

CHAPTER 157**LOCAL SALES AND SERVICES TAXES —
SCHOOL INFRASTRUCTURE FUNDING OR PROPERTY TAX RELIEF**

S.F. 445

AN ACT relating to the establishment of a school infrastructure financing program by providing for the sharing of revenues from local option sales and services taxes for school infrastructure purposes and providing for the use of the revenues from the local option tax for school infrastructure or property tax relief purposes and including an effective date.

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

Section 1. Section 422E.1, subsections 2 and 3, Code 2003, are amended to read as follows:

2. The maximum rate of tax shall be one percent. The tax shall be imposed without regard to any other local sales and services tax authorized in chapter 422B, and is repealed at the expiration of a period of ten years of imposition or a shorter period as provided in the ballot proposition. However, all local option sales and services taxes for school infrastructure purposes are repealed December 31, 2022.

3. Local sales and services tax moneys received by a county for school infrastructure purposes pursuant to this chapter shall be utilized solely for school infrastructure needs or property tax relief. For purposes of this chapter, “school infrastructure” means those activities for which a school district is authorized to contract indebtedness and issue general obligation bonds under section 296.1, except those activities related to a teacher’s or superintendent’s home or homes. These activities include the construction, reconstruction, repair, demolition work, purchasing, or remodeling of schoolhouses, stadiums, gyms, fieldhouses, and bus garages and the procurement of schoolhouse construction sites and the making of site improvements and those activities for which revenues under section 298.3 or 300.2 may be spent. Additionally, “school infrastructure” includes the payment or retirement of outstanding bonds previously issued for school infrastructure purposes as defined in this subsection, and the payment or retirement of bonds issued under section 422E.4.

Sec. 2. Section 422E.2, subsection 3, Code 2003, is amended to read as follows:

3. The county commissioner of elections shall submit the question of imposition of a local sales and services tax for school infrastructure purposes at a state general election or at a special election held at any time other than the time of a city regular election. The election shall not be held sooner than sixty days after publication of notice of the ballot proposition. The ballot proposition shall specify the rate of tax, the date the tax will be imposed and repealed, and shall contain a statement as to the specific purpose or purposes for which the revenues shall be expended. The content of the ballot proposition shall be substantially similar to the petition of the board of supervisors or motions of a school district or school districts requesting the election as provided in subsection 2, as applicable, including the rate of tax, imposition and repeal date, and the specific purpose or purposes for which the revenues will be expended. The dates for the imposition and repeal of the tax shall be as provided in subsection 1. The rate of tax shall not be more than one percent ~~as set by the county board of supervisors~~. The state commissioner of elections shall establish by rule the form for the ballot proposition which form shall be uniform throughout the state.

Sec. 3. Section 422E.2, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. a. Each school district located within the county may submit a revenue purpose statement to the county commissioner of elections no later than sixty days prior to the election indicating the specific purpose or purposes for which the local sales and services tax for school infrastructure revenue and supplemental school infrastructure amount revenue will be expended. The revenues received pursuant to this chapter shall be expended for the purposes indicated in the revenue purpose statement. The revenue purpose

statement may include information regarding the school district's use of the revenues to provide for property tax relief or debt reduction. A copy of the revenue purpose statement shall be made available for public inspection in accordance with chapter 22, shall be posted at the appropriate polling places of each school district during the hours that the polls are open, and be published in a newspaper of general circulation in the school district no sooner than twenty days and no later than ten days prior to the election.

b. If a revenue purpose statement is not submitted sixty days prior to the election or revenues remain after fulfilling the purpose specified in the revenue purpose statement, the revenues shall be used to reduce the following levies in the following order:

(1) Bond levies under sections 298.18 and 298.18A and all other debt levies, until the moneys received or the levies are reduced to zero.

(2) The regular physical plant and equipment levy under section 298.2, until the moneys received or the levy is reduced to zero.

(3) The voter-approved physical plant and equipment levy and income surtax, if any, under section 298.2, until the moneys received or the levy and income surtax, if any, is reduced to zero.

(4) The public educational and recreational levy under section 300.2, until the moneys received or the levy is reduced to zero.

(5) The schoolhouse tax levy under section 278.1, subsection 7, Code 1989, until the moneys received or the levy is reduced to zero.

Any money remaining after the reduction of the levies specified in this paragraph "b" may be used for any authorized infrastructure purpose of the school district.

c. Counties holding an election on the local sales and services tax for school infrastructure purposes on or after April 1, 2003, but before July 1, 2003, which approve the imposition of the tax at the election shall expend the revenues for any authorized infrastructure purpose of the school district.

Sec. 4. Section 422E.2, subsection 4, Code 2003, is amended to read as follows:

4. a. The tax may be repealed or the rate increased, but not above one percent, or decreased, or the use of the revenues changed after an election at which a majority of those voting on the question of repeal, ~~or rate change, or change in use~~ favored the repeal, ~~or rate change, or change in use~~. The election at which the question of repeal, ~~or rate change, or change in use~~ is offered shall be called and held in the same manner and under the same conditions as provided in this section for the election on the imposition of the tax. However, an election on the change in use shall only be held in the school district where the change in use is proposed to occur. The election may be held at any time but not sooner than sixty days following publication of the ballot proposition. However, the tax shall not be repealed before it has been in effect for one year.

b. Within ten days of the election at which a majority of those voting on the question favors the imposition, repeal, or change in the rate of the tax, the county auditor shall give written notice of the result of the election by sending a copy of the abstract of the votes from the favorable election to the director of revenue and finance. Election costs shall be apportioned among school districts within the county on a pro rata basis in proportion to the number of registered voters in each school district who reside within the county and the total number of registered voters within the county.

c. A local option sales and services tax shall not be repealed or reduced in rate if obligations are outstanding which are payable as provided in section 422E.4, unless funds sufficient to pay the principal, interest, and premium, if any, on the outstanding obligations at and prior to maturity have been properly set aside and pledged for that purpose. However, this paragraph does not apply to the repeal of the tax on December 31, 2022, as specified in section 422E.1, subsection 2.

Sec. 5. Section 422E.3, subsection 4, Code 2003, is amended to read as follows:

4. The director of revenue and finance shall credit tax receipts and interest and penalties

from the local sales and services tax for school infrastructure purposes to an account within the ~~county's local sales and services tax fund, as created in section 422B.10, subsection 1~~ secure an advanced vision for education fund, as provided in section 422E.3A, maintained in the name of the school district or school districts located within the county. If the director is unable to determine from which county any of the receipts were collected, those receipts shall be allocated among the possible counties based on allocation rules adopted by the director.

Sec. 6. Section 422E.3, subsection 5, unnumbered paragraph 1, Code 2003, is amended to read as follows:

d. (1) If more than one school district, or a portion of a school district, is located within the county, tax receipts shall be remitted to each school district or portion of a school district in which the county tax is imposed in a pro rata share based upon the ratio which the ~~percentage~~ of actual enrollment for the school district that attends school in the county bears to ~~the percentage~~ of the total combined actual enrollments for all school districts that attend school in the county.

(2) The combined actual enrollment for a county, for purposes of this section, shall be determined for each county ~~imposing a sales and services tax for school infrastructure purposes~~ by the department of management based on the actual enrollment figures reported by October 1 to the department of management by the department of education pursuant to section 257.6, subsection 1. The combined actual enrollment count shall be forwarded to the director of the ~~department of management~~ revenue and finance by March 1, annually, for purposes of supplying estimated tax payment figures and making estimated tax payments pursuant to this section for the following fiscal year.

e. Notwithstanding the amount of tax receipts credited to the account within the secure an advanced vision for education fund maintained in the name of a school district, the amount of tax receipts the school district shall receive from the tax imposed in the county shall be determined as provided in section 422E.3A, subsection 2.

Sec. 7. Section 422E.3, subsection 7, Code 2003, is amended to read as follows:

7. Construction contractors may make application to the department for a refund of the additional local sales and services tax paid under this chapter by reason of taxes paid on goods, wares, or merchandise under the conditions specified in section 422B.11. The refund shall be paid by the department from the appropriate school district's account in the ~~local sales and services tax~~ secure an advanced vision for education fund. The penalty provisions contained in section 422B.11, subsection 3, shall apply regarding an erroneous application for refund of local sales and services tax paid under this chapter.

Sec. 8. NEW SECTION. 422E.3A SECURE AN ADVANCED VISION FOR EDUCATION FUND.

1. A secure an advanced vision for education fund is created as a separate and distinct fund in the state treasury under the control of the department of revenue and finance. Moneys in the fund include revenues credited to the fund pursuant to this chapter, appropriations made to the fund, and other moneys deposited into the fund. Any amounts disbursed from the fund shall be utilized for school infrastructure purposes or property tax relief.

2. The moneys credited in a fiscal year to the secure an advanced vision for education fund shall be distributed as follows:

a. A school district that is located in whole or in part in a county that voted on and approved prior to April 1, 2003, the local sales and services tax for school infrastructure purposes and that has a sales tax capacity per student above the guaranteed school infrastructure amount shall receive an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 422E.3, subsection 5, paragraph "d".¹

b. (1) A school district that is located in whole or in part in a county that voted on and approved prior to April 1, 2003, the local sales and services tax for school infrastructure purposes and that has a sales tax capacity per student below its guaranteed school infrastructure

¹ See 2003 Iowa Acts, First Extraordinary Session, chapter 2, §20 herein

amount shall receive an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 422E.3, subsection 5, paragraph “d”, plus an amount equal to its supplemental school infrastructure amount.²

(2) A school district that is located in whole or in part in a county that voted on and approved on or after April 1, 2003, the local sales and services tax for school infrastructure purposes shall receive an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 422E.3, subsection 5, paragraph “d”, not to exceed its guaranteed school infrastructure amount. However, if the school district’s pro rata share is less than its guaranteed school infrastructure amount, the district shall receive an additional amount equal to its supplemental school infrastructure amount.

(3) A school district that is located in whole or in part in a county that voted on and approved the continuation of the tax on or after April 1, 2003, the local sales and services tax for school infrastructure purposes shall receive an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 422E.3, subsection 5, paragraph “d”, not to exceed its guaranteed school infrastructure amount. However, if the school district’s pro rata share is less than its guaranteed school infrastructure amount, the district shall receive an additional amount equal to its supplemental school infrastructure amount.

(4) The amount distributed under this paragraph “b” which a school district receives shall not exceed the guaranteed school infrastructure amount. A school district qualifying for a supplemental school infrastructure amount pursuant to this paragraph “b” shall not receive more than the guaranteed school infrastructure amount in any subsequent year.

c. In the case of a school district located in more than one county, the amount to be distributed to the school district shall be separately computed for each county based upon the school district’s actual enrollment that attends school in the county.

3. a. The director of revenue and finance by June 1 preceding each fiscal year shall compute the guaranteed school infrastructure amount for each school district, each school district’s sales tax capacity per student for each county, the statewide tax revenues per student,³ and the supplemental school infrastructure amount for the coming fiscal year.

b. For purposes of distributions under subsection 2:

(1) “Guaranteed school infrastructure amount” means for a school district the statewide tax revenues per student, multiplied by the quotient of the tax rate percent imposed in the county, divided by one percent and multiplied by the quotient of the number of quarters the tax is imposed during the fiscal year divided by four quarters.

(2) “Sales tax capacity per student” means for a school district the estimated amount of revenues that a school district receives or would receive if a local sales and services tax for school infrastructure purposes is imposed at one percent in the county pursuant to section 422E.2, divided by the school district’s actual enrollment as determined in section 422E.3, subsection 5, paragraph “d”.

(3) “Statewide tax revenues per student” means the amount determined by estimating the total revenues that would be generated by a one percent local option sales and services tax for school infrastructure purposes if imposed by all the counties during the entire fiscal year and dividing this estimated revenue amount by the sum of the combined actual enrollment for all counties as determined in section 422E.3, subsection 5, paragraph “d”, subparagraph (2).⁴

(4) “Supplemental school infrastructure amount” means the guaranteed school infrastructure amount for the school district less its pro rata share of local sales and services tax for school infrastructure purposes as provided in section 422E.3, subsection 5, paragraph “d”.

4. a. For the purposes of distribution under subsection 2, paragraph “b”, subparagraph (1), a school district with a sales tax capacity per student below its guaranteed school infrastructure amount shall use the amount equal to the guaranteed school infrastructure amount less the pro rata share amount in accordance with section 422E.3, subsection 5, paragraph “d”, for the purpose of paying principal and interest on outstanding bonds previously issued for school infrastructure purposes as defined in section 422E.1, subsection 3. Any money remaining after the payment of all principal and interest on outstanding bonds previously issued for infrastruc-

² See 2003 Iowa Acts, First Extraordinary Session, chapter 2, §21 herein

³ See 2003 Iowa Acts, First Extraordinary Session, chapter 2, §22 herein

⁴ See 2003 Iowa Acts, First Extraordinary Session, chapter 2, §23 herein

ture purposes may be used for any authorized infrastructure purpose of the school district. If a majority of the voters in the school district approves the use of revenue pursuant to a revenue purpose statement in an election held after July 1, 2003, in the school district pursuant to section 422E.2, the school district may use the amount for the purposes specified in its revenue purpose statement.

b. Nothing in this section shall prevent a school district from using its sales tax capacity per student or guaranteed school infrastructure amount to pay principal and interest on obligations issued pursuant to section 422E.4.

5. In the case of a deficiency in the fund to pay the supplemental school infrastructure amounts in full, the amount available in the fund less the sales and services tax revenues for school infrastructure purposes attributed to each school district should be allocated based on the proportion of actual enrollment in the district to the combined actual enrollment in the counties where the sales and services tax for school infrastructure purposes has been imposed and the school districts in the counties qualify for the supplemental school infrastructure amount.⁵

6. A school district with less than two hundred fifty actual enrollment or less than one hundred actual enrollment in the high school⁶ shall not expend the supplemental school infrastructure amount received for new construction or for payments for bonds issued for new construction against the supplemental school infrastructure amount without prior application to the department of education and receipt of a certificate of need pursuant to this subsection. However, a certificate of need is not required for the payment of outstanding bonds issued for new construction pursuant to section 296.1, before April 1, 2003. A certificate of need is also not required for repairing schoolhouses or buildings, equipment, technology, or transportation equipment for transporting students as provided in section 298.3, or for construction necessary for compliance with the federal Americans With Disabilities Act pursuant to 42 U.S.C. § 12101-12117. In determining whether a certificate of need shall be issued or denied, the department shall consider all of the following:

- a. Enrollment trends in the grades that will be served at the new construction site.
- b. The infeasibility of remodeling, reconstructing, or repairing existing buildings.
- c. The fire and health safety needs of the school district.
- d. The distance, convenience, cost of transportation, and accessibility of the new construction site to the students to be served at the new construction site.
- e. Availability of alternative, less costly, or more effective means of serving the needs of the students.
- f. The financial condition of the district, including the effect of the decline of the budget guarantee and unspent balance.
- g. Broad and long-term ability of the district to support the facility and the quality of the academic program.
- h. Cooperation with other educational entities including other school districts, area education agencies, postsecondary institutions, and local communities.

Sec. 9. Section 422E.4, unnumbered paragraphs 1 and 2, Code 2003, are amended to read as follows:

The board of directors of a school district shall be authorized to issue negotiable, interest-bearing school bonds, without election, and utilize tax receipts derived from the sales and services tax for school infrastructure purposes and the supplemental school infrastructure amount distributed pursuant to section 422E.3A, subsection 2, paragraph "b", for principal and interest repayment. Proceeds of the bonds issued pursuant to this section shall be utilized solely for school infrastructure needs as school infrastructure is defined in section 422E.1, subsection 3. Issuance of bonds pursuant to this section shall be permitted only in a district which has imposed a local sales and services tax for school infrastructure purposes pursuant to section 422E.2. The provisions of sections 298.22 through 298.24 shall apply regarding the form, rate of interest, registration, redemption, and recording of bond issues pursuant to this section, with the exception that the maximum period during which principal on the bonds is payable

⁵ See 2003 Iowa Acts, First Extraordinary Session, chapter 2, §24 herein

⁶ See 2003 Iowa Acts, First Extraordinary Session, chapter 2, §25 herein

shall not exceed a ~~ten-year period~~, or the date of repeal stated on the ballot proposition.

A school district in which a local option sales tax for school infrastructure purposes has been imposed shall be authorized to enter into a chapter 28E agreement with one or more cities or a county whose boundaries encompass all or a part of the area of the school district. A city or cities entering into a chapter 28E agreement shall be authorized to expend its designated portion of the local option sales and services tax revenues for any valid purpose permitted in this chapter or authorized by the governing body of the city. A county entering into a chapter 28E agreement with a school district in which a local option sales tax for school infrastructure purposes has been imposed shall be authorized to expend its designated portion of the local option sales and services tax revenues to provide property tax relief within the boundaries of the school district located in the county. A school district where a local option sales and services tax is imposed is also authorized to enter into a chapter 28E agreement with another school district, a community college, or an area education agency which is located partially or entirely in or is contiguous to the county where the tax is imposed. The school district or community college shall only expend its designated portion of the local option sales and services tax for infrastructure purposes. The area education agency shall only expend its designated portion of the local option school infrastructure sales tax for infrastructure and maintenance purposes.

Sec. 10. NEW SECTION. 422E.6 REPEAL.

This chapter is repealed June 30, 2023, for fiscal years beginning after that date.

Sec. 11. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 30, 2003

CHAPTER 158

TARGETED ECONOMIC DEVELOPMENT PROJECTS

H.F. 329

AN ACT relating to site preparation for targeted economic development.

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

Section 1. NEW SECTION. 15E.18 CITIES, COUNTIES, AND REGIONS — SITE PREPARATION FOR TARGETED ECONOMIC DEVELOPMENT.

1. For purposes of this section, “region” means a group of two or more contiguous counties that establishes a single, focused economic development effort.

2. A city, county, or region, subject to the approval of the property owner, may designate an area within the boundaries of the city, county, or region for a specific type of targeted economic development. The specific type of targeted economic development shall be one of the following:

- a. Manufacturing.
- b. Light industrial.
- c. Warehouse and distribution.
- d. Office parks.
- e. Business and commerce parks.
- f. Research and development.