONEYS.

3 1. A school district receiving moneys from the  
4 school district sales and use tax fund under section  
5 293.1, subsection 1, paragraph "a", shall use the  
6 moneys as provided on the original ballot proposition  
7 pursuant to chapter 422E, for the payment of principal  
8 and interest on general obligation bonds issued  
9 pursuant to chapter 296, or section 298.20 or loan  
10 agreements under section 297.36, for payments made  
11 pursuant to lease or lease-purchase agreements, or for  
12 payment of principal and interest on bonds issued  
13 under sections 293.3 and 422E.4.

14 2. a. Moneys received by a school district from  
15 the school district sales and use tax fund under  
16 section 293.1, subsection 1, paragraph "b", shall be  
17 spent for infrastructure purposes only according to a  
18 plan developed by the board of directors. The plan  
19 may apply to more than one fiscal year. Prior to  
20 adoption of the plan, the board of directors shall  
21 hold a public hearing on the question of approval of  
22 the proposed plan. The board shall set forth its  
23 proposal and shall publish the notice of the time and  
24 place of a public hearing on the proposed plan.  
25 Notice of the time and place of the public hearing  
26 shall be published not less than ten nor more than  
27 twenty days before the public hearing in a newspaper  
28 which is a newspaper of general circulation in the  
29 school district. At the hearing, or no later than  
30 thirty days after the date of the hearing, the board  
31 shall take action to adopt the proposed plan.

32 b. If the board adopts the plan, moneys received  
33 shall be used according to the plan unless within  
34 twenty-eight days following the action of the board,  
35 the secretary of the board receives a petition  
36 containing signatures of registered voters equal in  
37 number to five percent of the voters in the school  
38 district who voted at the last general election,  
39 asking that an election be called to approve or  
40 disapprove the action of the board. The board shall  
41 either rescind its action or direct the county  
42 commissioner of elections to submit the question to  
43 the registered voters of the school district at the  
44 next following regular school election or a special  
45 election. If a majority of those voting on the  
46 question at the election favors disapproval of the  
47 action of the board, the district shall use the moneys  
48 received as provided in paragraph "c" for the fiscal  
49 year.

50 At the expiration of the twenty-eight day period,

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1 if no petition is filed, the board shall use the  
2 moneys received according to the plan for the duration  
3 of the plan. However, the board may, at anytime,  
4 expend a greater share of moneys received for property  
5 tax relief than otherwise specified in the plan.

6 c. If an election is held and the plan is  
7 disapproved, as provided in paragraph "b", or if a  
8 plan is not approved by the board, moneys received by  
9 a school district shall be used for the fiscal year to  
10 reduce the following levies in the following order:

11 (1) Bond levies under sections 298.18 and 298.18A  
12 and other debt levies until the moneys received or the  
13 levies are reduced to zero.

14 (2) The physical plant and equipment levy under  
15 section 298.2, until the moneys received or the levy  
16 is reduced to zero.

17 (3) The public educational and recreational  
18 activities levy under section 300.2, until the moneys  
19 received or the levy is reduced to zero.

20 (4) The schoolhouse tax levy under section 278.1,  
21 subsection 7, Code 1989, until the moneys received or  
22 the levy is reduced to zero.

23 Any money remaining after the reduction of the  
24 levies specified in this paragraph may be used for any  
25 lawful infrastructure purpose of the school district.

26 d. For purposes of this subsection,  
27 "infrastructure purposes" means those purposes for  
28 which a school district is authorized to contract  
29 indebtedness and issue general obligation bonds under  
30 chapter 296 or to expend tax revenues under section  
31 298.3, the payment of principal and interest on  
32 general obligation bonds issued under chapter 296 or  
33 section 298.20 or loan agreements under section  
34 297.36, payments made pursuant to a lease or lease-  
35 purchase agreement, or the payment of principal and  
36 interest on bonds issued under section 293.3 or  
37 422E.4.

38 Sec. \_\_\_\_ . NEW SECTION. 293.3 BONDING.

39 A school district may issue bonds as provided in  
40 this section if it complies with all of the following  
41 procedures:

42 1. A school district may institute proceedings for  
43 the issuance of bonds by causing a notice of the  
44 proposal to issue the bonds, including a statement of  
45 the amount and purpose of the bonds, and the right of  
46 voters to petition for an election, to be published at  
47 least once in a newspaper of general circulation  
48 within the school district at least ten days prior to  
49 the meeting at which it is proposed to take action for  
50 the issuance of the bonds.

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1 If at any time before the date fixed for taking  
2 action for the issuance of the bonds, a petition is  
3 filed signed by five percent of the registered voters  
4 of the school district, asking that the question of  
5 issuing the bonds be submitted to the registered  
6 voters, the board of directors shall either by  
7 resolution declare the proposal to issue the bonds to  
8 be abandoned or shall direct the county commissioner  
9 of elections to call a special election upon the  
10 question of issuing the bonds. The proposition of  
11 issuing bonds under this section is not approved  
12 unless the vote in favor of the proposition is equal  
13 to at least sixty percent of the vote cast. If a  
14 petition is not filed, or if a petition is filed and  
15 the proposition of issuing the bonds is approved at an  
16 election, the board of directors may proceed with the  
17 authorization and issuance of the bonds. Bonds may be  
18 issued for the purpose of refunding outstanding and  
19 previously issued bonds under this section without  
20 otherwise complying with the provisions of this  
21 section.

22 2. The provisions of chapter 76 apply to the bonds  
23 payable as provided in this subsection, except that  
24 the mandatory levy to be assessed pursuant to section  
25 76.2 shall be at a rate to generate an amount which  
26 together with the receipts from the pledged designated  
27 portion of the school district's amount received from  
28 the school district sales and use tax fund under  
29 section 293.1 is sufficient to pay the interest and  
30 principal on the bonds. All amounts collected as a  
31 result of the levy assessed pursuant to section 76.2  
32 and paid out for bond principal and interest shall be  
33 repaid to the school district from the first available  
34 designated portion of the school district's amount  
35 received from the school district sales and use tax  
36 fund under section 293.1 received in excess of the  
37 requirement for the payment of the principal and  
38 interest of the bonds and when repaid shall be applied  
39 in reduction of property taxes. The amount of bonds  
40 which may be issued under section 76.3 shall be the  
41 amount which could be retired from the actual  
42 collections of the designated portions of the school  
43 district's amount received from the school district  
44 sales and use tax fund under section 293.1 for the  
45 last four calendar quarters, as certified by the  
46 director of revenue and finance. The amount of tax  
47 revenues pledged jointly by other cities or counties  
48 may be considered for the purpose of determining the  
49 amount of bonds which may be issued.

50 3. The provisions of this section constitute

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1 separate authorization for the issuance of bonds and  
2 shall prevail in the event of conflict with any other  
3 provisions of state law limiting the amount of bonds  
4 which may be issued or the source of payment of the  
5 bonds. Bonds issued under this section shall not  
6 limit or restrict the authority of the school district  
7 to issue bonds under other provisions of state law.

8 Sec. \_\_\_\_ . NEW SECTION. 293.4 REPEAL.

9 This chapter is repealed July 1, 2021, for fiscal  
10 years beginning on or after that date.

11 Sec. \_\_\_\_ . Section 298.18, unnumbered paragraph 4,  
12 Code 2001, is amended by striking the unnumbered  
13 paragraph and inserting in lieu thereof the following:

14 If the school corporation's amount received from  
15 the school district sales and use tax fund under  
16 section 293.1 does not equal or exceed the amount  
17 which would be produced by a levy of one dollar  
18 thirty-five cents per thousand dollars of the assessed  
19 value of the taxable property of the school  
20 corporation, the amount estimated and certified to  
21 apply on principal and interest for any one year may  
22 exceed two dollars and seventy cents per thousand  
23 dollars of assessed value by the amount approved by  
24 the voters of the school corporation, but not  
25 exceeding four dollars and five cents per thousand of  
26 the assessed value of the taxable property within any  
27 school corporation, provided that the qualified voters  
28 of such school corporation have first approved such  
29 increased amount at a special election, which may be  
30 held at the same time as the regular school election,  
31 and provided further that the school corporation's  
32 amount received from the school district sales and use  
33 tax fund under section 293.1 shall be used to abate an  
34 additional levy amount authorized after July 1, 2001.  
35 A levy approved prior to July 1, 2001, shall continue  
36 to be authorized. The proposition submitted to the  
37 voters at such special election shall be in  
38 substantially the following form:

39 Sec. \_\_\_\_ . Section 298.18, unnumbered paragraph 5,  
40 Code 2001, is amended to read as follows:

41 Shall the board of directors of the ..... (insert  
42 name of school corporation) in the County of .....,  
43 State of Iowa, be authorized to levy annually a tax  
44 exceeding two dollars and seventy cents per thousand  
45 dollars, but not exceeding .. dollars and ... cents  
46 per thousand dollars of the assessed value of the  
47 taxable property within said school corporation to pay  
48 the principal of and interest on bonded indebtedness  
49 of said school corporation, it being understood that  
50 the approval of this proposition shall not limit the

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1 source of payment of the bonds and interest but shall  
2 only operate to restrict the amount of bonds which may  
3 be issued and that the additional levy shall be  
4 reduced and abated in any year by the amount of money  
5 received from the school district sales and use tax  
6 fund under section 293.1?

7 Sec. \_\_\_\_ . Section 422.43, subsections 1, 2, 4, 5,  
8 6, 7, 10, and 12, Code 2001, are amended to read as  
9 follows:

10 1. There is imposed a tax of ~~five~~ six percent upon  
11 the gross receipts from all sales of tangible personal  
12 property, consisting of goods, wares, or merchandise,  
13 except as otherwise provided in this division, sold at  
14 retail in the state to consumers or users; a like rate  
15 of tax upon the gross receipts from the sales,  
16 furnishing, or service of gas, electricity, water,  
17 heat, pay television service, and communication  
18 service, including the gross receipts from such sales  
19 by any municipal corporation or joint water utility  
20 furnishing gas, electricity, water, heat, pay  
21 television service, and communication service to the  
22 public in its proprietary capacity, except as  
23 otherwise provided in this division, when sold at  
24 retail in the state to consumers or users; a like rate  
25 of tax upon the gross receipts from all sales of  
26 tickets or admissions to places of amusement, fairs,  
27 and athletic events except those of elementary and  
28 secondary educational institutions; a like rate of tax  
29 on the gross receipts from an entry fee or like charge  
30 imposed solely for the privilege of participating in  
31 an activity at a place of amusement, fair, or athletic  
32 event unless the gross receipts from the sales of  
33 tickets or admissions charges for observing the same  
34 activity are taxable under this division; and a like  
35 rate of tax upon that part of private club membership  
36 fees or charges paid for the privilege of  
37 participating in any athletic sports provided club  
38 members.

39 2. There is imposed a tax of ~~five~~ six percent upon  
40 the gross receipts derived from the operation of all  
41 forms of amusement devices and games of skill, games  
42 of chance, raffles, and bingo games as defined in  
43 chapter 99B, operated or conducted within the state,  
44 the tax to be collected from the operator in the same  
45 manner as for the collection of taxes upon the gross  
46 receipts of tickets or admission as provided in this  
47 section. The tax shall also be imposed upon the gross  
48 receipts derived from the sale of lottery tickets or  
49 shares pursuant to chapter 99E. The tax on the  
50 lottery tickets or shares shall be included in the

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1 sales price and distributed to the general fund as  
2 provided in section 99E.10.

3 4. There is imposed a tax of ~~five~~ six percent upon  
4 the gross receipts from the sales of engraving,  
5 photography, retouching, printing, and binding  
6 services. For the purpose of this division, the sales  
7 of engraving, photography, retouching, printing, and  
8 binding services are sales of tangible property.

9 5. There is imposed a tax of ~~five~~ six percent upon  
10 the gross receipts from the sales of vulcanizing,  
11 recapping, and retreading services. For the purpose  
12 of this division, the sales of vulcanizing, recapping,  
13 and retreading services are sales of tangible  
14 property.

15 6. There is imposed a tax of ~~five~~ six percent upon  
16 the gross receipts from the sales of optional service  
17 or warranty contracts, except residential service  
18 contracts regulated under chapter 523C, which provide  
19 for the furnishing of labor and materials and require  
20 the furnishing of any taxable service enumerated under  
21 this section. The gross receipts are subject to tax  
22 even if some of the services furnished are not  
23 enumerated under this section. For the purpose of  
24 this division, the sale of an optional service or  
25 warranty contract, other than a residential service  
26 contract regulated under chapter 523C, is a sale of  
27 tangible personal property. Additional sales,  
28 services, or use taxes shall not be levied on  
29 services, parts, or labor provided under optional  
30 service or warranty contracts which are subject to tax  
31 under this section.

32 If the optional service or warranty contract is a  
33 computer software maintenance or support service  
34 contract and there is no separately stated fee for the  
35 taxable personal property or for the nontaxable  
36 service, the tax of ~~five~~ six percent imposed by this  
37 subsection shall be imposed on fifty percent of the  
38 gross receipts from the sale of such contract. If the  
39 contract provides for technical support services only,  
40 no tax shall be imposed under this subsection. The  
41 provisions of this subsection also apply to the tax  
42 imposed by chapter 423.

43 7. There is imposed a tax of ~~five~~ six percent upon  
44 the gross receipts from the renting of rooms,  
45 apartments, or sleeping quarters in a hotel, motel,  
46 inn, public lodging house, rooming house, mobile home  
47 which is tangible personal property, or tourist court,  
48 or in any place where sleeping accommodations are  
49 furnished to transient guests for rent, whether with  
50 or without meals. "Renting" and "rent" include any

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1 kind of direct or indirect charge for such rooms,  
2 apartments, or sleeping quarters, or their use. For  
3 the purposes of this division, such renting is  
4 regarded as a sale of tangible personal property at  
5 retail. However, this tax does not apply to the gross  
6 receipts from the renting of a room, apartment, or  
7 sleeping quarters while rented by the same person for  
8 a period of more than thirty-one consecutive days.

9 10. There is imposed a tax of five six percent  
10 upon the gross receipts from the rendering,  
11 furnishing, or performing of services as defined in  
12 section 422.42.

13 12. A tax of five six percent is imposed upon the  
14 gross receipts from the sales of prepaid telephone  
15 calling cards and prepaid authorization numbers. For  
16 the purpose of this division, the sales of prepaid  
17 telephone calling cards and prepaid authorization  
18 numbers are sales of tangible personal property.

19 Sec. \_\_\_\_\_. Section 422.43, subsection 13, paragraph  
20 a, unnumbered paragraph 1, Code 2001, is amended to  
21 read as follows:

22 A tax of five six percent is imposed upon the gross  
23 receipts from the sales, furnishing, or service of  
24 solid waste collection and disposal service.

25 Sec. \_\_\_\_\_. Section 422.43, Code 2001, is amended by  
26 adding the following new subsection:

27 NEW SUBSECTION. 16. The sales tax rate of six  
28 percent is reduced to five percent on July 1, 2021.

29 Sec. \_\_\_\_\_. Section 422.47, subsection 2, Code 2001,  
30 is amended to read as follows:

31 2. Construction contractors may make application  
32 to the department for a refund of the additional one  
33 percent tax paid under this division or the additional  
34 one percent tax paid under chapter 423 by reason of  
35 the increase in the tax from ~~four to~~ five to six  
36 percent for taxes paid on goods, wares, or merchandise  
37 under the following conditions:

38 a. The goods, wares, or merchandise are  
39 incorporated into an improvement to real estate in  
40 fulfillment of a written contract fully executed prior  
41 to July 1, ~~1992~~ 2001. The refund shall not apply to  
42 equipment transferred in fulfillment of a mixed  
43 construction contract.

44 b. The contractor has paid to the department or to  
45 a retailer the full five six percent tax.

46 c. The claim is filed on forms provided by the  
47 department and is filed within one year of the date  
48 the tax is paid.

49 A contractor who makes an erroneous application for  
50 refund shall be liable for payment of the excess

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1 refund paid plus interest at the rate in effect under  
2 section 421.7. In addition, a contractor who  
3 willfully makes a false application for refund is  
4 guilty of a simple misdemeanor and is liable for a  
5 penalty equal to fifty percent of the excess refund  
6 claimed. Excess refunds, penalties, and interest due  
7 under this subsection may be enforced and collected in  
8 the same manner as the tax imposed by this division.

9 Sec. \_\_\_\_\_. Section 422.69, subsection 2, Code 2001,  
10 is amended to read as follows:

11 2. a. Unless Except as provided in paragraph "b",  
12 or as otherwise provided, the fees, taxes, interest  
13 and penalties collected under this chapter shall be  
14 credited to the general fund.

15 b. One-sixth of the fees, taxes, interest, and  
16 penalties collected pursuant to division IV shall be  
17 credited to the school district sales and use tax fund  
18 created in section 293.1. This paragraph is stricken  
19 July 1, 2021.

20 Sec. \_\_\_\_\_. Section 422E.1, Code 2001, is amended by  
21 adding the following new subsection:

22 NEW SUBSECTION. 4. a. This chapter does not  
23 apply to any county for the period beginning after the  
24 effective date of this Act and ending January 1, 2021.

25 b. In the case of a county that has in effect on  
26 March 31, 2001, a local sales and services tax for  
27 school infrastructure purposes, the increase in the  
28 state sales and services tax under chapter 422,  
29 division IV, from five percent to six percent shall  
30 replace the county's local sales and services tax for  
31 school infrastructure purposes and to this extent the  
32 local sales and services tax for school infrastructure  
33 purposes is repealed.

34 Sec. \_\_\_\_\_. Section 423.2, Code 2001, is amended to  
35 read as follows:

36 423.2 IMPOSITION OF TAX.

37 An excise tax is imposed on the use in this state  
38 of tangible personal property, including aircraft  
39 subject to registration under section 328.20,  
40 purchased for use in this state, at the rate of ~~five~~  
41 six percent of the purchase price of the property. An  
42 excise tax is imposed on the use of manufactured  
43 housing in this state at the rate of ~~five~~ six percent  
44 of the purchase price if the manufactured housing is  
45 sold in the form of tangible personal property and at  
46 the rate of ~~five~~ six percent of the installed purchase  
47 price if the manufactured housing is sold in the form  
48 of realty. An excise tax is imposed on the use in  
49 this state of vehicles subject to registration or  
50 subject only to the issuance of a certificate of title

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1 at the rate of five percent. An excise tax is imposed  
2 on the use of leased vehicles at the rate of five  
3 percent of the amount otherwise subject to tax as  
4 calculated pursuant to section 423.7A. The excise tax  
5 is imposed upon every person using the property within  
6 this state until the tax has been paid directly to the  
7 county treasurer or the state department of  
8 transportation, to a retailer, or to the department.  
9 An excise tax is imposed on the use in this state of  
10 services enumerated in section 422.43 at the rate of  
11 ~~five~~ six percent. This tax is applicable where  
12 services are rendered, furnished, or performed in this  
13 state or where the product or result of the service is  
14 used in this state. This tax is imposed on every  
15 person using the services or the product of the  
16 services in this state until the user has paid the tax  
17 either to an Iowa use tax permit holder or to the  
18 department. The rate of use tax of six percent shall  
19 be reduced to five percent beginning July 1, 2021.

20 Sec. \_\_\_\_\_. Section 423.24, Code 2001, is amended by  
21 adding the following new subsection:

22 NEW SUBSECTION. 2A. One-sixth of all other  
23 revenue arising under the operation of this chapter  
24 shall be credited to the school district sales and use  
25 tax fund created in section 293.1. This subsection is  
26 stricken July 1, 2021.

27 Sec. \_\_\_\_\_. Section 423.24, subsection 3, Code 2001,  
28 is amended to read as follows:

29 3. All other revenue arising under the operation  
30 of this chapter not credited as specified in  
31 subsections 1, 2, and 2A shall be credited to the  
32 general fund of the state.

33 Sec. \_\_\_\_\_. APPLICABILITY. This section applies in  
34 regard to the increase in the state sales and use  
35 taxes from five to six percent. The six percent rate  
36 applies to all sales of taxable personal property,  
37 consisting of goods, wares, or merchandise if delivery  
38 occurs on or after July 1, 2001. The six percent use  
39 tax rate applies to the use of property when the first  
40 taxable use in this state occurs on or after July 1,  
41 2001. The six percent rate applies to the gross  
42 receipts from the sale, furnishing, or service of gas,  
43 electricity, water, heat, pay television service, and  
44 communication service if the date of billing the  
45 customer is on or after July 1, 2001. In the case of  
46 a service contract entered into prior to July 1, 2001,  
47 which contract calls for periodic payments, the six  
48 percent rate applies to those payments made or due on  
49 or after July 1, 2001. This periodic payment applies,  
50 but is not limited to, tickets or admissions, private

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5-5/7/01 No Pass  
Motion to R/C Connolly  
5/7/01  
5/8/01 motion to R/C -  
WID

HOUSE FILE 739  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 573)

(As Amended and Passed by the House May 3, 2001)

Passed House, Date \_\_\_\_\_ Passed Senate, Date 5/7/01 (p. 1535)  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes 42 Nays 0  
Approved May 18, 2001

**A BILL FOR**

1 An Act relating to the application of sales and services tax  
2 receipts by a political subdivision to the payment of  
3 principal and interest of certain bonds.

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

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House Amendments \_\_\_\_\_

1 Section 1. Section 76.4, Code 2001, is amended to read as  
2 follows:

3 76.4 PERMISSIVE APPLICATION OF FUNDS.

4 Whenever the governing authority of such political  
5 subdivision shall have on hand funds derived from any other  
6 source than taxation which may be appropriated to the payment  
7 either of interest or principal, or both principal and  
8 interest of such bonds, such funds may be so appropriated and  
9 used and the levy for the payment of the bonds correspondingly  
10 reduced. This section shall not restrict the authority of a  
11 political subdivision to apply sales and services tax receipts  
12 collected pursuant to chapter 422B for such purpose.  
13 Notwithstanding section 422E.1, subsection 3, a school  
14 district may apply local sales and services tax receipts  
15 collected pursuant to chapter 422E for the purposes of this  
16 section.

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collected pursuant to chapter 422E for the purposes of this section.

HOUSE FILE 739

AN ACT

RELATING TO THE APPLICATION OF SALES AND SERVICES TAX RECEIPTS  
BY A POLITICAL SUBDIVISION TO THE PAYMENT OF PRINCIPAL AND  
INTEREST OF CERTAIN BONDS.

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

Section 1. Section 76.4, Code 2001, is amended to read as follows:

76.4 PERMISSIVE APPLICATION OF FUNDS.

Whenever the governing authority of such political subdivision shall have on hand funds derived from any other source than taxation which may be appropriated to the payment either of interest or principal, or both principal and interest of such bonds, such funds may be so appropriated and used and the levy for the payment of the bonds correspondingly reduced. This section shall not restrict the authority of a political subdivision to apply sales and services tax receipts collected pursuant to chapter 422B for such purpose. Notwithstanding section 422E.1, subsection 3, a school district may apply local sales and services tax receipts

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BRENT SIEGRIST  
Speaker of the House

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MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 739, Seventy-ninth General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

Approved May 18, 2001

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THOMAS J. VILSACK  
Governor