

an area of the affected area education agency will be attached and shall notify by certified mail the board of directors of all school districts in the affected area education agencies.

If the commission cannot agree upon a dissolution proposal prior to the expiration of its term, the affected area education agency board may appoint a new commission.

Sec. 9. NEW SECTION. 273.27 HEARING — VOTE — STATE BOARD APPROVAL.

1. Within ten days following the filing of the dissolution proposal with the affected area education agency board, the affected board shall fix a date for a hearing on the proposal which shall not be more than sixty days after the dissolution petition was filed with the affected board. The affected board shall publish notice of the date, time, and location of the hearing at least ten days prior to the date of the hearing by one publication in a newspaper in general circulation in the area. The notice shall include the content of the dissolution proposal. Representatives of school districts in the area served may present evidence and arguments at the hearing. The president of the affected board shall preside at the hearing. The affected board shall review testimony from the hearing and shall adopt or amend and adopt the dissolution proposal.

The affected board shall notify by certified mail the boards of directors of all school districts in the affected area education agency and the contiguous area education agencies to which the districts of the affected area education agency will be attached and the director of the department of education of the contents of the dissolution proposal adopted by the affected board.

2. Within thirty days of the hearing, the affected board shall call a director district convention, which shall include the boards of directors in the area served by the area education agencies to which an area of the affected area education agency will be attached under the dissolution proposal, for the purpose of voting on the dissolution proposal.

3. If the dissolution proposal is approved by a majority of all directors voting on the proposal, the proposal shall be forwarded to the state board by November 1. The state board shall review the dissolution plan proposal and shall prior to January 1 either grant approval for the proposal or return the proposal with recommendations. An unapproved proposal may be resubmitted with modifications to the state board not later than February 1. A proposal shall take effect on July 1 of the fiscal year following the date of approval by the state board.

Approved May 3, 2001

CHAPTER 115

TAXATION OF ELECTRICITY, NATURAL GAS, AND FUELS USED FOR RESIDENTIAL ENERGY

H.F. 705

AN ACT relating to sales and use taxes on the delivery of electricity and natural gas and to the rate of tax for providing metered gas, electricity, and fuel to provide energy for residential customers.

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

Section 1. Section 422.45, Code 2001, is amended by adding the following new subsection:
NEW SUBSECTION. 2A. The gross receipts from charges paid for the delivery of electricity or natural gas if the sale, furnishing, or service of the electricity or natural gas or its use

is exempt from the tax on gross receipts imposed under this division or from the use tax imposed under chapter 423.

Sec. 2. Section 422.45, subsection 61, as enacted by 2001 Iowa Acts, House File 1,¹ section 2, is amended to read as follows:

61. a. Subject to paragraph "b", the gross receipts from the sale, furnishing, or service of metered gas, ~~and electricity, to provide energy for~~ and fuel, including propane and heating oil to residential customers ~~and the gross receipts from the sale, furnishing, or service of fuel, including propane and heating oil, which is used to provide heat energy~~ for residential dwellings and units of apartment and condominium complexes used for human occupancy.

b. The exemption in this subsection shall be phased in by means of a reduction in the tax rate as follows:

(1) If the date of the utility billing or meter reading cycle of the residential customer for the sale, furnishing, or service of metered gas and electricity is ~~between~~ on or after January 1, 2002, ~~and through~~ December 31, 2002, or if the sale, furnishing, or service of fuel for heating purposes occurs between of residential energy and the delivery of the fuel occurs on or after January 1, 2002, ~~and through~~ December 31, 2002, the rate of tax is four percent of the gross receipts.

(2) If the date of the utility billing or meter reading cycle of the residential customer for the sale, furnishing, or service of metered gas and electricity is ~~between~~ on or after January 1, 2003, ~~and through~~ December 31, 2003, or if the sale, furnishing, or service of fuel for heating purposes occurs between of residential energy and the delivery of the fuel occurs on or after January 1, 2003, ~~and through~~ December 31, 2003, the rate of tax is three percent of the gross receipts.

(3) If the date of the utility billing or meter reading cycle of the residential customer for the sale, furnishing, or service of metered gas and electricity is ~~between~~ on or after January 1, 2004, ~~and through~~ December 31, 2004, or if the sale, furnishing, or service of fuel for heating purposes occurs between of residential energy and the delivery of the fuel occurs on or after January 1, 2004, ~~and through~~ December 31, 2004, the rate of tax is two percent of the gross receipts.

(4) If the date of the utility billing or meter reading cycle of the residential customer for the sale, furnishing, or service of metered gas and electricity is ~~between~~ on or after January 1, 2005, ~~and through~~ December 31, 2005, or if the sale, furnishing, or service of fuel for heating purposes occurs between of residential energy and the delivery of the fuel occurs on or after January 1, 2005, ~~and through~~ December 31, 2005, the rate of tax is one percent of the gross receipts.

(5) If the date of the utility billing or meter reading cycle of the residential customer for the sale, furnishing, or service of metered gas and electricity is on or after January 1, 2006, or if the sale, furnishing, or service of fuel for heating purposes of residential energy and the delivery of the fuel occurs on or after January 1, 2006, the rate of tax is zero percent of the gross receipts.

c. The exemption in this subsection does not apply to local option sales and services tax imposed pursuant to chapters 422B and 422E.

Approved May 3, 2001

¹ Chapter 1 herein