

*Withdrawn 11/1/88*

FILED FEB 26 1987

SENATE FILE 279  
BY JENSEN

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to payments for local school districts, area  
2 schools, counties, cities, local conference boards, county  
3 hospitals, and county agricultural extension councils.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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*SF 279*

1 Section 1. NEW SECTION. 405A.1 DEFINITION.

2 As used in this Act:

3 1. "Personal property replacement base" means the personal  
4 property tax replacement base as described in section 427A.12,  
5 subsection 2, paragraph "c".

6 2. "Political subdivision" means a city, county, local  
7 conference board established pursuant to chapter 441, a county  
8 hospital established pursuant to chapter 347 or 347A, or a  
9 county agricultural extension council elected pursuant to  
10 chapter 176A.

11 3. "Local government" means a school district, area  
12 school, city, county, local conference board established  
13 pursuant to chapter 441, a county hospital established  
14 pursuant to chapter 347 or 347A, or a county agricultural  
15 extension council elected pursuant to chapter 176A.

16 Sec. 2. NEW SECTION. 405A.2 GENERAL ALLOCATION.

17 The general allocation for each local government shall be  
18 equal to the sum of the following for all of the taxing  
19 districts comprising the local government: The ratio of  
20 sixty-eight million to the total personal property replacement  
21 base in the state multiplied by the personal property  
22 replacement base of the taxing district, multiplied by the  
23 ratio of the tax rate of the local government for taxes  
24 payable in the fiscal year ending June 30, 1986 to the  
25 consolidated tax rate of the taxing district for taxes payable  
26 in the fiscal year ending June 30, 1986.

27 Sec. 3. NEW SECTION. 405A.3 CITY ALLOCATIONS.

28 1. For the fiscal year beginning July 1, 1987, and each  
29 subsequent fiscal year, the amount due to each city in the  
30 state shall be equal to the sum of the following:

31 a. The general allocation as determined pursuant to  
32 section 405A.2.

33 b. The ratio of the population of each city to the total  
34 population of all cities in the state, multiplied by twenty-  
35 seven million three hundred three thousand five hundred

1 dollars. The population of each city shall be determined by  
2 the latest available federal census. A city may have one  
3 special federal census taken each decade, and the population  
4 figure obtained shall be used in apportioning amounts under  
5 this subsection beginning the calendar year following the year  
6 in which the special census is certified to the secretary of  
7 state. In any case where an incorporated city has annexed any  
8 territory since the last regular or special federal census,  
9 the mayor and council shall certify to the treasurer of state  
10 the actual population of the annexed territory as determined  
11 by the last certified federal census of the territory and the  
12 apportionment of funds under this subsection shall be based  
13 upon the population of the city as modified by the  
14 certification of the population of the annexed territory until  
15 the next regular or special federal census enumeration.

16 c. The amount of moneys and credits received by the city  
17 under section 422.100 for the fiscal year ending June 30,  
18 1987.

19 2. Any city which has dissolved its corporation shall not  
20 receive any apportionment of funds under this section after  
21 its dissolution. After the dissolution of a city, its general  
22 allocation as determined under section 405A.2 and the  
23 allocation as determined under subsection 1, paragraph "c" of  
24 this section shall be paid to the county in which the  
25 dissolved city was located. In any case where two or more  
26 incorporated cities have consolidated, the apportionment of  
27 funds under this section shall be determined by adding the  
28 apportionment of the consolidating cities.

29 Sec. 4. NEW SECTION. 405A.4 COUNTY ALLOCATIONS.

30 1. For the fiscal year beginning July 1, 1987, and each  
31 subsequent fiscal year, the amount due to each county in the  
32 state shall be equal to the sum of the following:

33 a. The general allocation as determined pursuant to  
34 section 405A.2.

35 b. The ratio of the population of each county residing in

1 the unincorporated area of the county to the total population  
2 residing in the unincorporated areas of all the counties,  
3 multiplied by five million two hundred ninety-six thousand  
4 five hundred. The population of each county shall be  
5 determined by the latest available federal census.

6 c. Forty percent of the amount of moneys and credits  
7 received by the county treasurer under section 422.100 during  
8 the fiscal year ending June 30, 1987.

9 d. Thirty-six and seventy-eight hundredths per cent of the  
10 total livestock payment received by county treasurers during  
11 the fiscal year ending June 30, 1987, under section 427.17.

12 e. The ratio of the personal property replacement base of  
13 the county to the total personal property replacement base of  
14 all counties in the state, multiplied by four hundred sixty-  
15 two thousand dollars.

16 2. The allocation of a county as determined under  
17 subsection 1 may be credited to the general, rural services,  
18 secondary road, or other special revenue fund of the county.

19 Sec. 5. NEW SECTION. 405A.5 LOCAL CONFERENCE BOARD  
20 ALLOCATIONS.

21 1. For the fiscal year beginning July 1, 1987, and each  
22 subsequent fiscal year, the amount due to each local  
23 conference board in the state shall be equal to the general  
24 allocation of the local conference board as determined in  
25 section 405A.2.

26 2. When the office of city assessor is discontinued, the  
27 amounts that would otherwise be due to the city conference  
28 board under this section shall be paid to the county  
29 conference board.

30 Sec. 6. NEW SECTION. 405A.6 COUNTY HOSPITAL ALLOCATIONS.

31 1. For the fiscal year beginning July 1, 1987, and each  
32 subsequent fiscal year, the amount due to each county hospital  
33 in the state shall be equal to the general allocation of the  
34 county hospital as determined in section 405A.2.

35 2. When a county hospital is discontinued or organized

1 pursuant to chapter 37, the amounts that would otherwise be  
2 due to the hospital under this section shall be paid to the  
3 county.

4 Sec. 7. NEW SECTION. 405A.7 AGRICULTURAL EXTENSION  
5 COUNCIL ALLOCATIONS.

6 For the fiscal year beginning July 1, 1987, and each  
7 subsequent fiscal year, the amount due to each county  
8 agricultural extension council in the state shall be equal to  
9 the general allocation of the county agricultural extension  
10 council as determined in section 405A.2.

11 Sec. 8. NEW SECTION. 405A.8 APPROPRIATIONS.

12 1. There is appropriated from the general fund of the  
13 state the following sums to carry out the provisions of this  
14 chapter. For the fiscal year beginning July 1, 1987, there is  
15 appropriated thirty-six million six hundred nineteen thousand  
16 eight hundred (36,619,800) dollars. For the fiscal year  
17 beginning July 1, 1988, and each subsequent fiscal year, there  
18 is appropriated seventy-three million two hundred thirty-nine  
19 thousand six hundred (73,239,600) dollars.

20 2. If, for any fiscal year the amount appropriated is  
21 insufficient to pay in full the amounts due to all political  
22 subdivisions, then the amount of each payment shall be reduced  
23 by the same percentage, so that the aggregate payments to all  
24 political subdivisions shall be equal to the amount  
25 appropriated for such payments. If, for any fiscal year the  
26 amount appropriated is in excess of the amounts due to all  
27 political subdivisions, then the amount of each payment shall  
28 be increased by the same percentage, so that the aggregate  
29 payments to all political subdivisions shall be equal to the  
30 amount appropriated for such payments.

31 Sec. 9. NEW SECTION. 405A.9 PAYMENT SCHEDULE.

32 The amounts due each political subdivision for each fiscal  
33 year shall be paid in the form of warrants payable to the  
34 treasurers of the respective political subdivisions by the  
35 department of revenue and finance according to the following

1 schedule:

2 a. One-quarter of the amount due for a fiscal year shall  
3 be paid on December 15 of that fiscal year.

4 b. One-quarter of the amount due for a fiscal year shall  
5 be paid on March 15 of that fiscal year.

6 c. One-half of the amount due for a fiscal year shall be  
7 paid on July 15 of the subsequent fiscal year. The payment  
8 received on July 15 shall be an account receivable for each  
9 political subdivision for the preceding fiscal year. Taking  
10 into consideration the relative budget and cash position of  
11 the state, the department of revenue and finance may make all  
12 or a portion of the July 15 payment at an earlier date.

13 Sec. 10. Section 123.53, subsections 3, 4, 5, and 6, Code  
14 1987, are amended by striking the subsections.

15 Sec. 11. Section 286A.11, Code 1987, is amended by adding  
16 the following new subsection:

17 NEW SUBSECTION. 4. An amount equal to the general  
18 allocation of the area school as determined under section  
19 405A.2.

20 Sec. 12. Section 331.429, subsection 1, paragraphs a and  
21 b, Code 1987, are amended to read as follows:

22 a. Transfers from the general fund not to exceed in any  
23 year the dollar equivalent of a tax of sixteen and seven-  
24 eighths cents per thousand dollars of assessed value on all  
25 taxable property in the county and an amount equivalent to the  
26 moneys derived by the general fund from ~~livestock-tax-credits~~  
27 ~~under-section-427-17~~, military service tax credits under  
28 chapter 426A, and mobile home taxes under section 135D.22  
29 multiplied by the ratio of sixteen and seven-eighths cents to  
30 ~~the-general-fund-tax-rate~~ three dollars and fifty cents.

31 b. Transfers from the rural services fund not to exceed in  
32 any year the dollar equivalent of a tax of three dollars and  
33 three-eighths cents per thousand dollars of assessed value on  
34 all taxable property not located within the corporate limits  
35 of a city in the county and an amount equivalent to the moneys

1 derived by the rural services fund from ~~the-livestock-tax~~  
2 ~~credits-under-section-427-17~~, military service tax credits  
3 under chapter 426A, and mobile home taxes under section  
4 135D.22 multiplied by the ratio of three dollars and three-  
5 eighths cents to ~~the-rural-service-fund-tax-rate~~ three dollars  
6 and ninety-five cents.

7 Sec. 13. Section 427A.12, subsection 6, Code 1987, is  
8 amended by striking the subsection.

9 Sec. 14. Section 427A.13, Code 1987, is amended to read as  
10 follows:

11 427A.13 APPROPRIATION.

12 There is appropriated from the general fund of the state to  
13 the personal property tax replacement fund the following sums,  
14 or so much thereof as may be necessary, to carry out the  
15 provisions of this chapter as amended by this division. For  
16 the fiscal year beginning July 1, 1973, and ending June 30,  
17 1974, there is appropriated the sum of thirty-one million nine  
18 hundred thousand dollars. For the fiscal year beginning July  
19 1, 1974, and ending June 30, 1975, and each succeeding fiscal  
20 year, there is appropriated the sum of thirty-five million  
21 seven hundred thousand dollars. For each year of the fiscal  
22 period beginning July 1, 1977 and ending June 30, 1979 the  
23 total appropriation shall be thirty-eight million six hundred  
24 thousand dollars. For the fiscal year beginning July 1, 1983  
25 and ending June 30, 1984, the total appropriation shall be  
26 forty-six million two hundred thousand dollars. For the  
27 fiscal year beginning July 1, 1984 and ending June 30, 1985,  
28 the total appropriation shall be twenty-three million one  
29 hundred thousand dollars. For the fiscal year beginning July  
30 1, 1985 and ending June 30, 1986, and each succeeding fiscal  
31 year, the total appropriation shall be an amount equal to the  
32 amount paid on May 15 of the preceding fiscal year plus one-  
33 half of the amount needed to fund the additional personal  
34 property tax credit payable in that fiscal year. In each  
35 fiscal year for which an increase in the additional personal

1 property tax credit becomes effective as provided in this  
2 division, the appropriation under this section shall be  
3 increased by three million eight hundred thousand dollars, and  
4 this increased appropriation shall continue for each  
5 succeeding fiscal year. For the fiscal year beginning July 1,  
6 1987 the total appropriation shall be fifty-nine twenty-five  
7 million dollars. ~~For the fiscal year beginning July 1, 1987,~~  
8 ~~and for each succeeding fiscal year, the total appropriation~~  
9 ~~shall be sixty-eight million dollars per year.~~

10 Sec. 15. Section 442.2, subsections 2 and 3, Code 1987,  
11 are amended by striking the subsections.

12 Sec. 16. Section 442.3, Code 1987, is amended by adding  
13 the following new unnumbered paragraph:

14 NEW UNNUMBERED PARAGRAPH. For school years beginning July  
15 1, 1987 and subsequent school years, the state foundation base  
16 shall be increased by the sum of the following amounts:

17 a. The amount included in the district's budget for the  
18 additional portion of the livestock tax credit.

19 b. The difference between the following amounts:

20 (1) The general allocation of the school district as  
21 determined under section 405A.2.

22 (2) The foundation property tax rate multiplied by the  
23 total actual value of all personal property assessed for  
24 valuation in the school district as of January 1, 1973,  
25 excluding livestock.

26 Sec. 17. Section 444.3, unnumbered paragraphs 2, 3, 4, and  
27 5, Code 1987, are amended by striking the unnumbered  
28 paragraphs.

29 Sec. 18. For the fiscal year beginning July 1, 1986 and  
30 ending June 30, 1987, the payments are scheduled to be made on  
31 January 1, 1987 and July 1, 1987. It is the intent of the  
32 general assembly that the July 1, 1987 payment shall be made  
33 pursuant to sections 123.53, subsections 3, 4, 5 and 6.

34 Sec. 19. Sections 331.660, 422.100, and 427.17, Code 1987,  
35 are repealed.



STATE OF IOWA

**FISCAL NOTE** TO  
SENATE FILE 279

LSB No. 2468S  
Staff ID. PDD

REQ. BY SENATOR A. MILLER

In compliance with a written request received March 5, 1987, a fiscal note for **SENATE FILE 279** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 279 relates to combining state payments for property tax credits and assistance to local school districts, area schools, counties, cities, local conference boards, county hospitals, and county agricultural extension councils.

Cities currently receive separate allocations for monies and credits, liquor sales, municipal assistance and personal property tax replacement payments. Counties currently receive separate allocations for livestock tax replacement, monies and credits, county assistance and personal property tax replacement payments. Local schools currently receive separate allocations for livestock and personal property tax replacement payments. Other recipients (merged area schools, county hospitals, local conference boards, and county agricultural extension councils) currently receive personal property tax replacement payments.

This bill would consolidate these payments. The payment schedule is altered.

A section appropriating \$3,365 for the salary of a deputy sheriff in Tama county is struck.

The bill would take effect July 1, 1987.

**FY 1988 APPROPRIATIONS SCHEDULE, PROGRAM ENTITLEMENTS, DEFERRALS**

(a) Currently, \$102.1 million is appropriated for these programs in FY 1988 to pay FY 1987 deferrals and FY 1988 payments. This bill would appropriate \$105.6 million to pay FY 1987 deferrals and FY 1988 payments.

**FISCAL EFFECT**

Current law and proposed appropriations for FY 1988 consisting of FY 1987 deferred payments and FY 1988 undeferred payments are compared below.

	FY 1988 Distributions (millions)	
	Current	Proposed
General Fund	\$89.3	\$99.2
Liquor Sales Fund	12.8	6.4
<b>TOTAL</b>	<b>102.1</b>	<b>105.6</b>

Under the bill, the \$6.4 million from the liquor sales fund is an FY 1987 deferral, and represents the final liquor sales payment made out of a separate liquor sales fund.

The increase in the general fund payments under this bill are due to (1) moving the liquor sales fund and its \$6.4 million FY 1988 payment obligation into the general fund, and (2) the \$3.5 million reduction in FY 1988 deferrals to FY 1989.

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A breakdown of these appropriations by recipient is provided below:

	FY 1988 Distributions (millions)			
	Current Distributions		Proposed Distributions	
	FY 88	FY 87	FY 88	FY 87
Counties	\$17.2	\$ 5.8	\$12.6	\$ 5.8
Cities	31.2	12.9	20.2	12.9
Schools	20.8	11.6	36.6	11.6
Others	1.5	1.1	1.8	1.1
TOTAL	70.7	31.4	74.2	31.4

(b) Program Entitlements

At present, counties, cities, schools and other recipients\* would receive \$111.1 million attributable to FY 1988. Under this bill, \$111.1 attributable to FY 1988 continues to be paid out to these recipients.

**FISCAL EFFECT**

	FY 1988 Entitlements (millions)		
	Current	Proposed	Inc(Dec)
Counties	\$ 25.1	\$ 25.1	\$ 0
Cities	46.4	46.4	0
Schools	36.6	36.6	0
Others*	3.0	3.0	0
Total	111.1	111.1	0

\*Merged area schools, county hospitals, local conference boards, and county agricultural extension councils.

(c) Deferrals

Under current law, \$40.4 million in payments attributed to FY 1988 are deferred until early FY 1989. This bill alters the payment schedule, resulting in a lower total deferral of payments attributed to FY 1988. (Note: Deferred payments attributed to FY 1987 are unchanged by this bill.)

**FISCAL EFFECT**

Under this bill, \$36.9 million in payments attributable to FY 1988 are deferred. This is a \$3.5 million reduction in total deferred payments attributable to FY 1988.

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FY 1988 Deferrals (millions)

	<u>Current</u>	<u>Proposed</u>	<u>Inc(Dec)</u>
Counties	\$ 7.9	\$ 12.5	\$ 4.6
Cities	15.2	23.2	8.0
Schools	15.8	0	(15.8)
Others*	1.5	1.2	(.3)
<u>Total</u>	<u>40.4</u>	<u>36.9</u>	<u>(3.5)</u>

\*Merged area schools, county hospitals, local conference boards, and agricultural extension councils

**LIQUOR SALES PAYMENTS AND MUNICIPAL ASSISTANCE**

Currently, cities will receive \$14.5 million in municipal assistance and either 10 percent of gross liquor sales or a minimum of \$12.8 million based upon their population. This bill would combine the \$12.8 million minimum guarantee for liquor sales with the \$14.5 million in municipal assistance for a total of \$27.3 million. Distributions would still be based on population.

Also, the combination of these funds under this bill would join the currently separate liquor sales revenue fund with the general fund.

(a) Liquor sales payments

Assumption

1. Ten percent of gross liquor sales will not exceed \$12.8 million.

**FISCAL EFFECT**

There would be no impact on state expenditures as a result of this combination. However, if 10 percent of gross liquor sales exceed \$12.8 million, there will be a savings to the state general fund under this proposal.

(b) Municipal assistance

Currently, cities are not allowed to receive municipal assistance in an amount exceeding one-half the city's property tax levies. This bill would strike that provision.

**FISCAL EFFECT**

This would not effect the amount of money going to municipal assistance. A minor redistribution would occur with about 940 cities receiving an average of \$8.00 less under the proposal.

**COUNTY GOVERNMENT ASSISTANCE**

Presently, \$5.3 million is distributed to counties based upon their population residing outside of cities. This would not change under the bill.

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**FISCAL EFFECT**

This provision would not change state expenditures or the amount of county assistance.

**PERSONAL PROPERTY TAX REPLACEMENT**

Under current law, beginning with FY 1988, \$68 million would be distributed to local jurisdictions based upon their respective 1973 personal property replacement base and their current tax rates.

This proposal would still distribute \$68 million as a "general allocation." However, instead of using a jurisdiction's current tax rate to figure the allocation, this bill fixes it at the rate used in 1986. Remaining unchanged is the use of each jurisdiction's 1973 personal property replacement amount as the base.

**FISCAL EFFECT**

This would not change state expenditures or local assistance for FY 1988. In future years, assuming local tax rates were to remain unchanged, the distributions would be identical.

**LIVESTOCK TAX REPLACEMENT**

Currently, \$8 million is distributed to all taxing authorities. The school aid formula requires that about \$5.1 million be included in school budgets as property taxes, regardless of whether the school district will actually receive that amount in property taxes. This proposal will fix the amount of livestock replacement money to go to schools at \$5.1 million. The balance will go to counties.

**FISCAL EFFECT**

Generally, school districts have received less than the amount they are required to include on their budgets as livestock replacement money. This proposal would distribute to school districts the full \$5.1 million. Counties would receive the remaining \$2.9 million. The amount needed to raise the schools' amount to \$5.1 million is roughly estimated to be \$400,000. This amount would no longer be available for distribution to other taxing authorities (primarily merged area schools, assessors, hospitals, townships, and agricultural extension councils).

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**MONIES AND CREDITS**

Currently, \$2.5 million is distributed to cities and counties based upon 1965 taxable valuations of monies and credits. Counties receive 40 percent while cities receive 60 percent.

This bill would continue to distribute an amount equal to cities' and counties' FY 1986 monies and credits payments.

**FISCAL EFFECT**

This would not change state expenditures. Every jurisdiction receiving this payment in FY 1986 would continue to receive exactly the same amount.

**INDIAN SETTLEMENT OFFICER SALARY**

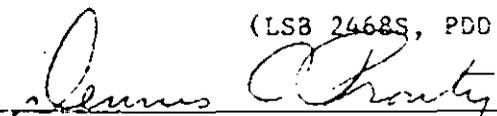
This bill strikes a section appropriating \$3,365 from the state's general fund to be used by Tama county for the payment of the salary and expenses of an additional deputy sheriff for the Indian settlement.

**FISCAL EFFECT**

This provision would have a minute impact on the general fund since \$3,365 would no longer be appropriated for salary purposes.

Source: Department of Management

(LSB 2468S, PDD)

  
Fiscal Director  
Legislative Fiscal Bureau  
Date: 4/15/87

Filed by the Sec. of the Senate April 16, 1987