

FEB 19 2002
WAYS AND MEANS

HOUSE FILE 2415
BY MYERS

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

A BILL FOR

1 An Act to provide for a comprehensive review of Iowa's state and
2 local fiscal structure and making an appropriation.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HF 2415

1 Section 1. IOWA TAX FAIRNESS STUDY. There is appropriated
2 from the general fund of the state to the department of
3 revenue and finance for the fiscal year beginning July 1,
4 2002, and ending June 30, 2003, the following amount, or so
5 much thereof as is necessary, to be used for the purpose
6 designated:

7 For salaries, support, maintenance, and miscellaneous
8 purposes associated with implementing an Iowa tax fairness
9 study to provide a comprehensive review of Iowa's state and
10 local fiscal structure to evaluate its fairness, efficiency,
11 and competitiveness:

12 \$ 400,000

13 EXPLANATION

14 This bill appropriates \$400,000 from the general fund of
15 the state to the department of revenue and finance to
16 implement an Iowa tax fairness study to provide a
17 comprehensive review of Iowa's state and local fiscal
18 structure to evaluate its fairness, efficiency, and
19 competitiveness.

20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

HOUSE FILE 2515

S-5252

1 Amend House File 2515, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 18, by inserting after line 18 the
4 following:

5 "Sec. ____ . Section 403.19, subsections 2 and 7,
6 Code Supplement 2001, are amended to read as follows:

7 2. That portion of the taxes each year in excess
8 of such amount shall be allocated to and when
9 collected be paid into a special fund of the
10 municipality to pay the principal of and interest on
11 loans, moneys advanced to, or indebtedness, whether
12 funded, refunded, assumed, or otherwise, including
13 bonds issued under the authority of section 403.9,
14 subsection 1, incurred by the municipality to finance
15 or refinance, in whole or in part, an urban renewal
16 project within the area, and to provide assistance for
17 low and moderate income family housing as provided in
18 section 403.22, except that taxes for the regular and
19 voter-approved physical plant and equipment levy of a
20 school district imposed pursuant to section 298.2,
21 taxes for the instructional support levy of a school
22 district imposed pursuant to section 257.21, and taxes
23 for the payment of bonds and interest of each taxing
24 district must be collected against all taxable
25 property within the taxing district without limitation
26 by the provisions of this subsection. However, all or
27 a portion of the taxes for the physical plant and
28 equipment levy and for the instructional support levy
29 shall be paid by the school district to the
30 municipality if the auditor certifies to the school
31 district by July 1 the amount of such levy that is
32 necessary to pay the principal and interest on bonds
33 issued by the municipality to finance an urban renewal
34 project, which bonds were issued before July 1, 2001.
35 Indebtedness incurred to refund bonds issued prior to
36 July 1, 2001, shall not be included in the
37 certification. Such school district shall pay over
38 the amount certified by November 1 and May 1 of the
39 fiscal year following certification to the school
40 district as provided in subsection 7. Unless and
41 until the total assessed valuation of the taxable
42 property in an urban renewal area exceeds the total
43 assessed value of the taxable property in such area as
44 shown by the last equalized assessment roll referred
45 to in subsection 1, all of the taxes levied and
46 collected upon the taxable property in the urban
47 renewal area shall be paid into the funds for the
48 respective taxing districts as taxes by or for the
49 taxing districts in the same manner as all other
50 property taxes. When such loans, advances,

S-5252

-1-

S-5252

Page 2

1 indebtedness, and bonds, if any, and interest thereon,
2 have been paid, all moneys thereafter received from
3 taxes upon the taxable property in such urban renewal
4 area shall be paid into the funds for the respective
5 taxing districts in the same manner as taxes on all
6 other property.

7 7. a. All or a portion of the taxes for the
8 physical plant and equipment levy shall be paid by the
9 school district to the municipality if the auditor
10 certifies to the school district by July 1 the amount
11 of such levy that is necessary to pay the principal
12 and interest on bonds issued by the municipality to
13 finance an urban renewal project, which bonds were
14 issued before July 1, 2001. Indebtedness incurred to
15 refund bonds issued prior to July 1, 2001, shall not
16 be included in the certification. Such school district
17 shall pay over the amount certified by November 1 and
18 May 1 of the fiscal year following certification to
19 the school district. For any fiscal year, a
20 municipality may certify to the county auditor for
21 physical plant and equipment revenue necessary for
22 payment of principal and interest on bonds issued
23 prior to July 1, 2001, only if the municipality
24 certified for such revenue for the fiscal year
25 beginning July 1, 2000. A municipality shall not
26 certify to the county auditor for school district
27 more than the amount the municipality certified for
28 the fiscal year beginning July 1, 2000. If for any
29 fiscal year a municipality fails to certify to the
30 county auditor for a school district by July 1 the
31 amount of physical plant and equipment revenue
32 necessary for payment of principal and interest on
33 such bonds, as provided in subsection 2, the school
34 district is not required to pay over the revenue to
35 the municipality. If a school district and a
36 municipality are unable to agree on the amount of
37 physical plant and equipment revenue certified by the
38 municipality for the fiscal year beginning July 1,
39 2001, either party may request that the state appeal
40 board review and finally pass upon the amount that may
41 be certified. Such appeals must be presented in
42 writing to the state appeal board no later than July
43 31 following certification. The burden shall be on
44 the municipality to prove that the physical plant and
45 equipment levy revenue is necessary to pay principal
46 and interest on bonds issued prior to July 1, 2001. A
47 final decision must be issued by the state appeal
48 board no later than the following October 1.

49 b. All or a portion of the taxes for the
50 instructional support levy shall be paid by the school

S-5252

-2-

S-5252

Page 3

1 district to the municipality if the auditor certifies
2 to the school district by July 1 the amount of such
3 levy that is necessary to pay the principal and
4 interest on bonds issued by the municipality to
5 finance an urban renewal project, which bonds were
6 issued before July 1, 2002. Indebtedness incurred to
7 refund bonds issued prior to July 1, 2002, shall not
8 be included in the certification. Such school district
9 shall pay over the amount certified by November 1 and
10 May 1 of the fiscal year following certification to
11 the school district. For any fiscal year, a
12 municipality shall not certify to the county auditor
13 for a school district more than the amount the
14 municipality certified for the fiscal year beginning
15 July 1, 2002. If for any fiscal year a municipality
16 fails to certify to the county auditor for a school
17 district by July 1 the amount of instructional support
18 property tax revenue necessary for payment of
19 principal and interest on such bonds, as provided in
20 subsection 2, the school district is not required to
21 pay over the revenue to the municipality. If a school
22 district and a municipality are unable to agree on the
23 amount of instructional support property tax revenue
24 certified by the municipality for the fiscal year
25 beginning July 1, 2002, either party may request that
26 the state appeal board review and finally pass upon
27 the amount that may be certified. Such appeals must
28 be presented in writing to the state appeal board no
29 later than July 31 following certification. The
30 burden shall be on the municipality to prove that the
31 instructional support property tax revenue is
32 necessary to pay principal and interest on bonds
33 issued prior to July 1, 2002. A final decision must
34 be issued by the state appeal board no later than the
35 following October 1."

36 2. Page 22, by inserting after line 5 the
37 following:

38 "Sec. ____ . EFFECTIVE DATE. The section of this
39 Act, amending section 403.19, being deemed of
40 immediate importance, takes effect upon enactment."

By MIKE CONNOLLY