

MAR 2 2005
WAYS AND MEANS

HOUSE FILE 514
BY MASCHER

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

A BILL FOR

1 An Act authorizing the imposition of an income surtax by school
2 districts for school infrastructure purposes.

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

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HF 514

1 Section 1. Section 298.14, unnumbered paragraphs 1 and 2,
2 Code 2005, are amended to read as follows:

3 For each fiscal year, the cumulative total of the percents
4 of surtax approved by the board of directors of a school
5 district and collected by the department of revenue under
6 sections 257.21, 257.29, and 298.2, chapter 422F, and the
7 enrichment surtax under section 442.15, Code 1989, and an
8 income surtax collected by a political subdivision under
9 chapter 422D, shall not exceed twenty percent.

10 A school district income surtax fund is created in the
11 office of treasurer of state. Income surtaxes collected by
12 the department of revenue under sections 257.21, 257.29, and
13 298.2, chapter 422F, and section 442.15, Code 1989, shall be
14 deposited in the school district income surtax fund to the
15 credit of each school district. A separate accounting of each
16 surtax, by school district, shall be maintained.

17 Sec. 2. NEW SECTION. 422F.1 AUTHORIZATION -- RATE OF TAX
18 -- USE OF REVENUES.

19 1. A local income surtax for school infrastructure
20 purposes may be imposed by a school district as provided in
21 this chapter.

22 2. The maximum rate of tax shall be set by the board of
23 directors of the school district and shall be in increments of
24 one percent, subject to the limitation specified in section
25 298.14. The income surtax shall be imposed for a period of
26 ten years.

27 3. The local income surtax for school infrastructure
28 purposes shall be imposed on the state individual income tax
29 for the calendar year during which the school's budget year
30 begins, or for a taxpayer's fiscal year ending during the
31 second half of that calendar year and after the date of the
32 favorable election or the first half of the succeeding
33 calendar year, and shall be imposed on all individuals
34 residing in the school district on the last day of the
35 applicable tax year.

1 Local income surtax moneys received by a school district
2 for school infrastructure purposes pursuant to this chapter
3 shall be utilized for school infrastructure needs.

4 4. For purposes of this chapter:

5 a. "School infrastructure" means those activities for
6 which a school district is authorized to contract indebtedness
7 and issue general obligation bonds under section 296.1, except
8 those activities related to a teacher's or superintendent's
9 home or homes. These activities include the construction,
10 reconstruction, repair, demolition work, purchasing, or
11 remodeling of schoolhouses, stadiums, gyms, fieldhouses, and
12 bus garages and the procurement of schoolhouse construction
13 sites and the making of site improvements and those activities
14 for which revenues under section 298.3 or 300.2 may be spent.
15 Additionally, "school infrastructure" includes the payment or
16 retirement of outstanding bonds previously issued for school
17 infrastructure purposes as defined in this subsection, and the
18 payment or retirement of bonds issued under section 422F.8.

19 b. "State individual income tax" means the taxes computed
20 under section 422.5, less the credits allowed in sections
21 422.11A, 422.11B, 422.12, and 422.12B.

22 Sec. 3. NEW SECTION. 422F.2 IMPOSITION BY SCHOOL
23 DISTRICT.

24 1. A local income surtax for school infrastructure
25 purposes shall be imposed by a school district only after an
26 election at which a majority of those voting on the question
27 favors imposition.

28 2. a. The question of imposition of the income surtax may
29 be submitted upon motion passed by the board of directors of
30 the school district.

31 b. Alternatively, upon receipt by a board of directors of
32 a petition requesting imposition of a local income surtax for
33 infrastructure purposes, signed by eligible electors of the
34 school district equal in number to five percent of the persons
35 in the school district who voted at the last preceding state

1 general election, the board shall within thirty days direct
2 the county commissioner of elections to submit the question of
3 imposition of the income surtax to the registered voters of
4 the school district.

5 3. The county commissioner of elections shall submit the
6 question of imposition of a local income surtax for school
7 infrastructure purposes at a state general election or at a
8 special election held at any time other than the time of a
9 city regular election. The election shall not be held sooner
10 than sixty days after publication of notice of the ballot
11 proposition. The ballot proposition shall specify the rate of
12 tax, the date the tax will be imposed and repealed, and shall
13 contain a statement as to the specific purpose or purposes for
14 which the revenues shall be expended. The dates for the
15 imposition and repeal of the tax shall be as provided in
16 section 422F.1, subsection 3. The rate of tax shall not be
17 more than authorized pursuant to section 422F.1, subsection 2.
18 The state commissioner of elections shall establish by rule
19 the form for the ballot proposition which form shall be
20 uniform throughout the state.

21 4. At the expiration of the period for which the income
22 surtax was adopted, the income surtax may be extended for a
23 period of ten years in the manner provided in subsections 2
24 and 3.

25 Sec. 4. NEW SECTION. 422F.3 STATUTES APPLICABLE.

26 The director of revenue shall administer the income surtax
27 imposed under this chapter, and sections 422.20, 422.22 to
28 422.31, 422.68, and 422.72 to 422.75 shall apply with respect
29 to administration of the income surtax.

30 Sec. 5. NEW SECTION. 422F.4 FORM AND TIME OF RETURN.

31 The income surtax shall be made a part of the Iowa
32 individual income tax return subject to the conditions and
33 restrictions set forth in section 422.21.

34 Sec. 6. NEW SECTION. 422F.5 DEPOSIT OF INCOME SURTAX.

35 1. The director of revenue shall deposit all moneys

1 received as income surtax to the credit of each district from
2 which the moneys are received, in the school district income
3 surtax fund which is established in section 298.14.

4 2. The director of revenue shall deposit income surtax
5 moneys received on or before November 1 of the year following
6 the close of the school budget year for which the surtax is
7 imposed to the credit of each district from which the moneys
8 are received in the school district income surtax fund.

9 3. Income surtax moneys received or refunded after
10 November 1 of the year following the close of the school
11 budget year for which the surtax is imposed shall be deposited
12 in or withdrawn from the general fund of the state and shall
13 be considered part of the cost of administering the income
14 surtax.

15 Sec. 7. NEW SECTION. 422F.6 INCOME SURTAX CERTIFICATION.

16 1. On or before October 20 each year, the director of
17 revenue shall make an accounting of the income surtax
18 collected under this chapter applicable to tax returns for the
19 last preceding calendar year, or for a taxpayer's fiscal year
20 ending during the second half of that calendar year and after
21 the date of the favorable election, or the first half of the
22 succeeding calendar year, from taxpayers in each school
23 district in the state which has approved the income surtax for
24 school infrastructure purposes, and shall certify to the
25 department of management and the department of education the
26 amount of total income surtax credited from the taxpayers of
27 each school district.

28 2. The director of the department of administrative
29 services shall draw warrants in payment of the amount of the
30 income surtax in the manner provided in section 298.14.

31 Sec. 8. NEW SECTION. 422F.8 BONDING.

32 The board of directors of a school district is authorized
33 to issue negotiable, interest-bearing school bonds, without
34 election, and utilize tax receipts derived from the local
35 income surtax for school infrastructure purposes for principal

1 and interest repayment. Proceeds of the bonds issued pursuant
2 to this section shall be utilized solely for school
3 infrastructure needs as school infrastructure is defined in
4 section 422F.1, subsection 4. Bonds issued under this section
5 may be sold at public or private sale as provided in chapter
6 75 without notice and hearing as provided in section 73A.12.
7 Bonds may bear dates, bear interest at rates not exceeding
8 that permitted by chapter 74A, mature in one or more
9 installments, be in registered form, carry registration and
10 conversion privileges, be payable as to principal and interest
11 at times and places, be subject to terms of redemption prior
12 to maturity with or without premium, and be in one or more
13 denominations, all as provided by the resolution of the board
14 of directors authorizing their issuance. The resolution may
15 also prescribe additional provisions, terms, conditions, and
16 covenants which the board of directors deems advisable,
17 including provisions for creating and maintaining reserve
18 funds, the issuance of additional bonds ranking on a parity
19 with such bonds and additional bonds junior and subordinate to
20 such bonds, and that such bonds shall rank on a parity with or
21 be junior and subordinate to any bonds which may be then
22 outstanding. Bonds may be issued to refund outstanding and
23 previously issued bonds under this section. Local income
24 surtax revenue bonds are a contract between the school
25 district and holders, and the resolution issuing the bonds and
26 pledging local income surtax revenues to the payment of
27 principal and interest on the bonds is a part of the contract.
28 Bonds issued pursuant to this section shall not constitute
29 indebtedness within the meaning of any constitutional or
30 statutory debt limitation or restriction, and shall not be
31 subject to any other law relating to the authorization,
32 issuance, or sale of bonds.

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EXPLANATION

34 This bill authorizes a school district to impose a local
35 income surtax for school infrastructure purposes. The surtax

1 may only be imposed after an election at which a majority
2 voting on the question favors the imposition. The school
3 district board of directors may call the election or the
4 election may be requested by petition of the residents of the
5 school district. The surtax would be imposed for 10 years and
6 at a rate set by the board of directors which rate, plus any
7 other school district income surtaxes and the emergency
8 medical services income surtax, shall not exceed 20 percent.

9 Revenues from the income surtax are to be used for school
10 infrastructure purposes which include construction,
11 reconstruction, repair, demolition work, purchasing, or
12 remodeling of schoolhouses, stadiums, gyms, fieldhouses, and
13 bus garages and for the procurement of schoolhouse
14 construction sites and for site improvements. The revenues
15 may also be used to pay for bonds issued for school
16 infrastructure purposes. The definition of school
17 infrastructure purposes is the same as that for which the
18 local option sales and use tax revenues may be used under Code
19 chapter 423E.

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