

County Act

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SENATE FILE 472

By KINLEY

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

A BILL FOR

1 An Act to authorize the establishment of a consolidated
2 government for a county, providing for its organization
3 and operation, and providing for the imposition of local
4 taxes by the consolidated government.

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

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1 Section 1. NEW SECTION. CONSOLIDATED GOVERNMENT. A
2 county of the state and the cities located in the county may
3 establish a consolidated government for the county. If a
4 consolidated government is established, the county and city
5 governments approving the adoption of the consolidated govern-
6 ment shall cease to exist. Consolidated governments es-
7 tablished under this Act are municipal corporations.

8 Sec. 2. NEW SECTION. RESOLUTION OR PETITION FOR ESTAB-
9 LISHMENT. A consolidated government may only be established
10 by vote of the qualified electors residing in the cities and
11 the unincorporated area of a county in the manner provided
12 in sections one (1) through eighteen (18) of this Act. A
13 charter commission to propose a form of governance for a
14 consolidated government may be called pursuant to one of the
15 following methods:

16 1. Concurrent resolutions calling for the appointment
17 of a charter commission may be adopted by two or more cities
18 located in the county and transmitted to the county board
19 of supervisors of the county.

20 2. A resolution calling for the appointment of a charter
21 commission may be adopted by the county board of supervisors
22 of the county.

23 3. A petition calling for the appointment of a charter
24 commission, signed by at least ten percent of the voters
25 residing within the county, determined by the number of persons
26 who voted for governor or president of the United States in
27 the county at the last preceding general election, may be
28 filed with the county auditor.

29 Upon receipt of a petition, the county auditor of the
30 county shall examine the petition, certify to the county
31 auditor's knowledge the sufficiency of the signatures, and
32 transmit the petition, together with the auditor's certificate,
33 to the governing body of the county and each city in the
34 county. Upon receipt of a valid petition, the county board
35 of supervisors shall transmit the resolution to the city

1 council of each city in the county.

2 Sec. 3. NEW SECTION. CHARTER COMMISSION. Within thirty
3 days following the receipt of a petition or resolution under
4 section two (2) of this Act, the mayor of each city in the
5 county and the chairperson of the county board of supervisors
6 shall appoint members to a charter commission. The mayors
7 of the cities and chairperson of the county board of
8 supervisors shall appoint a resident who is a qualified elector
9 from each election precinct under the mayor or chairperson's
10 jurisdiction to membership on the charter commission. Members
11 of the charter commission shall serve without compensation.

12 Sec. 4. NEW SECTION. DUTIES OF COMMISSION. The commission
13 shall meet at the call of the chairperson of the county board
14 of supervisors at a location named by the chairperson of the
15 county board. At the organizational meeting, the commission
16 shall select a chairperson from its membership and shall adopt
17 rules of procedure.

18 The commission shall develop the form of government for
19 the consolidated government which may be any combination
20 of the forms of county government and city government allowed
21 by law.

22 Staff assistance may be provided by the county or any city
23 in the county.

24 Sec. 5. NEW SECTION. REPORT OF COMMISSION. Upon
25 completion of the task of the commission, a report of its
26 actions shall be published in a newspaper of general circu-
27 lation in the county. The report of the commission shall
28 be published not later than two years after the date of the
29 organizational meeting.

30 A date, time, and location for a public hearing on the
31 issues shall be set within thirty days of the date of the
32 publication date by the commission and published in the notice.

33 Cost of the publication shall be paid from the county
34 general fund.

35 Sec. 6. NEW SECTION. PUBLIC HEARING PROCEDURE. At the

1 hearing, or any continuation thereof, interested persons may
2 appear and be heard on the proposal for establishment of a
3 consolidated government, the form of government, and matters
4 relating to the effect of the formation of the proposed
5 consolidated government. Following the conclusion of the
6 hearing, the county board shall call an election on the
7 formation of the consolidated government. The election shall
8 be held within thirty days following the date of the public
9 hearing. The county board shall inform the commissioner of
10 elections of the date of the election pursuant to section
11 forty-seven point six (47.6) of the Code.

12 Sec. 7. NEW SECTION. BALLOT PROPOSITION AND ELECTION.

13 The ballot proposition shall be voted upon separately by those
14 qualified electors residing in cities, and shall be
15 substantially in the following form:

16 FORMATION OF CONSOLIDATED GOVERNMENT

17 Shall the government of _____ county and the city
18 of _____ in this county be consolidated and the proposed
19 charter be adopted effective (state the effective date)?

20 YES _____

21 NO _____

22 The proposition shall be deemed to have carried if a ma-
23 jority of qualified electors voting on the proposition ap-
24 proves the formation of the consolidated government and shall
25 be deemed to have passed for each city in which a majority
26 of the qualified electors voting on the proposition approves
27 the formation of the consolidated government.

28 Sec. 8. NEW SECTION. POWERS OF CONSOLIDATED GOVERNMENT.

29 A consolidated government is a municipal corporation, except
30 as expressly limited by the Constitution, and if not
31 inconsistent with the laws of the general assembly, may
32 exercise any power and perform any function granted to cities
33 in chapters three hundred sixty-two (362) through four hundred
34 nineteen (419) and chapters twenty-eight E (28E) and four
35 hundred seventy-three A (473A) of the Code.

1 A consolidated government shall act in an administrative
2 capacity for the state.

3 The consolidated government shall have all the rights,
4 powers, privileges, and benefits of counties then possessed
5 or thereafter conferred by general law or the charter.

6 Sec. 9. NEW SECTION. CONSOLIDATED GOVERNMENT OR-
7 GANIZATION. Following approval at the referendum,
8 representatives appointed by each city council in the
9 consolidated government and the county board of supervisors
10 shall meet and provide for:

11 1. Liquidation of existing bond indebtedness and other
12 obligations of the cities and county.

13 2. Transfer of city and county personnel and continuation
14 of salary, benefits, collective bargaining agreements,
15 retirement rights, and related matters.

16 3. Transfer or other disposition of property and other
17 rights, claims, assets, and franchises of the local governments
18 to be consolidated.

19 4. Establishment of a general services district and an
20 urban services district and the enlargement of urban services
21 districts as provided in section ten (10) of this Act.

22 5. Creation of consolidated government subordinate service
23 and taxing areas as provided in section ten (10) of this Act.

24 Sec. 10. NEW SECTION. SERVICE DISTRICTS.

25 1. The general services district shall include the whole
26 area of the consolidated government. A service or function
27 which is now or in the future assigned by state law to county
28 government shall be performed in the general services district.
29 Additional services may be performed in the general services
30 district with the approval of the governing body of the
31 consolidated government.

32 2. The urban services districts shall consist originally
33 of each city included in the consolidation. Urban services
34 districts within the consolidated government may be
35 noncontiguous. The governing body may specify the services

1 in addition to those provided in the general services district,
2 including all city services, to be provided in the urban
3 services districts. These services shall be financed from
4 revenues secured from within the urban services district.

5 3. Consolidated government subordinate service areas may
6 be established by the governing body in order to furnish
7 services on a less than entire consolidated government basis.
8 Subordinate service areas may be used for any of the following:

9 a. To perform a limited number of city services in
10 territory outside the boundaries of an urban services district,
11 provided that service areas shall become part of the urban
12 services district upon assuming responsibility for a specified
13 number or type of city services.

14 b. To perform noncity services anywhere in the consolidated
15 government.

16 c. To perform a service of a special district included
17 under section eleven (11) of this Act. A service provided
18 within a subordinate service area shall be financed from
19 revenues secured from within the area.

20 4. The governing body shall establish a procedure for
21 adding new services to, discontinuing services in, and
22 transferring services between the general services district,
23 urban services districts, and subordinate service areas.

24 Sec. 11. NEW SECTION. ASSUMPTION OF FUNCTIONS AND
25 SUPERVISION OF SPECIAL DISTRICTS.

26 1. A consolidated government created under sections one
27 (1) through eighteen (18) of this Act may at any time assume
28 all functions, rights, duties, personnel, property, assets,
29 and liabilities of a special district, except a school
30 district, operating entirely within the geographical
31 jurisdiction of the consolidated government.

32 2. The consolidated government shall notify the special
33 district of its desire to assume responsibility for any or
34 all of the special district's functions. Upon the approval
35 of an agreement providing for the transfer of the function

1 and necessary rights, duties, property, assets, and liabilities
2 by the consolidated government and the special district, the
3 special district is dissolved.

4 3. When a consolidated government has been created, a
5 new special district operating wholly within the consolidated
6 government shall not be formed unless the governing body of
7 the consolidated government votes that it is unwilling or
8 unable to perform the proposed service.

9 Sec. 12. NEW SECTION. AUTHORIZATION--ELECTION--IMPO-
10 SITION.

11 1. A consolidated government may impose local taxes
12 authorized by sections one (1) through eighteen (18) of this
13 Act not less than one year from the date the consolidated
14 government is organized and becomes functional, subject to
15 this section.

16 2. The governing body of a consolidated government may
17 direct the county commissioner of elections to submit at the
18 next general election the question of imposition of an
19 authorized local tax to the qualified electors within the
20 county on its own motion. The governing body of a consolidated
21 government which submits the question on its own motion shall
22 do so not later than sixty days before the date of a general
23 election.

24 3. The county commissioner of elections shall submit the
25 question of imposition of a local tax only at a general
26 election.

27 4. If a majority of those voting in the entire county
28 favors imposition of a local tax, the governing body of the
29 consolidated government shall impose the tax, by resolution,
30 in the entire county.

31 5. A local tax shall be imposed or discontinued only by
32 resolution of the governing body of the consolidated govern-
33 ment.

34 Sec. 13. NEW SECTION. LOCAL INCOME TAX. An annual local
35 income tax surtax may be imposed on every individual resident

1 taxpayer at a rate not to exceed ten percent of the taxpayer's
2 computed state individual income tax liability for the tax
3 year.

4 Sec. 14. NEW SECTION. LOCAL SALES AND USE TAX. A local
5 sales and use tax at a rate of one percent may be imposed
6 on the gross receipts taxed by the state under chapter four
7 hundred twenty-two (422), division four (IV), of the Code,
8 and under chapter four hundred twenty-three (423) of the Code.
9 A local sales and use tax shall be imposed on the same basis
10 as the state sales and use tax and may not be imposed on the
11 sale or use of any property or on any service not taxed by
12 the state. A local sales and use tax is applicable only to
13 transactions within the territorial limits of the consolidated
14 government imposing it, and shall be collected by all persons
15 required to collect state gross receipts or use taxes.

16 The amount of the sale, for purposes of determining the
17 amount of the local sales and use tax, does not include the
18 amount of any state gross receipts or use taxes.

19 No tax permit other than the state tax permit required
20 under section four hundred twenty-two point fifty-three
21 (422.53) of the Code may be required by local authorities.

22 Sec. 15. NEW SECTION. EARNINGS TAX. An annual local
23 earnings tax may be imposed on every individual resident and
24 nonresident taxpayer exclusive of fiduciaries and corporations,
25 at a rate not to exceed ten percent of the taxpayer's Iowa
26 taxable income derived from work performed and services
27 rendered within the limits of the consolidated government
28 imposing the tax. A consolidated government imposing an
29 earnings tax shall give a credit for any local income tax
30 paid by the taxpayer on income which is also subject to the
31 earnings tax.

32 For purposes of this section, "nonresident taxpayer" means
33 an individual taxpayer who derives income from sources with-
34 in the territorial limits of the consolidated government
35 imposing the tax although the taxpayer's principal place of

1 residence is not in the territorial limits of the consolidated
2 government, and a fiduciary or a corporation which is a
3 taxpayer and which derives income from sources within the
4 territorial limits of the consolidated government imposing
5 the tax and "income derived from sources within the territorial
6 limits of the consolidated government" means income of every
7 kind produced as a result of work performed, services rendered,
8 goods sold, and other business activities conducted in the
9 territorial limits of the consolidated government imposing
10 the tax, and includes, but is not limited to dividends and
11 interest from investment property with a situs within the
12 consolidated government, capital gains in excess of capital
13 losses on property located within the consolidated government,
14 and rental income from real and tangible personal property
15 located within the territorial limits of the consolidated
16 government imposing the tax.

17 Sec. 16. NEW SECTION. ADMINISTRATION. A local sales
18 and use tax shall be imposed either January first or July
19 first following a favorable election and a local income or
20 earnings tax shall be imposed January first following a
21 favorable election.

22 The director of revenue shall administer a local income
23 tax, earnings tax, or sales and use tax as nearly as possible
24 in conjunction with the administration of state income tax
25 laws, or state sales and use tax laws. The director shall
26 provide appropriate forms, or provide on the regular state
27 tax forms, for reporting local income tax, earnings tax, or
28 sales and use tax liability.

29 A resolution of a governing body of a consolidated gov-
30 ernment imposing a local income tax, earnings tax, or sales
31 and use tax shall adopt by reference the applicable provisions
32 of the appropriate sections of chapter four hundred twenty-
33 two (422), divisions one (I) and two (II) of the Code for
34 a local income or earnings tax, or chapter four hundred twenty-
35 two (422), division four (IV) and chapter four hundred twenty-

1 three (423) of the Code for a local sales and use tax, and
2 all powers of the director and requirements of the director
3 in administering the state income tax law, or the state gross
4 receipts and use tax law are applicable to the director's
5 administration of a local income tax, earnings tax, or sales
6 and use tax law, as applicable, including but not limited
7 to powers to impose interest and penalties, and requirements
8 for hearing and appeal. Local officials shall confer with
9 the director of revenue and obtain the director's assistance
10 in drafting the ordinance or resolution imposing a local
11 income tax, earnings tax, or sales and use tax. A certified
12 copy of the ordinance or resolution imposing a local income
13 tax, earnings tax, or sales and use tax shall be filed with
14 the director as soon as possible after passage.

15 The director, in consultation with local officials, shall
16 collect and account for a local income tax, earnings tax,
17 or sales and use tax. The director shall retain for the use
18 of the department of revenue one percent of all local income
19 tax, earnings tax, or sales and use tax receipts, to cover
20 administrative expense, and shall credit remaining local
21 income tax, earnings tax, or sales and use tax receipts to
22 a "local tax fund" hereby established in the office of the
23 treasurer of state.

24 Sec. 17. NEW SECTION. PAYMENT TO LOCAL GOVERNMENTS.
25 The treasurer of state shall remit quarterly to the governing
26 body of a consolidated government which has imposed a local
27 income tax, earnings tax, or sales and use tax its share of
28 the balance in the local tax fund. The local tax fund is
29 appropriated for this purpose.

30 Sec. 18. NEW SECTION. USE OF FUNDS. All local income
31 tax, earnings tax, or sales and use tax moneys received by
32 a governing body of a consolidated government may be expended
33 for any lawful consolidated government purpose. However,
34 the consolidated government treasurer, or another official
35 designated by the governing body of the consolidated

1 government, shall credit not less than fifty percent of all
2 local income tax, earnings tax, or sales and use tax moneys
3 received to a special account for property tax relief.

4 The moneys deposited in the special account for property
5 tax relief shall be used to provide a special homestead tax
6 credit for each homestead which qualified for the homestead
7 tax credit granted pursuant to section four hundred twenty-
8 five point one (425.1) of the Code. The consolidated
9 government treasurer shall certify, before July fifteenth
10 of each year, to the appropriate consolidated government
11 official the amount of money in the special account for
12 property tax relief as of June fifteenth of that year. Upon
13 certification, the money in the special account may be spent
14 for any lawful consolidated government purpose. The
15 appropriate consolidated government official shall divide
16 the amount of money certified by the number of qualified
17 homesteads within the corporate limits of the consolidated
18 government to determine the pro rata amount of the special
19 homestead credit to be granted to each qualified homestead.
20 Each qualified homestead shall be credited with the pro rata
21 amount after credit has been given pursuant to chapter four
22 hundred twenty-five point one (425.1) of the Code except that
23 an individual shall not be given more credit than the tax
24 due. Any such excess credit shall be credited proportionately
25 to the other qualified homesteads. In order for a con-
26 solidated government to be qualified to receive remittances
27 from the treasurer of state under this Act, the appropriate
28 consolidated government official, before July fifteenth of
29 each year, shall certify to the treasurer of state that the
30 special homestead tax credit has been made.

31 Sec. 19. Section four hundred twenty-two point seventy-
32 two (422.72), subsection one (1), Code 1979, is amended to
33 read as follows:

34 1. It shall be unlawful for the director, or any person
35 having an administrative duty under this chapter, or any

1 officer or other employee of the state authorized by the
2 director to examine returns, to divulge or to make known in
3 any manner whatever, the business affairs, operations, or
4 information obtained by an investigation under this chapter
5 of records and equipment of any person or corporation visited
6 or examined in the discharge of official duty, or the amount
7 or source of income, profits, losses, expenditures or any
8 particular thereof, set forth or disclosed in any return,
9 or to permit any return or copy thereof or any book containing
10 any abstract or particulars thereof to be seen or examined
11 by any person except as provided by law; provided, however,
12 that the director may authorize examination of such returns
13 by Iowa consolidated government officials if the consolidated
14 government has imposed a local tax, or, if a reciprocal
15 arrangement exists, by tax officers of another state, or the
16 federal government. This subsection shall prevail over the
17 provisions of any general law of this state relating to public
18 records.

19 Sec. 20. This Act is effective January first following
20 its enactment.

21 EXPLANATION

22 The bill provides for the establishment of a consolidated
23 government. The consolidated government would be established
24 within a county and assume the functions of the county
25 government and city governments within the county approving
26 the establishment.

27 The bill also authorizes the consolidated government to
28 impose a local income, sales and use, or earnings tax within
29 the geographical boundaries of the consolidated government.
30 The tax would be collected by the department of revenue.
31 Fifty percent of the revenue from the tax would be expended
32 for property tax relief.

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