

February 26, 1957.
Ways and Means.

House File 406

By VERMEER, BROWN, SMITH,
McNEAL, DEN HERDER, CUNNINGHAM,
CURRIE, STEPHENS, MILROY, JOHNS
and WALTER of Hardin.

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

A BILL FOR

An Act to provide an educational sales and use tax, to prescribe the allocation of the revenue raised by such tax, and to amend and repeal certain sections of the Code relating to or replaced by the provisions of this Act.

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

- 1 Section 1. Section four hundred twenty-two point
- 2 forty-three (422.43), Code 1954, as amended by section seven
- 3 (7), chapter forty-five (45), and sections one (1) and two
- 4 (2), chapter two hundred and twelve (212), Acts of the
- 5 Fifty-sixth General Assembly, is hereby amended as follows:
- 6 1. By adding thereto the following: "There is hereby
- 7 imposed beginning the first day of July, 1957, an additional
- 8 tax of one (1) percent upon the gross receipts from all sales
- 9 of tangible personal property and all other transactions
- 10 subject to sales tax under the provisions of this section.
- 11 This tax shall be known as the educational sales tax and the
- 12 proceeds of such tax shall be appropriated as prescribed in
- 13 Section five (5) of this Act. All provisions of the Code
- 14 relating to the imposition, collection and administration of
- 15 the sales tax shall apply to the educational sales tax."
- 16 2. By inserting after the word "revenues" in line
- 17 fifty-five (55) the words ", except those from the educational
- 18 sales tax,".

1 Sec. 2. Section four hundred twenty-two point sixty-two
2 (422.62), Code 1954, as amended by section eight (8), chapter
3 forty-five (45), Acts of the Fifty-Sixth General Assembly, is
4 hereby amended as follows:

5 1. By inserting after the word "receipts" in line seven
6 (7) the words, ", except those from the educational sales tax,".

7 2. By inserting after word "chapter," in lines eleven (11)
8 and twelve (12) the words "except the proceeds of the educational
9 sales tax,".

10 3. By inserting after the word "commission." in line
11 seventeen (17) the following new sentences: "The proceeds of the
12 educational sales tax shall be credited by the treasurer of
13 state in the manner provided for in section five (5) of this Act."

1 Sec. 3. Section four hundred twenty-three point two (423.2),
2 Code 1954, as amended by section nine (9), chapter forty-five
3 (45), Acts of the Fifty-Sixth General Assembly, is hereby amended
4 by adding to such section the following:

5 "An excise tax is hereby imposed up the use in this state
6 of tangible personal property purchased on or after the first
7 day of July, 1957, for use in this state, except motor vehicles,
8 trailers and motor vehicle accessories and equipment, at the rate
9 of one (1) percent of the purchase price of such property. This
10 tax shall be known as the educational use tax and shall be in
11 addition to all other use taxes imposed. Said tax is hereby
12 imposed upon every person using such property within this state
13 until such tax has been paid through the retailer or to the
14 state tax commission as hereinafter provided. This tax shall
15 not apply to the use of tangible personal property exempted
16 by section four hundred twenty-three point four (423.4). All

17 provisions of the Code relating to the imposition, collection
18 and administration of the use tax shall apply to the
19 educational use tax."

1 Sec. 4. Section four hundred twenty-three point
2 twenty-four (423.24), Code 1954, as amended by section ten
3 (10), chapter forty-five (45), Acts of the Fifty-sixth
4 General Assembly, is hereby amended as follows:

5 1. By adding to line one of such section before the
6 word "All" the number "1."

7 2. By adding to such sections the following new
8 subsection: "2. Subsection one (1) of this section shall not
9 apply to the proceeds of the educational use tax. The proceeds
10 of the educational use tax shall be appropriated as prescribed
11 in Section five (5) of the Act."

1 Sec. 5. The proceeds of the education sales and use
2 taxes received by the state treasurer during each fiscal
3 year beginning July 1, 1957, shall be held by the state
4 treasurer in a special fund during such fiscal year. On
5 the first day of each fiscal year beginning July 1, 1958,
6 the proceeds of the educational sales and use tax from the
7 prior fiscal year held by the state treasurer are hereby
8 appropriated as follows:

9 First, to the standard school aid fund the sum of
10 four million dollars (\$4,000,000) each year for distribution
11 on an average daily attendance basis to the school districts
12 of this state meeting the requirements for such standard
13 school aid.

14 Second, to the agricultural land credit fund held
15 by the state treasurer the sum of two million dollars (\$2,000,000)

16 each year to be apportioned in accordance with chapter four
17 hundred twenty-six (426), Code 1954.

18 Third, the remainder of the proceeds to the general
19 school aid fund held by the state treasurer for distribution
20 to the school districts of the state on a per pupil basis for
21 elementary and high school pupils as prescribed in chapter two
22 hundred eighty-six A (286A), Code 1954.

1 Sec. 6. Section four hundred twenty-six point one
2 (426.1), Code 1954, as amended by chapter two hundred fifteen
3 (215), Acts of the Fifty-sixth General Assembly is hereby
4 amended by striking the period (.) after the word "dollars"
5 in line nine (9) and by adding the words "and for the fiscal
6 year beginning July 1, 1958, and each fiscal year thereafter
7 from the proceeds of the educational sales and use taxes an
8 additional sum of two million dollars (\$2,000,000)."

1 Sec. 7. Section two hundred eighty-six A point three
2 (286A.3), Code 1954, is hereby amended by striking from line
3 three (3) the word "seventeen" and inserting in lieu thereof
4 the word "twenty-five (25)", and by striking the word "twenty"
5 from line four (4) and inserting in lieu thereof the word
6 "thirty (30)".

1 Sec. 8. Section two hundred eighty-six A point four
2 (286A.4), Code 1954, is hereby amended as follows:

3 1. Strike from line four (4) the word "seventeen" and
4 insert in lieu thereof the word "twenty-five (25)".

5 2. Strike from line twelve (12) the words "twenty" and
6 insert in lieu thereof the word "thirty (30)".

1 Sec. 9. Section two hundred eighty-six A point one
2 (286A.1), Code 1954, is hereby amended by striking all of

3 line six (6) through line ten (10) and inserting in lieu
 4 thereof the following:
 5 "No school district shall receive financial aid under
 6 the provisions of this chapter if either the school tax levy
 7 or the general fund was less than fifteen (15) mills in such
 8 district for the preceding year, or that the current budget
 9 for general fund expenditures exceeds by more than five (5)
 10 percent, in terms of dollars per pupil in average daily
 11 attendance, the general fund budgeted expenditures in dollars
 12 per pupil in average daily attendance for the preceding school
 13 year, or both."

1 Sec. 10. This Act, being deemed of immediate importance,
 2 shall take effect and be in full force from and after its
 3 passage and publication in,
 4 a newspaper published at, Iowa,
 5 and in, a newspaper
 6 published at, Iowa.

EXPLANATION OF HOUSE FILE 406

The purpose of this bill is to enact a one percent retail sales and use tax with the entire revenue to be used solely for educational purposes: (1) Payment of four million dollars standard aid; (2) payment of two million dollars additional agricultural land tax credit, and (3) the remainder for general school aid

HOUSE FILE 406

1 Amend House File 406 as follows:
 2 1. Amend the title by striking all after the word, "to" in
 3 line one (1) and substituting therefore the following:
 4 "enable counties to impose a sales and use tax for school
 5 purposes."
 6 2. By striking all after the enacting clause and inserting
 7 in lieu thereof the following:
 8 Section 1. Any county is hereby authorized and empowered
 9 to impose by ordinance enacted by the board of supervisors,
 10 any other provisions of the Code to the contrary notwithstanding,
 11 a retail sales tax, hereinafter referred to as a sales tax,
 12 upon the gross receipts from all retail sales of tangible
 13 personal property and other transactions within such county
 14 which at the time of the imposition of the county tax are
 15 subjected to the imposition and payment of the state retail
 16 sales tax and a complementary excise tax, hereinafter referred
 17 to as a use tax, on all use within such county of tangible
 18 personal property which, except as provided otherwise in this
 19 Act, at the time of the imposition of the county tax is subjected
 20 to the imposition and payment of the state excise tax on the use
 21 of tangible personal property.

22 The exemption from the imposition of the state use tax of
23 tangible personal property, the gross receipts from the sale of
24 which are subject to the state sales tax, provided in subsection
25 one (1), section four hundred twenty-three point four (423.4)
26 of the Code, shall not apply to the county use tax; but the
27 county use tax shall not be imposed upon the use of tangible
28 personal property, the gross receipts from the sale of which are
29 subject to the county sales tax of the same county. In the case
30 of tangible personal property brought into the county, if a
31 sales, excise, or occupation tax has already been paid on or with
32 respect to such property or its sale or use to any municipality,
33 county or other political subdivision of this or any other state,
34 then the rate of the county use tax shall be reduced by the rate
35 of such previous tax, and if the rate of such previous tax shall
36 be equal to or exceed the rate of the county use tax, no tax
37 shall be due. Notwithstanding any other provisions of this Act,
38 in no case shall the county sales and use tax be imposed upon the
39 sale or use of any commodity which is subjected to taxation under
40 chapter three hundred twenty-four (324) of the Code; nor shall
41 the county sales and use tax apply to the use of any tangible
42 personal property for the performance of building or construction
43 contracts executed prior to the date the imposition of the county
44 sales and use tax becomes operative and effective.

45 The rate of such county tax shall not exceed one (1) percent
46 of the gross receipts from such sales and other transactions as
47 are subject to the sales tax and one (1) percent of the purchase
48 price of such tangible personal property the use of which is
49 subject to the use tax.

50 Sec. 2. The sales and use tax imposed by a county pursuant
51 to this Act and all civil penalties that may be assessed as an
52 incident thereof shall be collected and enforced by the state tax
53 commission. The commission shall have full power to administer
54 and enforce this Act and such county ordinance and tax, to
55 collect all taxes and penalties due, to dispose of taxes and
56 penalties so collected in the manner hereinafter provided, and
57 to determine all rights to refunds arising on account of the
58 erroneous payment of a tax or penalty. In the administration and
59 compliance with this Act and in the administration, collection
60 and enforcement of such county ordinance and tax, the commission
61 and all persons who are subject to this Act and such county tax
62 shall have the same rights, remedies, privileges, immunities,
63 powers and duties and be subject to the same conditions,
64 restrictions, limitations, penalties and definitions of term, and
65 employ the same methods of procedure, as are prescribed in
66 Division IV, chapter four hundred twenty-two (422) and chapter
67 four hundred twenty-three (423) of the Code, in all respects
68 except the rate of tax and the disposition of tax and penalties
69 collected, as the same are now or may thereafter be amended, as
70 fully as if such provisions of the Code were set forth herein.
71 Provided, however, that any place in such provisions of the Code
72 where the words "state" or "Iowa" or other words of similar
73 import appear, the words "county" or the name of the county or
74 such other word of similar import shall be substituted if
75 required by the meaning of such provisions of the Code in order
76 to place such county retail sales and use tax upon the same
77 relative basis, extent, territorial extent and other status as
78 the state retail sales and use taxes.

79 All permits and licenses required by the provisions of the
80 Code relating to the state sales and use taxes shall apply to
81 the county sales and use tax and no additional permits or
82 licenses shall be required of any person by virtue of a county
83 sales and use tax. All county treasurers and retailers shall
84 have the same duties, responsibilities and powers to administer,
85 collect and enforce the county sales and use tax as are
86 prescribed for county treasurers and retailers in the
87 administration, collection and enforcement of the state sales and
88 use tax. The state tax commission shall forthwith pay over to
89 the state treasurer all taxes and penalties so collected. On or
90 before the tenth day of each calendar month, the commission shall
91 notify the state treasurer and state comptroller, in writing, to
92 disburse stated sums of money to the treasurer of the individual
93 counties from which the commission has received or collected
94 taxes or penalties hereunder during the second preceding calendar

95 month. The amount to be paid to each county shall be the amount,
96 after deduction of refunds, collected or received hereunder from
97 such county during the second preceding calendar month by the
98 commission less three (3) percent of such amount, after deduction
99 of refunds, which three (3) percent shall be retained by the
100 state treasurer and credited to the general fund of the state to
101 cover the cost incurred by the commission in administering and
102 enforcing this Act. Within ten (10) days after the receipt, by
103 the state treasurer and comptroller, of the disbursement
104 notification, such disbursement shall be made.

105 Sec. 3. An ordinance of the county board of supervisors
106 imposing a county sales and use tax shall specifically provide
107 that the net revenue to the county shall be for the general
108 school fund of the several school districts in said county and
109 that all of such revenue shall be credited to the school districts
110 in the manner provided in this Act.

111 Sec. 4. After passing of an ordinance imposing a county sales
112 and use tax by the county board of supervisors, the tax so
113 imposed shall not become operative and effective until:

114 1. The question of whether the imposition of such tax shall
115 be operative and effective within such county shall be submitted
116 to the electors of such county, not earlier than thirty (30) and
117 not later than ninety (90) days following the enactment of such
118 ordinance of the board of supervisors, at a general election or
119 a special election called for such purpose.

120 2. The question submitted to the electors shall include a
121 statement of the ordinance and the question of whether the tax
122 imposed by the ordinance shall be operative and effective within
123 such county. Prior to the election, such question, including the
124 ordinances, and notice of such election shall be published in a
125 newspaper of general circulation within such county, if there is
126 one, at least once each week for the three (3) full consecutive
127 weeks last preceding the election and copies of such question,
128 including the ordinance and notice of such election shall be
129 posted at least twenty (20) days prior to the election in at
130 least five (5) public places within the county.

131 3. If a majority of all votes cast upon such question shall
132 be in the affirmative, the tax imposed by such ordinance shall
133 become operative and effective within such county at the time
134 provided herein.

135 Sec. 5. As soon as may be possible the results of the
136 election shall be published for three (3) consecutive weeks in
137 a newspaper of general circulation within such county, if there
138 is one, and posted in five (5) public places within the county.

139 Sec. 6. A county sales and use tax once imposed and its
140 imposition made operative and effective may be repealed or its
141 rate changed only by enactment by the board of supervisors of an
142 ordinance repealing or changing the rate of such tax. Such
143 repeal or change in rate shall be effective and operative within
144 such county only after the question of whether such repeal or
145 change in rate shall be so operative and effective shall be
146 submitted to and approved by the electors of such county in
147 compliance with all appropriate provisions of this Act relating
148 to the submission of the original question as to whether the
149 imposition of such tax should be operative and effective.
150 However, if at any time subsequent to the original enactment of
151 an ordinance imposing such a tax by the board of supervisors of
152 any county, any change or amendment is made in the laws of the
153 state of Iowa regarding the sales, other transactions, and uses
154 of taxable personal property which are subjected to the imposition
155 and payment of the state sales and use taxes, then any such county
156 ordinance imposing a county sales and use tax shall automatically
157 be amended by the board of supervisors of such county to conform
158 with the amended or changed provisions of the state law regarding
159 the imposition and payment of the state sales and use taxes.
160 Such amendments to a county ordinance shall become effective at
161 the same time as do the amendments or changes to the state laws
162 and shall not be subject to the requirements of this Act
163 requiring the submission of questions to the electors of the
164 county. Such amendments shall be published and posted in the
165 same manner required by this Act for results of an election
166 concerning a question submitted to the people

167 Sec. 7. Upon approval of the electors of a question regarding
168 whether the imposition, repeal, or change in rate of such tax
169 shall be operative and effective within such county, such
170 imposition, repeal, or change in rate shall become so operative
171 and effective on the first day of the second quarterly period,
172 as defined in section four hundred twenty-two point fifty-two
173 (422.52) of the Code, following such election. The board of
174 supervisors of the county shall transmit the results of such
175 election and a certified copy of the ordinance to the state tax
176 commission within five (5) days after the results of the election
177 have been officially determined. This notification shall
178 constitute sufficient authority for the commission to perform all
179 duties and responsibilities and other acts required of it by this
180 Act.

181 Sec. 8. Within ten (10) days after receipt by the county
182 treasurer from the state treasurer of the monthly payment of the
183 proceeds of a county sales and use tax, the county treasurer
184 shall disburse such part of such moneys to each school district
185 located in whole or part within the county as is equal to such
186 school district's proportion of the number of pupils living in
187 the county and in average daily attendance in public schools or
188 junior colleges. Such moneys shall be credited to the general
189 fund of the school district and may be used for any purpose for
190 which such general fund may be expended

191 Sec. 9. Within thirty (30) days after the effective date of
192 a county sales and use tax in a county and at the close of each
193 school year thereafter, but not later than July 5, each school
194 district located in whole or part within such county shall supply
195 to the state department of public instruction the information
196 required for the calculation of that part of the county sales and
197 use tax to be paid to such school district. Forms for this
198 purpose shall be supplied by the state department to each school
199 district not later than July 1. After such information has been
200 calculated and validated for accuracy, the department shall
201 certify to the county treasurer the proportionate share of the
202 proceeds of the county sales and use tax to be paid to each
203 school district located in whole or part within the county.
204 For the purposes of this calculation a school year shall be
205 deemed to be that period from July of a year to July 30 of the
206 next year. A school district's proportionate share of the
207 proceeds of the county sales and use tax during a school year
208 shall be calculated and paid on the basis of the school
209 district's proportionate share of the number of pupils living in
210 the county and in average daily attendance at public schools or
211 junior colleges during the last preceding school year. When such
212 conditions as unnatural weather hazards, bad roads, epidemics and
213 the like, occur to such an extent as to penalize any school
214 district, the superintendent of public instruction may adjust the
215 formula by taking the average of several months attendance in
216 such district in lieu of the attendance during the entire school
217 year so as to exclude the months affected by such conditions.

218 Sec. 10. Section three hundred thirty-two point three
219 (332.3), Code 1954, is hereby amended by adding the following new
220 subsection:

221 "To enact ordinances imposing and levying a county sales and
222 use tax for school purposes as authorized by this Act."

Filed
April 10, 1957.

REPPERT of Polk.

HOUSE FILE 466

- 1 Amend the Reppert amendment to House File 406, filed
- 2 April 10, 1957, by adding after Section 10 the
- 3 following new section:
- 4 "Provided, however, that the purchase of any property
- 5 or other thing which is subject to a sales tax under the
- 6 provisions of chapter 422 of the Code of Iowa, as
- 7 amended, by any citizen of the state of Iowa outside of
- 8 the county of his residence shall be exempt from any sales
- 9 tax provided for in chapter 422"

Filed
April 11, 1957

BROWN of Keokuk.