

FILED FEB 14 '01

SENATE FILE 189
BY JOHNSON

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

A BILL FOR

1 An Act relating to the distribution of tax revenues from the
2 local option sales and services tax for school infrastructure
3 purposes collected in a county and providing an effective
4 date.

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

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

SF 189
WAYS & MEANS

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

3 4. The For counties that have imposed the local sales and
4 services tax for school infrastructure purposes prior to March
5 1, 2001, the director of revenue and finance shall credit tax
6 receipts and interest and penalties from the ~~local-sales-and~~
7 ~~services tax for-school-infrastructure-purposes~~ to an account
8 within the county's local sales and services tax fund, as
9 created in section 422B.10, subsection 1, maintained in the
10 name of the school district or school districts located within
11 the county. If the director is unable to determine from which
12 county any of the receipts were collected, those receipts
13 shall be allocated among the possible counties based on
14 allocation rules adopted by the director.

15 Sec. 2. Section 422E.3, subsection 5, paragraph a, Code
16 2001, is amended to read as follows:

17 a. The For counties that have imposed the local sales and
18 services tax for school infrastructure purposes prior to March
19 1, 2001, the director of revenue and finance within fifteen
20 days of the beginning of each fiscal year shall send to each
21 school district where the tax is imposed an estimate of the
22 amount of tax moneys each school district will receive for the
23 year and for each month of the year. At the end of each
24 month, the director may revise the estimates for the year and
25 remaining months.

26 Sec. 3. Section 422E.3, subsection 5, Code 2001, is
27 amended by adding the following new paragraph:

28 NEW PARAGRAPH. d. Subsection 4 and this subsection do not
29 apply to counties that have imposed the local sales and
30 services tax for school infrastructure purposes on or after
31 March 1, 2001, and to counties that imposed the tax prior to
32 March 1, 2001, but voted to continue the imposition of the tax
33 beyond March 1, 2001. Subsection 4 and this subsection are
34 stricken the earlier of March 1, 2011, or the date when
35 subsection 4 and this subsection do not apply to any county.

1 Sec. 4. Section 422E.3, Code 2001, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 5A. For counties that impose the local
4 sales and services tax for school infrastructure purposes on
5 or after March 1, 2001, and counties that voted to continue
6 the tax which was originally imposed prior to March 1, 2001,
7 the director of revenue and finance shall credit tax receipts
8 and interest and penalties from the tax to the county's
9 account in the school district local sales and services tax
10 fund created in the office of the treasurer of state.

11 NEW SUBSECTION. 5B. a. The director of revenue and
12 finance within fifteen days of the beginning of each fiscal
13 year shall send to each school district where the tax is
14 imposed an estimate of the amount of tax moneys each school
15 district will receive for the year and for each month of the
16 year. At the end of each month, the director may revise the
17 estimates for the year and remaining months.

18 b. The director shall remit ninety-five percent of the
19 estimated tax receipts for the school district to the school
20 district on or before August 31 of the fiscal year and on or
21 before the last day of each following month.

22 c. The director shall remit a final payment of the
23 remainder of tax moneys due for the fiscal year before
24 November 10 of the next fiscal year. If an overpayment has
25 resulted during the previous fiscal year, the November payment
26 shall be adjusted to reflect any overpayment.

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

35 (2) The combined actual enrollment for a county, for

1 purposes of this section, shall be determined for each county
2 by the department of management based on the actual enrollment
3 figures reported by October 1 to the department of management
4 by the department of education pursuant to section 257.6,
5 subsection 1. The combined actual enrollment count shall be
6 forwarded to the director of revenue and finance by March 1,
7 annually, for purposes of supplying estimated tax payment
8 figures and making estimated tax payments pursuant to this
9 section for the following fiscal year.

10 e. The actual tax receipts which a school district shall
11 receive shall not exceed the limitation provided in subsection
12 5C.

13 NEW SUBSECTION. 5C. a. The director of revenue and
14 finance by June 1 preceding each fiscal year shall compute the
15 statewide tax revenues per student for the coming fiscal year.
16 The statewide tax revenues per student is determined by
17 estimating the total revenues that would be generated by a one
18 percent local option sales and services tax for school
19 infrastructure purposes if imposed by all the counties during
20 the entire fiscal year and dividing this estimated revenue
21 amount by the sum of the combined actual enrollment for all
22 counties as described in subsection 5B, paragraph "d",
23 subparagraph (2).

24 b. The maximum amount that may be paid per student
25 pursuant to subsection 5B from tax receipts credited for the
26 fiscal year under subsection 5A to the school district local
27 sales and services tax account of a county equals the
28 statewide tax revenues per student, estimated in paragraph
29 "a", multiplied by the quotient of the county tax rate percent
30 divided by one percent and multiplied by the quotient of the
31 number of quarters the tax is imposed in the county during the
32 fiscal year divided by four quarters.

33 c. If the amount of the receipts credited for the fiscal
34 year under subsection 5A to the school district local sales
35 and services tax account of a county is in excess of the

1 maximum amount for that account as calculated under paragraph
2 "b", the excess shall be transferred by the director of
3 revenue and finance to a reserve pool in the fund to be
4 distributed to each county which imposed the tax during the
5 previous quarter that has not reached the maximum amount for
6 that county as calculated under paragraph "b". The moneys in
7 the reserve pool shall be distributed quarterly to the
8 eligible counties with each county receiving the same dollar
9 amount per student until the county reaches the maximum amount
10 calculated in paragraph "b". However, for a county that has
11 imposed the tax at a rate of less than one percent, the amount
12 that county shall receive per student shall be a fraction of
13 the amount the other counties received. The fraction equals
14 the county tax rate percent divided by one percent.

15 Notwithstanding the limitation in paragraph "b", if any
16 moneys remain in the reserve pool after all counties which
17 have imposed the tax during the previous quarter have reached
18 the limitation in paragraph "b", the remaining moneys shall be
19 distributed to each county at the same dollar amount per
20 student. However, for a county that has imposed the tax at a
21 rate of less than one percent, the amount that county shall
22 receive per student shall be a fraction of the amount the
23 other counties received. The fraction equals the county tax
24 rate percent divided by one percent.

25 d. Subsections 5A and 5B and this subsection apply to
26 counties that impose the local sales and services tax for
27 school infrastructure purposes on or after March 1, 2001, and
28 to counties that imposed the tax prior to March 1, 2001, but
29 voted to continue the imposition of the tax beyond March 1,
30 2001.

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

33 7. Construction contractors may make application to the
34 department for a refund of the additional local sales and
35 services tax paid under this chapter by reason of taxes paid

1 on goods, wares, or merchandise under the conditions specified
2 in section 422B.11. The refund shall be paid by the
3 department from the appropriate school district's account in
4 the local sales and services tax fund or from the school
5 district local sales and services tax fund, as applicable.

6 The penalty provisions contained in section 422B.11,
7 subsection 3, shall apply regarding an erroneous application
8 for refund of local sales and services tax paid under this
9 chapter.

10 Sec. 6. EFFECTIVE AND APPLICABILITY DATES. This Act,
11 being deemed of immediate importance, takes effect upon
12 enactment.

13 EXPLANATION

14 The bill provides a limitation on the local option sales
15 and services tax revenues collected in a county which are to
16 be distributed to school districts in that county. The limit
17 is equal to the total tax revenue that would be generated by a
18 1 percent school sales and services tax if imposed by all 99
19 counties divided by the actual enrollment for school districts
20 in the state for the previous school year. Counties that
21 collect tax revenue in excess of this per student limit will
22 have the revenues transferred to a reserve pool. The moneys
23 in the reserve pool will be used to provide additional
24 revenues to those counties which have imposed the tax but have
25 not reached their per student limit.

26 The per student limit is decreased for those counties which
27 impose the local sales and services tax for school
28 infrastructure purposes at less than 1 percent or impose it
29 for less than the entire fiscal year.

30 The limitation on tax revenues that school districts in a
31 county may receive applies to counties that impose the local
32 option sales and services tax on or after March 1, 2001, and
33 to those counties that currently impose the tax and vote to
34 continue the imposition of the tax beyond March 1, 2001.
35 Those counties that currently impose the tax on March 1, 2001,

1 will continue to receive the tax revenues collected in the
2 county until the end of the 10-year period when the tax is
3 automatically repealed.

4 The bill takes effect upon enactment.

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

