

JAN 3 0 2006
WAYS AND MEANS

HOUSE FILE 2175
BY WATTS, STRUYK, and
KURTENBACH

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 option sales and
2 services tax revenues to cities and counties and providing an
3 applicability date provision.

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

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HF 2175

1 Section 1. Section 423B.7, subsection 4, Code 2005, is
2 amended to read as follows:

3 4. Twenty-five percent of each county's account shall be
4 remitted based on the sum of property tax dollars levied by
5 the board of supervisors if the tax was imposed in the
6 unincorporated areas and each city in the county where the tax
7 was imposed during the ~~three-year-period beginning July 1,~~
8 ~~1982, and ending June 30, 1985,~~ fiscal year ending after the
9 most recent certified federal decennial census as follows:

10 a. To the board of supervisors a pro rata share based upon
11 the percentage of the total property tax dollars levied by the
12 board of supervisors during the ~~above-three-year-period~~ fiscal
13 year.

14 b. To each city council where the tax was imposed a pro
15 rata share based upon the percentage of property tax dollars
16 levied by the city during the above ~~three-year-period~~ fiscal
17 year of the above total property tax dollars levied by the
18 board of supervisors and each city where the tax was imposed .
19 during the ~~above-three-year-period~~ fiscal year.

20 c. If a city or county has issued bonds under this chapter
21 prior to April 1, 2006, for which revenues from the local
22 option sales and services tax have been pledged, the city or
23 county shall notify the department of revenue by August 1,
24 2007, of the amount paid on those bonds during the fiscal year
25 beginning July 1, 2006. If the amount paid is greater than
26 the amount that the city or county would receive under
27 paragraph "a" or "b", the department shall remit to the city
28 or county the larger amount during each subsequent fiscal year
29 until the bonds are repaid, notwithstanding paragraph "a" or
30 "b". The department shall make a pro rata adjustment in the
31 payments to the other local governments which receive revenues
32 based upon paragraphs "a" and "b".

33 Sec. 2. APPLICABILITY DATE. This Act applies to local
34 sales and services tax revenues distributed during fiscal
35 years beginning on or after July 1, 2007.

EXPLANATION

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Under current law, county-imposed local option sales and services tax revenues are partly distributed on a population basis according to the most recent certified federal census and on the basis of property taxes levied during the three-year fiscal period beginning July 1, 1982, and ending June 30, 1985. This bill changes the distribution based upon property taxes during that three-year period to the property taxes levied during the fiscal year ending after the most recent certified federal decennial census.

The bill makes provision for cities and counties that have pledged revenues for bonds issued prior to April 1, 2006, which may receive less moneys than in the fiscal year beginning July 1, 2006.

The bill applies to distributions made during fiscal years beginning on or after July 1, 2007.