

## CHAPTER 164

## COMMUNITY COLLEGES STUDENT FEES

S. F. 444

AN ACT relating to student fees at merged area community colleges and vocational schools.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 SECTION 1. Section two hundred eighty A point eighteen  
2 (280A.18), Code 1971, is amended by adding the following new sub-  
3 section:

4 "Student fees collected from students for activities, laboratory  
5 breakage, instructional materials, and other objects and purposes for  
6 which student fees other than tuition are customarily charged by  
7 colleges and universities, as provided in a schedule of fees adopted by  
8 the area board of directors. The expenditure of funds collected from  
9 students for activities shall be determined by the student government  
10 unit with administrative and board approval.

11 After June 30, 1971, any increases in student fees for activities  
12 shall be determined by the student government unit with administra-  
13 tive and board approval."

Approved June 7, 1971.

## CHAPTER 165

## FINANCING GOVERNMENTAL PROGRAMS

H. F. 654

AN ACT relating to financing of governmental programs by providing state aid to schools, school district property taxes, imposing a school district income tax including administration by the director of revenue and adoption of administrative provisions for the state individual income tax including penalties and interest, relating to the state individual and corporate income tax, relating to sales and use tax exemptions, providing property tax relief for the elderly and totally disabled, relating to the taxation of municipal interstate toll bridges, and providing aid to cities, towns, and counties.

*Be It Enacted by the General Asssembly of the State of Iowa:*

## DIVISION I

1 SECTION 1. **State school foundation program.** This division estab-  
2 lishes a state school foundation program. For the school year begin-  
3 ning July 1, 1972, and each succeeding school year, each school district  
4 in the state is entitled to receive state school foundation aid, which  
5 shall be an amount per pupil in fall enrollment equal to the difference  
6 between the amount per pupil in fall enrollment of foundation prop-  
7 erty tax plus miscellaneous income in the district, and the state foun-  
8 dation base or the district cost per pupil, whichever is less. However,  
9 if the amount so determined for any district is less than two hundred  
10 dollars per pupil in fall enrollment, the district is entitled to receive  
11 not less than two hundred dollars per pupil in fall enrollment except  
12 when a district's total general fund millage rate for the school year  
13 beginning July 1, 1972, or any succeeding school year, is reduced to

14 ninety percent of the district's total general fund millage rate for the  
 15 school year beginning July 1, 1970. In this case the district is en-  
 16 titled to receive only that portion of the two hundred dollars per pupil  
 17 necessary to retain that ten percent reduction.

1     **SEC. 2. Foundation property tax.** Each school district shall cause  
 2 to be levied each year beginning in 1972, for the school general fund,  
 3 a foundation property tax of twenty mills per dollar of assessed valu-  
 4 ation on all taxable property in the district. For the purpose of this  
 5 division, a school district is defined as a school corporation organized  
 6 under chapter two hundred seventy-four (274) of the Code. Each  
 7 county auditor shall certify to each school district within the county  
 8 and to the state comptroller, not later than October first each year,  
 9 the assessed valuation of taxable property for the current year in each  
 10 school district within the county.

1     **SEC. 3. State foundation base.** The state foundation base for the  
 2 school year beginning July 1, 1972, is seventy percent of the state  
 3 cost per pupil. For each succeeding school year the state foundation  
 4 base shall be increased by the amount of one percent of the state cost  
 5 per pupil, up to a maximum of eighty percent of the state cost per  
 6 pupil. The district foundation base is the larger of the state founda-  
 7 tion base or the amount per pupil in fall enrollment which the dis-  
 8 trict will receive from foundation property tax, miscellaneous in-  
 9 come, and state school foundation aid.

1     **SEC. 4. Fall enrollment.** Fall enrollment shall be determined by  
 2 adding the resident pupils who are enrolled on the second Friday of  
 3 September of each year in public elementary and secondary schools  
 4 of the district, and in special education classes for which tuition is  
 5 paid by the district whether the special education class is conducted  
 6 by a county board of education or another school district.  
 7 Shared-time and part-time pupils of school age shall be counted in  
 8 the proportion that the time for which they are enrolled or receive  
 9 instruction for the school year bears to the time that full-time pupils  
 10 carrying a normal course schedule, at the same grade level, in the  
 11 same school district, for the same school year, are enrolled and re-  
 12 ceive instruction.  
 13 Each school district shall certify its fall enrollment to the state  
 14 department of public instruction by September twenty-fifth of each  
 15 year, and the information shall be promptly forwarded to the state  
 16 comptroller.

1     **SEC. 5. Miscellaneous income.** Miscellaneous income is all revenues  
 2 of a school district general fund budget, exclusive of federal aid pro-  
 3 vided under title twenty (20), chapter thirteen (13), of the United  
 4 States Code, the foundation property tax, the state school foundation  
 5 aid, guaranteed state aid, the additional school district property tax  
 6 levy, any supplemental aid distributed by the school budget review  
 7 committee, and any school district income surtax imposed in the dis-  
 8 trict.

1     **SEC. 6. District cost.** As used in this division, "district cost"  
 2 means the total expenditures or anticipated expenditures of a dis-  
 3 trict which are payable from the school general fund, exclusive of

4 federal aid provided under title twenty (20), chapter thirteen (13),  
5 of the United States Code.

1     **SEC. 7. Allowable growth.** Each year the state comptroller shall  
2 compute the state percent of growth by adding the percents of in-  
3 crease for the second and third years of the most recent three-year  
4 period for which accurate figures are available, for each of the fol-  
5 lowing sources of revenue, and dividing the total by four:

6     1. State general fund revenues, adjusted for changes in rates or  
7 basis.

8     2. Statewide assessed valuation of taxable property, adjusted for  
9 statewide changes in assessment practices.

10 Each year the state comptroller shall compute the dollar equiva-  
11 lent of the state percent of growth by multiplying the state cost per  
12 pupil for the preceding school year by the current state percent of  
13 growth, except that this dollar equivalent is limited to a maximum  
14 amount of forty-six dollars for the school year beginning on July 1,  
15 1972, forty-eight dollars for the school year beginning on July 1,  
16 1973, and fifty-one dollars for the school year beginning on July 1,  
17 1974. As used in this division, "allowable growth" means the dollar  
18 equivalent of the state percent of growth.

1     **SEC. 8. State cost per pupil.** The state cost per pupil for the  
2 school year beginning July 1, 1971, is nine hundred twenty dollars.  
3 The state cost per pupil for the school year beginning on July 1,  
4 1972, and for each succeeding school year is the previous year's state  
5 cost per pupil plus the allowable growth. If the state percent of  
6 growth is zero or less, the state cost per pupil shall be the same as  
7 the previous year's state cost per pupil.

1     **SEC. 9. Maximum general fund budget and additional school dis-  
2 trict property tax levy.**

3     1. The state comptroller shall determine the additional school dis-  
4 trict property tax levy for each school district, which is in addition  
5 to the foundation property tax levy, as follows:

6     a. The district cost per pupil in fall enrollment for the current  
7 school year ending June thirtieth each year, plus the allowable growth,  
8 determines the district cost per pupil for the school year beginning  
9 July first each year. However, if the district cost per pupil in fall  
10 enrollment for the current school year ending June thirtieth each  
11 year exceeds one hundred ten percent of the state cost per pupil, the  
12 school budget review committee shall review the proposed budget and  
13 establish the amount of allowable growth for that district, not to  
14 exceed the limitations in section seven (7) of this division.

15     b. The district cost per pupil multiplied by the estimated fall en-  
16 rollment for the school year beginning July first each year, deter-  
17 mines the maximum district cost for each district. A school district  
18 may not exceed its maximum district cost unless additional millage  
19 is authorized or supplemental state aid is distributed to the district  
20 by the school budget review committee as provided in section thir-  
21 teen (13), subsection five (5), of this division, or unless an addi-  
22 tional amount is raised by a school district income surtax approved  
23 by the voters.

24     c. The district foundation base multiplied by the number of pupils  
25 in fall enrollment, and the product subtracted from the lesser of the

26 actual or maximum district cost for the school year beginning July  
 27 first each year, determines the amount to be raised by the additional  
 28 school district property tax levy, subject to the maximum millage pro-  
 29 vided in section ten (10) of this division, any additional millage au-  
 30 thorized by the school budget review committee under section thir-  
 31 teen (13), subsection five (5), paragraph a, of this division, or the  
 32 maximum millage reduction provided in section twenty-one (21) of  
 33 this division.

34 2. No later than December first of each year, the state comptroller  
 35 shall notify the county auditor of each county the amount, both in  
 36 dollars and mills, of the additional property tax levy in each school  
 37 district in the county. Each county auditor shall spread the additional  
 38 property tax levy for each school district over all taxable property in  
 39 the district.

40 3. a. A county board of education or joint county board of educa-  
 41 tion shall not certify for the fiscal year commencing July 1, 1972,  
 42 or the fiscal year commencing January 1, 1973, or any succeeding fis-  
 43 cal year, an amount of money to be raised by property taxes for the  
 44 general fund budget in excess of the amount of money raised by  
 45 property taxes for general fund expenditures for its last preceding  
 46 fiscal year, plus an amount determined by multiplying the state per-  
 47 cent of growth determined under section seven (7) of this division  
 48 by the amount raised by property taxes for the general fund budget  
 49 for its last preceding fiscal year.

50 b. In addition to the amounts provided in paragraph a of this sub-  
 51 section, a county board of education or joint county board of educa-  
 52 tion may certify and receive moneys to expand special education pro-  
 53 grams for the fiscal year commencing July 1, 1972, or January 1,  
 54 1973 or any succeeding year. However, this exception applies only  
 55 to those special education programs or courses which would have  
 56 qualified for state reimbursement pursuant to chapter two hundred  
 57 eighty-one (281) of the Code, as interpreted by the rules and regula-  
 58 tions of the state department of public instruction effective on July  
 59 1, 1970.

60 c. If, for any school year, responsibility for a special education  
 61 pupil is transferred from a school district to a county or joint county  
 62 board of education, or from a county or joint county board of educa-  
 63 tion to a school district, the moneys budgeted for that pupil shall be  
 64 transferred to the district or board which accepts responsibility for  
 65 the pupil, or a proportionate amount shall be transferred if the change  
 66 is made during the school year.

1 **SEC. 10. Maximum millage levy.** For the purpose of determining  
 2 the maximum millage levy in a school district, the state comp-  
 3 troller shall determine the sum of the foundation property tax levy  
 4 and the additional property tax levy, in mills. When this total mill-  
 5 age rate exceeds the district general fund levy in mills for the school  
 6 year which began July 1, 1970, he shall adjust the district general  
 7 fund millage levy to a rate equal to the millage levy for the school  
 8 year beginning July 1, 1970, unless additional millage is approved by  
 9 the school budget review committee, as provided in section thirteen  
 10 (13), subsection five (5), paragraph a, of this division.

1     **SEC. 11. Guaranteed state aid.** For the school year beginning July  
2 1, 1972, and for the next four succeeding school years, the state shall  
3 provide specific funds, called guaranteed state aid, to any school dis-  
4 trict in which the maximum millage, excluding any additional millage  
5 approved by the school budget review committee, plus the district's  
6 miscellaneous income and state school foundation aid, does not meet  
7 the actual or maximum district cost, whichever is less.  
8     There is hereby appropriated from the general fund of the state to  
9 the department of public instruction moneys sufficient to pay the  
10 guaranteed state aid provided in this section. The state comptroller  
11 shall pay this aid no later than May fifteenth of each year, beginning  
12 in 1973 for the school year beginning July 1, 1972.

1     **SEC. 12. School budget review committee.** A school budget re-  
2 view committee is established, consisting of the superintendent of pub-  
3 lic instruction, the state comptroller, and three members appointed by  
4 the governor to represent the public and to serve three-year staggered  
5 terms. Those serving on the effective date of this division as public  
6 members of the school budget review committee established under  
7 prior law shall continue to serve out their unexpired terms as mem-  
8 bers of the committee established under this section. The committee  
9 shall meet and hold hearings each year and shall continue in session  
10 until it has reviewed budgets of school districts, as provided in sec-  
11 tion thirteen (13) of this division. It may call in school board mem-  
12 bers and employees as necessary for the hearings. Legislators shall  
13 be notified of hearings concerning school districts in their constitu-  
14 encies.  
15     The committee shall adopt its own rules of procedure. The super-  
16 intendent of public instruction shall serve as chairman, and the state  
17 comptroller shall serve as secretary. The committee members repre-  
18 senting the public are entitled to receive a per diem equal to the per  
19 diem of members of the board of public instruction, and their neces-  
20 sary travel and other expenses while engaged in their official duties.  
21 Expense payments shall be made from appropriations to the depart-  
22 ment of public instruction.

1     **SEC. 13. Duties of the committee.**  
2     1. The school budget review committee may recommend the revi-  
3 sion of any rules, regulations, directives, or forms relating to school  
4 district budgeting and accounting, confer with local school boards or  
5 their representatives and make recommendations relating to any  
6 budgeting or accounting matters, and may direct the superintendent  
7 of public instruction or the state comptroller to make studies and  
8 investigations of school costs in any school district.  
9     2. The committee shall report to each session of the general assem-  
10 bly, which report shall include any recommended changes in laws  
11 relating to school districts, and shall specify the number of hearings  
12 held annually, the reasons for the committee's recommendations, and  
13 other information as the committee deems advisable.  
14     3. The committee shall review the proposed or certified budget of  
15 any school district if the district cost per pupil in estimated fall en-  
16 rollment has increased over the district cost per pupil in fall en-  
17 rollment for the previous year by more than the allowable growth of  
18 the district.

19 4. The committee may review the proposed or certified budget of  
20 any school district as follows:

21 a. If the budget shows district costs per pupil in estimated fall en-  
22 rollment of more than the state cost per pupil.

23 b. If in the judgment of the committee, the budget shows the dis-  
24 trict cost to be unreasonably high in relation to the comparative cost  
25 factors of similar districts, even if the district cost per pupil in esti-  
26 mated fall enrollment does not exceed the state cost per pupil.

27 5. The committee may authorize a school budget in excess of limi-  
28 tations provided in sections nine (9) and ten (10) of this division as  
29 follows:

30 a. If a nonpublic school within a district closes wholly or in part,  
31 the committee may authorize an increase in the school general fund  
32 millage beyond the maximum permitted under section ten (10) of  
33 this division, but only to the extent necessary to cover the cost of  
34 absorbing the former nonpublic school pupils into the public school  
35 system. The school board shall establish the amount of necessary  
36 increased cost to the satisfaction of the school budget review commit-  
37 tee before an increase in millage is authorized.

38 b. Additional supplemental state aid may be paid to any district  
39 from any discretionary funds appropriated specifically to the com-  
40 mittee for this purpose.

41 6. If the committee does not authorize a school district's budget, it  
42 shall state its recommendations in terms of a specific reduction in  
43 the district cost, and in terms of a projected reduction in the millage  
44 rate of the school district, and shall notify the school board of its  
45 recommendations through the state comptroller.

46 7. The committee, when making recommendations relating to school  
47 budgets, shall consider each district's circumstances and facts which  
48 are unique and unusual, including but not limited to any unusual  
49 increases or decreases in enrollments, natural disasters, unusual trans-  
50 portation problems, and initial staffing problems.

51 8. Failure by any school district to provide information or appear  
52 before the committee as requested for the accomplishment of review  
53 or hearing shall constitute justification for the committee to instruct  
54 the state comptroller to withhold any state aid to that district until  
55 the committee's inquiries are satisfied completely.

56 9. The school budget review committee may call in any county  
57 board of education for the purpose of reviewing its budget as it re-  
58 lates to the individual districts within the county.

1 SEC. 14. **Election to exceed maximum district cost.** If a school  
2 board wishes to exceed its maximum district cost, as determined un-  
3 der section nine (9) of this division, it shall first submit its proposed  
4 budget to the school budget review committee. The committee may  
5 approve the proposed budget or may make other recommendations,  
6 but if the board decides that the district should exceed its maximum  
7 district cost, and the committee has not authorized an additional mill-  
8 age or supplemental state aid as provided in section thirteen (13),  
9 subsection five (5), of this division, the board shall submit to the  
10 voters of the school district, at a regular or special school election held  
11 not later than September fifteenth, the question of whether the pro-  
12 posed budget shall be approved, and financed by a school district in-  
13 come surtax of a specified rate, or whether the district shall be lim-

14 ited to its maximum district cost.

15 If a majority of those voting approves the proposed budget and  
16 the specified school district income surtax rate, the surtax, deter-  
17 mined as provided in section fifteen (15) of this division, may be im-  
18 posed by resolution of the school board.

19 If the proposed budget and surtax does not receive approval by a  
20 majority of those voting, the school board shall reduce its general  
21 fund budget to an amount which does not exceed its maximum dis-  
22 trict cost.

23 The school board shall certify the result of an election required  
24 under this section to the county auditor, the school budget review  
25 committee, and the director of revenue, within ten days following  
26 the election. If a school district income surtax is approved, the  
27 school board shall publish notice of the surtax rate, as provided in  
28 chapter six hundred eighteen (618) of the Code.

1 **SEC. 15. School district income surtax.**

2 1. If a school district income surtax is proposed by a school board,  
3 the state comptroller shall determine the rate of school district in-  
4 come surtax as follows:

5 a. Determine the excess amount needed.

6 b. Determine the total amount of state individual income tax as  
7 shown on the individual tax returns of persons residing in the school  
8 district on December thirty-first of the last preceding calendar year  
9 for which accurate figures are available or on the last day of a tax-  
10 payer's fiscal year ending within that calendar year. The director of  
11 revenue shall report this amount to the state comptroller as requested.

12 c. Divide the total amount of state individual income tax deter-  
13 mined into the excess amount needed. The quotient is the school dis-  
14 trict income surtax rate which shall be imposed on the state individ-  
15 ual income tax for the calendar year during which the school year  
16 begins, or for a taxpayer's fiscal year ending during that calendar  
17 year but after the date of the election approving the budget, and for  
18 subsequent years as provided in subsections two (2) and three (3) of  
19 this section, and shall be imposed on all individuals residing in the  
20 school district on December thirty-first of each calendar year, or on  
21 the last day of their fiscal year. As used in this section, "state individ-  
22 ual tax" means the tax computed under section four hundred twenty-  
23 two point five (422.5) of the Code, less the deductions allowed in sec-  
24 tion four hundred twenty-two point twelve (422.12) of the Code.

25 2. A school district income surtax rate approved by the voters, or  
26 as much of it as may be necessary, shall continue to be in effect in  
27 that school district until the school board finds that the surtax or a  
28 part of it is unnecessary, or until the amount of the surtax is altered  
29 by another election. If a school board wishes to increase the district  
30 costs so that they cannot be met by the combination of maximum  
31 millage, state aid, miscellaneous income, and the approved school dis-  
32 trict income surtax, the school board may hold another election to  
33 submit the question of whether to increase the surtax rate for the  
34 district, and may increase the rate only if an increase is approved by  
35 a majority of those voting.

36 3. At least once every five years, if a school district income surtax  
37 is found to be necessary, the school board shall submit to the voters  
38 of the school district, at a regular or special school election held not

39 later than September fifteenth, the question of whether to continue  
40 imposition of the established rate of school district income surtax or  
41 of a lesser rate as necessary. If a majority of those voting does not  
42 approve the proposed school district income surtax rate, the school  
43 board shall reduce its general fund budget to an amount which does  
44 not exceed its maximum district cost.

1     **SEC. 16. Statutes applicable.** The director of revenue shall admin-  
2     ister any school district income surtax imposed under this division,  
3     and all the provisions of sections four hundred twenty-two point  
4     twenty (422.20), four hundred twenty-two point twenty-two (422.22)  
5     through four hundred twenty-two point thirty-one (422.31), inclu-  
6     sive, four hundred twenty-two point sixty-eight (422.68), and four  
7     hundred twenty-two point seventy-two (422.72) through four hundred  
8     twenty-two point seventy-five (422.75), inclusive, of the Code, shall  
9     apply in respect to administration of the school district income sur-  
10    tax.

1     **SEC. 17. Form and time of return.** The school district income sur-  
2     tax shall be made a part of the Iowa individual income tax return  
3     subject to the conditions and restrictions set forth in section four  
4     hundred twenty-two point twenty-one (422.21) of the Code.

1     **SEC. 18. Deposit of school district income surtax.** The director of  
2     revenue shall deposit all moneys received as school district income  
3     surtax to the credit of each district from which the moneys are  
4     received, in a "school district income surtax fund" which is estab-  
5     lished in the office of the treasurer of state.

1     **SEC. 19. School district income surtax certification.** On or before  
2     October twentieth each year, the director of revenue shall make an  
3     accounting of the school district income surtax collected under this  
4     division applicable to tax returns for the last preceding calendar year,  
5     or for fiscal year taxpayers, on the last day of their tax year ending  
6     during that calendar year and after the date of the election approv-  
7     ing the surtax, from taxpayers in each school district in the state  
8     which has imposed a surtax, and shall certify to the state comptroller  
9     and the state department of public instruction the amount of total  
10    school district income surtax credited from the taxpayers of each  
11    school district. Additional returns in process, if any, at the time of  
12    certification shall be completed and the additional amount of school  
13    district income surtax reported to the state comptroller for distribu-  
14    tion back to the school district with the first installment of the fol-  
15    lowing school year.

1     **SEC. 20. School district income surtax distribution.** The state  
2     comptroller shall draw warrants in payment of the amount of surtax  
3     payable to each of the school districts in two installments to be  
4     paid on approximately the first day of December and the first day of  
5     February, and shall cause the warrants to be delivered to the re-  
6     spective school districts.

1     **SEC. 21. Maximum millage reduction.** If the functioning of the  
2     state school foundation program established by this division causes a  
3     reduction in any school district, for the school year beginning July 1,  
4     1972, of more than ten percent of the district's total general fund

5 millage for the school year beginning July 1, 1970, the reduction for  
 6 the school year beginning July 1, 1972 is limited to that ten percent,  
 7 and the reduction for each of the school years beginning July 1, 1973,  
 8 and July 1, 1974, is limited to ten percent of the preceding year's  
 9 millage. However, if this limitation results in a district millage  
 10 levy which raises more than the district needs to meet the lesser of  
 11 its actual or maximum district cost, the ten percent limitation does  
 12 not apply, and the district may reduce its millage as much as can be  
 13 done without entitling the district to state school foundation aid.  
 14 The state comptroller shall compute any maximum millage reduction  
 15 required by this section, and shall notify the school boards accordingly.

1     **SEC. 22. Tentative budget.** Not later than December first for each  
 2 ensuing fiscal year, the board of directors of each school district shall  
 3 set a tentative budget in dollars of the amount the district may spend  
 4 on each program in the system as defined by the school budget review  
 5 committee and in the forms prescribed by the committee. This pros-  
 6 pectus of program and allotted dollars as approved by the board shall  
 7 guide the superintendent when preparing the proposed budget for  
 8 that year. These limitations submitted by the board of directors to  
 9 the superintendent of schools for the district shall be promptly for-  
 10 warded to the committee.

1     **SEC. 23. Rules and regulations.** The superintendent of public in-  
 2 struction, after consultation with the state comptroller, may adopt  
 3 rules and regulations and definitions of terms as necessary and  
 4 proper for the administration of this division.

1     **SEC. 24. Local budget law.** Provisions of chapter twenty-four (24)  
 2 of the Code remain applicable to school budgets.

1     **SEC. 25. Estimates of miscellaneous aids.** No later than Septem-  
 2 ber first of each year, the department of public instruction shall cer-  
 3 tify to the state comptroller the amounts of any state aids other than  
 4 the amounts provided in this division that will be received by each  
 5 school district in the state. In the event any estimate of state aids  
 6 in any school budget certified to the auditor as provided by section  
 7 twenty-four point seventeen (24.17) of the Code is more or less  
 8 than the amount of state aids certified to the state comptroller by the  
 9 department of public instruction as provided by this section, the state  
 10 comptroller shall certify to the county auditors the final millage for  
 11 each school district.

1     **SEC. 26. Appropriations.** There is hereby appropriated each year  
 2 from the general fund of the state an amount necessary to pay the  
 3 state school foundation aid.

4     All state aids paid under this division, unless otherwise stated, shall  
 5 be paid in installments due on or about September fifteenth, Decem-  
 6 ber fifteenth, March fifteenth, and May fifteenth of each year, and  
 7 the installments shall be as nearly equal as possible as determined  
 8 by the state comptroller, taking into consideration the relative budget  
 9 and cash position of the state resources.

10     All moneys received by a school district from the state under the  
 11 provisions of this division shall be deposited in the general fund of  
 12 the school district, and may be used for any school general fund pur-  
 13 pose.

1 SEC. 27. There is hereby appropriated from the general fund of  
2 the state to the department of public instruction for the year begin-  
3 ning July 1, 1972, and ending June 30, 1973, one million six hundred  
4 thousand (1,600,000) dollars, or so much thereof as may be necessary  
5 for reimbursing public school districts and county or joint county  
6 school systems for expenditures incurred in accordance with the pro-  
7 visions of section two hundred fifty-seven point twenty-six (257.26)  
8 of the Code.

9 Claims for reimbursement for the period beginning July 1, 1971,  
10 and ending June 30, 1972, shall be made by July 30, 1972, to the  
11 department of public instruction, clearly detailing the expenditures  
12 incurred, and in a form prescribed by the department.

13 As a condition to receiving reimbursement under this section, a  
14 school district shall show by affidavit of an officer of the school board  
15 that the amount of reimbursement claimed by the school district does  
16 not exceed one-half of the actual costs incurred by the district under  
17 section two hundred fifty-seven point twenty-six (257.26) of the Code,  
18 and does not include the portion of those costs for which the district  
19 received state school foundation aid. The claims for reimbursement  
20 shall be certified by the department of public instruction to the state  
21 comptroller on or before August 31, 1972. On or before September  
22 15, 1972, the state comptroller shall draw warrants on the fund  
23 created by this section, payable to the school districts which have  
24 established claims. In the event that the amount appropriated is in-  
25 sufficient to pay in full the total amounts certified to the state comp-  
26 troller, he shall prorate the fund and notify each school district of its  
27 pro rata percentage on or before September 15, 1972.

1 SEC. 28. Section two hundred eighty-one point nine (281.9), Code  
2 1971, is amended by adding the following new paragraph:

3 "This section applies to all existing programs to July 1, 1973, and  
4 to the continuation of such existing programs after July 1, 1973."

1 SEC. 29. Chapter two hundred eighty-one (281), Code 1971, is  
2 amended by adding the following new section:

3 "A school district, county board of education, or joint county  
4 board of education that provides special education as required by this  
5 chapter shall, prior to March 1, 1972, and each March first thereafter,  
6 apply to the department of public instruction, upon forms prescribed  
7 by the department, for qualification to receive reimbursement pursu-  
8 ant to this chapter. During the following fiscal year the department  
9 shall approve each application and qualification if the district, county  
10 board of education, or joint county board establishes all of the fol-  
11 lowing:

12 1. That there are sufficient students within the area who are in  
13 need of the instruction.

14 2. That the applying unit is the unit that can best and most effi-  
15 ciently provide for the instruction without duplicating services other-  
16 wise provided, as opposed to another available educational unit.

17 3. That the unit has qualified teachers available.

18 4. That the instruction is a natural and normal progression of a  
19 planned course or courses of instruction, and that this progressive  
20 growth factor is not out of proportion to the ability of the educa-  
21 tional unit to pay for the courses of instruction.

22 5. That all reimbursement sought is for actual delivery of special

23 education services and not for administrative costs.

24 6. Other factors as the department may require.

25 There is hereby appropriated out of the general fund of the state  
26 to the department of public instruction beginning July 1, 1973, a sum  
27 sufficient to pay all approved applications for reimbursement pursuant  
28 to this chapter and this section, to the extent that the approved  
29 applications are for expanded special education programs beyond  
30 those programs provided for the fiscal year commencing July 1, 1971,  
31 or January 1, 1972, but only to the extent that the expanded pro-  
32 grams would have qualified for state reimbursement pursuant to this  
33 chapter, as interpreted by the rules and regulations of the state  
34 department of public instruction effective on July 1, 1970."

1 SEC. 30. Section two hundred ninety-eight point one (298.1),  
2 Code 1971, is amended as follows:

3 298.1 **School taxes.** The board of each school corporation shall  
4 estimate the amount of the proposed expenditures and proposed  
5 receipts for the general school purposes at a time and in a manner  
6 to effectuate the provisions of [chapter 442] *sections 1 through 29,*  
7 *inclusive, of this Act.* Compliance with chapter 24 shall be observed.

8 [Prior to compliance with section 24.9, the superintendent of the  
9 county school systems shall call a joint meeting of school superintend-  
10 ents and school board members for all of the local districts within  
11 the county basic school tax unit. The time and place for such  
12 joint meetings shall be set by the superintendent of the county school  
13 system.]

14 [The purpose of the joint meeting shall be for a review of the budg-  
15 ets of the several school districts within the county basic school tax  
16 units, and for the discussion of common problems within the county  
17 basic unit.]

1 SEC. 31. Section four hundred twenty-two point sixty-five  
2 (422.65), Code 1971, is amended as follows:

3 422.65 **Allocation of revenue.** [Ten] *Fifty-five* percent of the total  
4 moneys received from the franchise tax shall be deposited in the state  
5 general fund. The remaining moneys received from the franchise tax  
6 shall be deposited in a franchise tax fund hereby established in the  
7 office of the treasurer of state, and shall be paid quarterly on warrants  
8 by the state comptroller, after certification by the director of revenue,  
9 as follows:

10 [1. Fifty percent to the basic school tax equalization fund of the  
11 basic school tax unit from which the tax is collected, to be distributed  
12 in the same manner as other funds in the basic school tax equalization  
13 fund.]

14 [2. Thirty] 1. *Sixty* percent to the general fund of the city or  
15 town from which the tax is collected.

16 [3. Twenty] 2. *Forty* percent to the general fund of the county  
17 from which the tax is collected.

18 If the financial institution maintains one or more offices for the  
19 transaction of business, other than its principal office, a portion of  
20 its franchise tax shall be allocated to each office, based upon a rea-  
21 sonable measure of the business activity of each office. The director  
22 of revenue shall prescribe, for each type of financial institution, a  
23 method of measuring the business activity of each office. Financial

24 institutions shall furnish all necessary information for this purpose  
25 at the request of the director.

26 Quarterly, the director of revenue shall certify to the treasurer of  
27 state the amounts to be paid to each [basic school tax unit,] city,  
28 town, and county from the franchise tax fund. All moneys received  
29 from the franchise tax are hereby appropriated according to the pro-  
30 visions of this section. *This section is applicable to all funds col-*  
31 *lected on or after July 1, 1970.*

1 SEC. 32. Effective January 1, 1972, section four hundred thirty A  
2 point three (430A.3), Code 1971, is amended as follows:

3 **430A.3 Levy.** There is hereby imposed upon capital employed in  
4 the business of making loans or investments within the state of Iowa,  
5 as determined under the provisions of this chapter, a tax of five mills  
6 on each dollar of such capital; such tax to be considered a tax upon  
7 moneys and credits of such corporations which shall be levied by the  
8 board of supervisors, and placed upon the tax list and collected by  
9 the county treasurer. The amount collected in each taxing district in  
10 cities and towns shall be apportioned twenty percent to the county  
11 general fund, thirty percent to the city or town general fund, and  
12 fifty percent to the [basic school tax equalization fund] *general fund*  
13 *of the state*, and the amount collected in each taxing district outside  
14 of cities and towns shall be apportioned fifty percent to the county  
15 general fund and fifty percent to the [basic school tax equalization  
16 fund] *general fund of the state*. The term "loans" as used herein  
17 shall mean the lending of money to members of the general public  
18 upon other than real estate security. The term "investments" as used  
19 herein shall mean the discounting, purchasing, or otherwise acquiring  
20 notes, mortgages, sales contracts, debentures, or any other evidences  
21 of indebtedness, based upon other than real estate security when such  
22 investments are made in connection with loans made to members of  
23 the general public in the state of Iowa or in the courts of any opera-  
24 tions having as their effect the financing of business transactions  
25 within the state of Iowa resulting in the incurring of any indebtedness  
26 based upon security other than real estate security.

1 SEC. 33. Effective July 1, 1972, chapter four hundred forty-two  
2 (442), Code 1971, is repealed. The provisions of this division shall  
3 control school general fund budgets for the school year beginning July  
4 1, 1972, and the provisions of chapter four hundred forty-two (442)  
5 of the Code, as limited by House File one hundred twenty-one (121),  
6 Acts of the Sixty-fourth General Assembly, First Session, shall con-  
7 trol school general fund budgets and the levy and distribution of school  
8 funds for the school year beginning July 1, 1971.

1 SEC. 34. Effective January 1, 1972, chapter\* five hundred thirty-  
2 three point twenty-two (533.22), Code 1971, is amended as follows:

3 **533.22 Taxation.** A credit union shall be deemed an institution  
4 for savings and shall be subject to taxation only as to its real estate,  
5 tangible personal property, moneys and credits. The shares shall not  
6 be taxed.

7 The moneys and credits tax on credit unions is hereby imposed at a  
8 rate of five mills on each dollar of legal and special reserves of every  
9 credit union, and shall be levied by the board of supervisors, and  
10 placed upon the tax list and collected by the county treasurer, except

\*According to enrolled Act.

11 that an exemption shall be given to each credit union in the amount  
 12 of four thousand dollars and, in addition, any amount of the legal and  
 13 special reserves which are invested in United States government se-  
 14 curities. The amount collected in each taxing district within a city  
 15 or town shall be apportioned twenty percent to the county general  
 16 fund, thirty percent to the city or town general fund, and fifty per-  
 17 cent to the [basic school tax equalization fund] *general fund of the*  
 18 *state*, and the amount collected in each taxing district outside of cities  
 19 and towns shall be apportioned fifty percent to the county general  
 20 fund and fifty percent to the [basic school tax equalization fund] *gen-*  
 21 *eral fund of the state*. The moneys and credits tax shall be collected  
 22 at the location of the credit union as shown in its articles of incorpo-  
 23 ration.

## DIVISION II

1 SEC. 35. Section four hundred twenty-two point five (422.5), Code  
 2 1971, is amended by striking subsections three (3) through seven  
 3 (7), inclusive, and inserting in lieu thereof the following:

4 3. On the third thousand dollars of taxable income, or any part  
 5 thereof, three percent.

6 4. On the fourth thousand dollars of taxable income, or any part  
 7 thereof, four percent.

8 5. On the fifth, sixth, and seventh thousand dollars of taxable in-  
 9 come, or any part thereof, five percent.

10 6. On the eighth and ninth thousand dollars of taxable income, or  
 11 any part thereof, six percent.

12 7. On all taxable income over nine thousand dollars, seven percent.

1 SEC. 36. Section four hundred twenty-two point thirty-three  
 2 (422.33), unnumbered paragraphs one (1), two (2), three (3), and  
 3 four (4), Code 1971, are amended as follows:

4 A tax is hereby imposed upon each corporation organized under  
 5 the laws of this state, and upon every foreign corporation doing busi-  
 6 ness in this state, annually in an amount computed by applying the  
 7 following rates of taxation to the net income received by the corpo-  
 8 ration during the income year:

9 On the first twenty-five thousand dollars of taxable income, or any  
 10 part thereof, the rate of [four] *six* percent.

11 On taxable income between twenty-five thousand dollars and one  
 12 hundred thousand dollars or any part thereof, the rate of [six] *eight*  
 13 percent.

14 On taxable income of one hundred thousand dollars or more, the rate  
 15 of [eight] *ten* percent.

1 SEC. 37. Section four hundred twenty-two point thirty-three  
 2 (422.33), subsection one (1), paragraph "b", unnumbered paragraph  
 3 four (4), Code 1971, is amended as follows:

4 The gross sales of the corporation within the state shall be taken  
 5 to be the gross sales from goods [sold and] delivered within the state,  
 6 excluding deliveries for transportation out of the state.

1 SEC. 38. The provisions of sections thirty-five (35), thirty-six  
 2 (36), and thirty-seven (37) of this division shall be effective Janu-  
 3 ary 1, 1971, for all taxable years commencing on or after January 1,

4 1971, and to this extent sections thirty-five (35), thirty-six (36), and  
5 thirty-seven (37) of this division are retroactive.

#### DIVISION III

1 SEC. 39. Section four hundred twenty-five point one (425.1), sub-  
2 section five (5), unnumbered paragraph one (1) and paragraph "b",  
3 Code 1971, are amended as follows:

4 5. [In addition to the homestead credit of twenty-five mills on  
5 twenty-five hundred dollars of assessed valuation allowable under  
6 this chapter, in the event] *In lieu of the homestead tax credit allowed*  
7 *pursuant to subsections 1 through 4 of this section, if the owner, as*  
8 *defined in this chapter, is over sixty-five years of age, or is totally dis-*  
9 *abled, and provided that his Iowa net income, as defined in section*  
10 *422.7, plus interest and dividends from federal securities and income*  
11 *from social security and other tax-exempt retirement or pension plans,*  
12 *when included with that of the spouse, brother, sister, son, daughter,*  
13 *if any, living with the claimant, is less than [three thousand five hun-*  
14 *dred] four thousand dollars for the last twelve-month income tax*  
15 *accounting period, there shall be credited by the county auditor on*  
16 *such owner's eligible homestead, an amount equal to [but not exceed-*  
17 *ing the amount calculated as provided in this section] one hundred*  
18 *twenty-five dollars, except that the credit shall not exceed the amount*  
19 *of the property taxes levied and collectible on the homestead for that*  
20 *year.*

21 b. His Iowa net income, plus interest and dividends from federal  
22 securities and income from social security and other tax-exempt re-  
23 tirement or pension plans when included with that of his spouse, if  
24 any, during the last preceding twelve-month income tax accounting  
25 period is less than [three thousand five hundred] *four thousand dol-*  
26 *lars.*

1 SEC. 40. The provisions of section thirty-nine (39) of this divi-  
2 sion shall become effective January 1, 1972.

#### DIVISION IV

1 SEC. 41. There is created a "municipal assistance fund" in the  
2 office of the treasurer of state.

1 SEC. 42. There is appropriated to the municipal assistance fund  
2 from the general fund of the state the sum of five million (5,000,000)  
3 dollars for each fiscal year of the biennium commencing July 1, 1971,  
4 and ending June 30, 1973.

1 SEC. 43. On or before June fifteenth of each year of the biennium,  
2 the state comptroller shall distribute the moneys in the municipal  
3 assistance fund to each city and town in the state in the proportion  
4 that the population of each city and town is to the total population  
5 of all cities and towns in the state. However, the comptroller shall  
6 in no event distribute in any year to any city or town an amount in  
7 excess of one-half the amount to be collected from property tax levies  
8 by that city or town for that year. Any moneys remaining in the  
9 municipal assistance fund shall remain in the fund and be available  
10 for distribution the following year.

1     **SEC. 44.**

2     1. The population of each city and town shall be determined by  
3 the latest available federal census. An incorporated city or town may  
4 have one special federal census taken each decade, and the popula-  
5 tion figure obtained shall be used in apportioning amounts under this  
6 subsection beginning the calendar year following the year in which  
7 the special census is certified to the secretary of state.

8     2. In any case where an incorporated city or town has been incor-  
9 porated since the latest available federal census, the mayor and  
10 council shall certify to the treasurer of state the actual population of  
11 the incorporated city or town as of the date of incorporation and its  
12 apportionment of funds under this subsection shall be based upon such  
13 certification until the next federal census enumeration. Any commu-  
14 nity which has dissolved its corporation shall not receive any appor-  
15 tionment of funds under this subsection after its dissolution.

16     3. In any case where an incorporated city or town has annexed  
17 any territory since the last regular or special federal census, the  
18 mayor and council shall certify to the treasurer of state the actual  
19 population of the annexed territory as determined by the last certified  
20 federal census of the territory and the apportionment of funds under  
21 this subsection shall be based upon the population of the city or town  
22 as modified by the certification of the population of the annexed ter-  
23 ritory until the next regular or special federal census enumeration.

24     4. In any case where two or more incorporated cities or towns  
25 have consolidated, the apportionment of funds under this subsection  
26 shall be based upon the population of the incorporated city or town  
27 resulting from the consolidation and shall be determined by combining  
28 the population of all incorporated cities and towns involved in the  
29 consolidation as determined by the last regular or special federal cen-  
30 sus enumeration for the consolidating city or town.

1     **SEC. 45.** Section twenty-six point six (26.6), Code 1971, is  
2 amended as follows:

3     **26.6 Population of counties, townships, cities, and towns.** When-  
4 ever the population of any county, township, city, or town is referred  
5 to in any law of this state, it shall be determined by the last certified,  
6 or certified and published, official census unless otherwise provided.  
7 However, the population figure disclosed for any city or town as the  
8 result of a special federal census as modified as the result of consoli-  
9 dation or annexation in the manner provided in sections 312.3, and  
10 123.50, shall be considered for no other purposes than the application  
11 of sections 123.50 [and], 312.3 *and the provisions of this division.*  
12 Whenever a special federal census is hereafter taken by any city or  
13 town, the mayor and council shall certify the said census as soon as  
14 possible to the secretary of state and to the treasurer of state as  
15 otherwise herein provided, and failing to do so, the treasurer of state  
16 shall, after six months from the date of said special census, turn  
17 over such moneys as authorized by sections 123.50 and 312.3 to the  
18 general fund of the state, and continue to do so until such time as  
19 certification by said mayor and council is made, or until the next  
20 decennial federal census. If there be a difference between the original  
21 certified record in the office of the secretary of state and the pub-  
22 lished census the former shall prevail.

## DIVISION V

1 SEC. 46. Notwithstanding any provisions of the Code, interstate  
 2 bridges owned by a city or town may be subject to assessment and  
 3 taxation in the discretion of the governing body of the city or town  
 4 owning such bridge.

## DIVISION VI

1 SEC. 47. Section four hundred twenty-two point forty-five  
 2 (422.45), Code 1971, is amended by adding the following new sub-  
 3 section:

4 "The gross receipts from sales of tangible personal property used  
 5 or to be used as railroad rolling stock for transporting persons or  
 6 property, or as materials or parts therefor."

1 SEC. 48. Section four hundred twenty-three point four (423.4),  
 2 Code 1971, is amended by adding the following new subsection:

3 "Tangible personal property used or to be used as railroad rolling  
 4 stock for transporting persons or property, or as materials or parts  
 5 therefor."

## DIVISION VII

1 SEC. 49. Section four hundred twenty-two point sixty-nine  
 2 (422.69), Code 1971, is amended by striking subsection two (2).

1 SEC. 50. Section four hundred twenty-two point seventy-eight  
 2 (422.78), Code 1971, is amended as follows:

3 **422.78 Allocation to moneys and credits replacement fund in each**  
 4 **county.** *There is created a permanent fund in the office of the treas-*  
 5 *urer of state to be known as the "moneys and credits replacement*  
 6 *fund". The director shall determine the percentage which the aggregate*  
 7 *taxable value for the year 1965 of the property described in and*  
 8 *subject to taxation under section 429.2 owned or held by individuals,*  
 9 *administrators, executors, guardians, conservators, trustees or an*  
 10 *agent or nominee thereof, and the aggregate taxable value for the*  
 11 *year 1965 of the property described in and subject to taxation under*  
 12 *section 431.1 for the year 1965 but not subject to taxation under said*  
 13 *section for the year 1966, in each county bears to the total aggregate*  
 14 *taxable value of such property reported from all of the counties in*  
 15 *the state and shall certify the percentage for each county to the*  
 16 *state comptroller prior to January 1, 1967. In January of 1967 and*  
 17 *in January of each succeeding year thereafter, the state comptroller*  
 18 *shall apply said percentage to the money which shall have accumu-*  
 19 *lated in the moneys and credits tax replacement fund prior to such*  
 20 *January and thereby determine the amount thereof due to each*  
 21 *county. The state comptroller shall draw warrants on the moneys*  
 22 *and credits tax replacement fund in such amounts payable to the*  
 23 *county treasurer of each county and transmit them. The county*  
 24 *treasurer shall apportion these amounts as follows: For the amounts*  
 25 *received in January 1972, and all previously collected amounts,*  
 26 *twenty percent to the county general fund, fifty percent to the [basic*  
 27 *school tax equalization fund] school general fund, and the remaining*  
 28 *thirty percent to cities and towns in the proportion that the taxable*  
 29 *values for each city and town for 1965 of property subject to taxa-*

30 tion in 1965 under sections 429.2 and 431.1 is to the total of such tax-  
 31 able values for all cities and towns within the county; *for the amounts*  
 32 *received in January 1973, and all subsequently collected amounts, forty*  
 33 *percent to the county general fund, and the remaining sixty percent*  
 34 *to cities and towns in the proportion that the taxable values for each*  
 35 *city and town for the year 1965 under sections 429.2 and 431.1 is to*  
 36 *the total of such taxable values for all the cities and towns within*  
 37 *the county.*

38 *There is appropriated to the moneys and credits replacement fund*  
 39 *from the general fund of the state for the fiscal year beginning July*  
 40 *1, 1972 the sum of two million five hundred thousand (2,500,000) dol-*  
 41 *lars, such sum to be paid to the moneys and credits replacement fund*  
 42 *not later than January 10, 1973.*

Approved June 30, 1971.

*Italics indicate new material added to existing statutes; brackets indicate deletions from existing statutes. However, see Editor's note, page iii.*

## CHAPTER 166†

### TEACHERS PENSION SYSTEMS

#### S. F. 59

AN ACT relating to teachers pension systems.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 SECTION 1. Section two hundred ninety-four point twelve  
 2 (294.12), unnumbered paragraph two (2), Code 1971, is amended as  
 3 follows:  
 4 In any school district which has pursuant to section 294.11 termi-  
 5 nated a previously existing pension and annuity retirement system  
 6 and has after actuarial computation established a retirement reserve  
 7 fund pursuant to this section in order to pay to surviving beneficiaries  
 8 entitled to receive retirement benefits at date of termination of said  
 9 system in the amount in effect with respect to such beneficiaries  
 10 immediately prior to the date of termination, the board of directors  
 11 may authorize each and every payment to each surviving beneficiary  
 12 falling due subsequent to June 30, 1971, to be increased by an amount  
 13 to be determined by the board such increased payments to be paid  
 14 from the retirement reserve fund according to an actuarial compu-  
 15 tation thereof plus such additional amounts transferred from the  
 16 general fund as may be required. In order to provide the additional  
 17 amounts required from the general fund for such increased payments,  
 18 the board of directors may annually at the meeting at which it esti-  
 19 mates the amount required for the general fund in accordance with  
 20 section 298.1 estimate such additional amount as an actuarial com-  
 21 putation shall show is necessary from the general fund for the pay-  
 22 ment of such increased benefits for the current school year; provided  
 23 the amount estimated and certified to be transferred from the gen-

†See Editor's note, page iii.