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MAR 17 1993
3-25-93 DO PASS

Substituted by
HF 474
P. 4-29-93
P. 1468

SENATE FILE 331
BY COMMITTEE ON SMALL BUSINESS,
ECONOMIC DEVELOPMENT AND TOURISM
(SUCCESSOR TO SSB 184)

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

A BILL FOR

1 An Act authorizing a city or county to impose an economic
2 development levy consisting of a property tax levy, income
3 surtax, or both.

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

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SF331

1 Section 1. NEW SECTION. 331.424A ECONOMIC DEVELOPMENT
2 LEVY -- AUTHORIZATION -- ELECTION -- IMPOSITION.

3 1. A county may impose, as provided in this section, an
4 economic development levy consisting of a property tax, income
5 surtax, or both to raise revenues to be used for economic
6 development purposes. The economic development levy shall not
7 exceed the equivalent of twenty-five cents per thousand
8 dollars of assessed valuation. If the economic development
9 levy consists of an income surtax or combination income surtax
10 and property tax, the maximum amount that may be levied and
11 imposed is limited to an amount that could be raised by a
12 twenty-five cents per thousand dollar property tax levy. If
13 an income surtax is imposed, each year by March 15 the board
14 shall certify the amounts to be raised by the income surtax
15 and the property tax, if any, to the department of revenue and
16 finance. The department shall establish the percent of income
17 surtax and the property tax rate for the fiscal year based
18 upon the most recent figures available.

19 The economic development income surtax, if any, shall be
20 imposed on the state individual income tax for the calendar
21 year during which the fiscal year begins, or for a taxpayer's
22 fiscal year ending during the second half of that calendar
23 year and after the date the board adopts a resolution to
24 impose the tax or the first half of the succeeding calendar
25 year, and shall be imposed on all individuals residing in the
26 county on the last day of the applicable tax year. As used in
27 this section, "state individual income tax" means the taxes
28 computed under section 422.5, less the credits allowed in
29 sections 422.11A, 422.11B, 422.11C, 422.12, 422.12B, and
30 422.12C.

31 The income surtax shall be collected in a manner similar to
32 that provided for collecting the instructional support income
33 surtax for a school district pursuant to sections 257.22
34 through 257.26.

35 2. An economic development levy may be imposed only after

1 an election at which at least sixty percent of those voting on
2 the question favors imposition, and may then be imposed for up
3 to five fiscal years. Before each year of the five-year
4 period, the board shall decide if the levy will be imposed,
5 and if imposed, whether it will consist of an income surtax,
6 property tax levy, or both, and the levy rate or percentage
7 not to exceed the limit specified in subsection 1. If the
8 board wishes to continue the economic development levy, it may
9 do so in the manner provided in this section for imposition
10 within the twelve-month period prior to the termination of the
11 five-year period. The economic development levy property tax
12 shall apply to all taxable property located within the county.

13 3. Upon its own motion, the board shall, within sixty days
14 of its motion, direct the county commissioner of elections to
15 submit the question of the imposition of an economic de-
16 velopment levy to the qualified electors of the county at a
17 state general election or at a special election as designated
18 by the board. The election shall not be held sooner than
19 sixty days after publication of notice of the ballot
20 proposition. The county may submit the question on imposition
21 only once during a fiscal year. The ballot proposition shall
22 state the maximum rate of the property tax levy or income
23 surtax, that the levy or surtax would be authorized for the
24 next five fiscal years, that the board will decide before each
25 fiscal year of the five-year period if the tax will be levied
26 and the rate, and a statement as to the specific purpose or
27 purposes for which revenues shall be expended.

28 4. If at least sixty percent of those voting on the
29 question of imposition of the economic development levy favors
30 its imposition, the board may impose the levy for a five-year
31 period. The economic development levy may first be imposed
32 for the fiscal year during which the favorable election was
33 held.

34 5. Revenues received by a county from its economic de-
35 velopment levy shall be used for the purpose or purposes

1 specified on the ballot proposition to enhance economic
2 development in the area in which the levy is imposed.
3 However, before the county expends any of these revenues, the
4 county shall determine that the use will be for a public
5 purpose.

6 Sec. 2. Section 384.12, Code 1993, is amended by adding
7 the following new subsection:

8 NEW SUBSECTION. 22. a. A city may impose, as provided in
9 this subsection, an economic development levy consisting of a
10 property tax, income surtax, or both, to raise revenues to be
11 used for economic development purposes. The economic
12 development levy shall not exceed the equivalent of twenty-
13 five cents per thousand dollars of assessed valuation. If the
14 economic development levy consists of an income surtax or
15 combination income surtax and property tax, the maximum amount
16 that may be levied and imposed is limited to an amount that
17 could be raised by a twenty-five cents per thousand dollar
18 property tax levy. If an income surtax is imposed, each year
19 by March 15 the governing body shall certify the amounts to be
20 raised by the income surtax and the property tax, if any, to
21 the department of revenue and finance. The department shall
22 establish the percent of income surtax and the property tax
23 rate for the fiscal year based upon the most recent figures
24 available.

25 The economic development income surtax, if any, shall be
26 imposed on the state individual income tax for the calendar
27 year during which the fiscal year begins, or for a taxpayer's
28 fiscal year ending during the second half of that calendar
29 year and after the date the governing body adopts a resolution
30 to impose the tax or the first half of the succeeding calendar
31 year, and shall be imposed on all individuals residing in the
32 city on the last day of the applicable tax year. As used in
33 this subsection, "state individual income tax" means the taxes
34 computed under section 422.5, less the credits allowed in
35 sections 422.11A, 422.11B, 422.11C, 422.12, 422.12B, and

1 422.12C.

2 The income surtax shall be collected in a manner similar to
3 that provided for collecting the instructional support income
4 surtax for a school district pursuant to sections 257.22
5 through 257.26.

6 b. An economic development levy may be imposed only after
7 an election at which at least sixty percent of those voting on
8 the question favors imposition, and may then be imposed for up
9 to five fiscal years. Before each year of the five-year
10 period, the governing body shall decide if the levy will be
11 imposed, whether it will consist of an income surtax, property
12 tax, or both, and if imposed, the levy rate or percentage not
13 to exceed the limit specified in paragraph "a". If the
14 governing body wishes to continue the economic development
15 levy, it may do so in the manner provided in this subsection
16 for imposition within the twelve-month period prior to the
17 termination of the five-year period. The economic development
18 levy property tax shall apply to all taxable property located
19 within the city.

20 c. Upon its own motion, the governing body shall, within
21 sixty days of its motion, direct the county commissioner of
22 elections to submit the question of the imposition of an
23 economic development levy to the qualified electors of the
24 city at a state general election, city regular election, or at
25 a special election as designated by the governing body. The
26 election shall not be held sooner than sixty days after
27 publication of notice of the ballot proposition. The city may
28 submit the question on imposition only once during a fiscal
29 year. The ballot proposition shall state the maximum rate of
30 the property tax levy or income surtax, that the levy or
31 surtax would be authorized for the next five fiscal years,
32 that the governing body will decide before each fiscal year of
33 the five-year period if the tax will be levied and the rate,
34 and a statement as to the specific purpose or purposes for
35 which revenues shall be expended.

1 d. If at least sixty percent of those voting on the
2 question of imposition of the economic development levy favors
3 its imposition, the governing body may impose the levy for a
4 five-year period. The economic development levy may first be
5 imposed for the fiscal year during which the favorable
6 election was held.

7 e. Revenues received by a city from its economic develop-
8 ment levy shall be used for the purpose or purposes specified
9 on the ballot proposition to enhance economic development in
10 the area in which the levy is imposed. However, before the
11 city expends any of these revenues, the city shall determine
12 that the use will be for a public purpose.

13 EXPLANATION

14 The bill authorizes a city or county to impose an economic
15 development levy which may consist of property tax, income
16 surtax, or both. The economic development levy can be imposed
17 only after an election at which at least 60 percent of those
18 voting favor its imposition. The levy would be for a five-
19 year period but could be continued by having another election.
20 If the levy is authorized, the city council or county board
21 would decide each fiscal year if the property tax, an income
22 surtax, or both, would be imposed and the rate. The maximum
23 amount that may be collected is the amount that could be
24 raised by a 25 cents per thousand dollars of assessed
25 valuation property tax levy. The economic development
26 property tax levy would apply to all taxable property located
27 in the city or county that imposes it. Revenues from the levy
28 would be used for any lawful purpose that will enhance
29 economic development in the area where the levy is imposed,
30 provided the city or county determines that the purpose for
31 which the revenues are used is a public purpose.

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**SENATE FILE 331
FISCAL NOTE**

A fiscal note for Senate File 331 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 474 allows cities and counties to impose an economic development property tax levy of up to \$0.25 per \$1,000 of taxable valuation in rural areas or of up to \$0.50 per \$1,000 of taxable valuation in urban areas if approved at an election by a majority of those voting.

ASSUMPTIONS;

1. That every city and county implements the economic development property tax levy.
2. That taxable valuation is held constant at FY 1993 levels.
3. That the levy rate for urban areas is \$0.50 per \$1,000 of taxable valuation due to the city and county both imposing the economic development levy.

FISCAL IMPACT:

House File 474 is estimated to increase property taxes for cities and counties by a maximum of \$28.2 million in FY 1994. The property tax increase would represent an increase of \$10.0 million for cities and an increase of \$18.2 million for counties. (LSB 2306sv, BDH)

FILED MARCH 29, 1993

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 331
REVISED
FISCAL NOTE

A fiscal note for Senate File 331 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 331 allows cities and counties to impose an economic development levy that will generate up to \$0.25 per \$1,000 of taxable valuation in rural areas and up to \$0.50 per \$1,000 of taxable valuation in urban areas. The economic development levy may be funded from property taxes, income surtax, or a combination of both if the levy is approved at an election by 60% or more of those voting.

FISCAL IMPACT:

Senate File 331 could generate funding for cities and counties up to a maximum of \$28.2 million in FY 1995 if every city and county received authority from its electorate to impose the levy. The maximum funding of \$28.2 million would be divided between cities (\$10.0 million) and counties (\$18.2 million).

Data is not available to determine how many local governments would gain authority to impose this levy nor how the authority would be funded from property taxes and the income surtax.

SOURCE: Department of Management

(LSB 2306sv, BDH)

FILED MARCH 30, 1993

BY DENNIS PROUTY, FISCAL DIRECTOR

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1 development levy shall be used for the purpose or
2 purposes specified on the ballot proposition to
3 enhance economic development in the area in which the
4 levy is imposed. However, before the county expends
5 any of these revenues, it shall determine that the use
6 will be for a public purpose as determined pursuant to
7 section 15A.1, subsection 2.

8 2. a. In lieu of the economic development levy in
9 subsection 1, a county may impose, as provided in this
10 subsection, an economic development income surtax to
11 raise revenues to be used for economic development
12 purposes. The economic development surtax shall not
13 exceed the amount that can be raised by a twenty-five
14 cents per thousand dollars of assessed valuation levy.

15 b. Upon its own motion, the board may impose the
16 economic development income surtax for up to five
17 years not to exceed the limit specified in paragraph
18 "a". Prior to the imposition the board shall provide
19 notice of intent to impose the economic development
20 surtax, that the surtax could be imposed for up to
21 five years, the surtax rate, and the specific purpose
22 and purposes for which revenues shall be expended.
23 After thirty days from the date of publication of the
24 notice the board may impose the income surtax unless
25 within thirty days from the date of the publication of
26 the notice the board receives a petition requesting an
27 election be held on the question of the imposition of
28 the economic development surtax signed by eligible
29 electors equal in number to ten percent of the number
30 voting at the last general election but not to exceed
31 one thousand persons. If no petition is received, the
32 board may impose the economic development surtax. If
33 a valid petition is received, the board may rescind
34 its intent or the board shall, within sixty days of
35 receipt of the petition, direct the county
36 commissioner of elections to submit the question of
37 the imposition of an economic development surtax to
38 the qualified electors of the county at a state
39 general election or at a special election as
40 designated by the board. The election shall not be
41 held sooner than sixty days after publication of
42 notice of the ballot proposition. The county may
43 submit the question on imposition only once during a
44 fiscal year. The ballot proposition shall state the
45 maximum rate of the income surtax, that the surtax
46 would be authorized for the next five fiscal years,
47 that the board will decide before each fiscal year of
48 the five-year period if the income surtax will be
49 imposed and the rate, and a statement as to the
50 specific purpose or purposes for which revenues shall

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1 be expended.

2 c. If a majority of those voting on the question
3 of imposition of the economic development income
4 surtax favors its imposition, the board may impose the
5 surtax for a five-year period. The economic
6 development surtax may first be imposed for the fiscal
7 year during which the favorable election was held.

8 d. If an economic development surtax is imposed,
9 the board, before each year of the five-year period,
10 shall decide if the surtax will be imposed, and if
11 imposed, the rate not to exceed a percent that will
12 raise an amount in excess of the limit specified in
13 paragraph "a". If the board wishes to continue the
14 economic development surtax, it may do so in the
15 manner provided in this subsection for imposition
16 within the twelve-month period prior to the
17 termination of the five-year period.

18 e. Revenues received by a county from its economic
19 development surtax shall be used for the purpose or
20 purposes specified in the notice of intent to impose
21 the surtax or, if an election is held, on the ballot
22 proposition to enhance economic development in the
23 area in which the surtax is imposed. However, before
24 the county expends any of these revenues, it shall
25 determine that the use will be for a public purpose as
26 determined pursuant to section 15A.1, subsection 2.

27 3. The economic development income surtax imposed
28 pursuant to subsection 2 shall be imposed on the state
29 individual income tax of each individual residing in
30 the county at the end of the individual's applicable
31 tax year. However, the cumulative total of the
32 percents of income surtax imposed on any taxpayer in
33 the county shall not exceed twenty percent. The
34 surtax rate shall be set so as not to raise an amount
35 that exceeds the amount that could be raised by the
36 maximum economic development levy under subsection 1.
37 For purposes of this section, "state individual income
38 tax" means the tax computed under section 422.5, less
39 the credits allowed in chapter 422, division II.

40 4. The income surtax shall be imposed January 1 of
41 the fiscal year in which the income surtax was imposed
42 for tax years beginning on or after January 1, and is
43 repealed as of December 31 for tax years beginning
44 after December 31.

45 The director of revenue and finance shall
46 administer the income surtax as nearly as possible in
47 conjunction with the administration of state income
48 tax laws. The director shall provide on the regular
49 state tax forms for reporting the income surtax.

50 An ordinance imposing the income surtax shall adopt

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1 by reference the applicable provisions of the
2 appropriate sections of chapter 422, division II. All
3 powers and requirements of the director in
4 administering the state income tax law apply to the
5 administration of the income surtax, including but not
6 limited to, the provisions of sections 422.4, 422.20
7 to 422.31, 422.68, 422.70, and 422.72 to 422.75.
8 Local officials shall confer with the director of
9 revenue and finance for assistance in drafting the
10 ordinance imposing the income surtax. A certified
11 copy of the ordinance shall be filed with the director
12 as soon as possible after passage.

13 The director, in consultation with local officials,
14 shall collect and account for the income surtax and
15 any interest and penalties. The director shall credit
16 the income surtax receipts and any interest and
17 penalties collected from returns filed on or before
18 November 1 of the calendar year following the tax year
19 for which the income surtax is imposed to an "economic
20 development income tax fund" established in the office
21 of the treasurer of state. All income surtax receipts
22 and any interest and penalties received or refunded
23 from returns filed after November 1 of the calendar
24 year following the tax year for which the income
25 surtax is imposed shall be deposited in or withdrawn
26 from the state general fund and shall be considered
27 part of the cost of administering the income surtax.

28 5. On or before December 15, the director of
29 revenue and finance shall make an accounting of the
30 income surtax receipts and any interest and penalties
31 collected from returns filed on or before November 1
32 and shall certify to the treasurer of state this
33 amount collected. The treasurer of state shall remit
34 within fifteen days of the certification by the
35 director to each county which has imposed the income
36 surtax the amount in the economic development income
37 surtax fund collected as a result of its surtax.

38 Income surtax moneys received by a county shall be
39 used as provided in subsection 2, paragraph "e".

40 Sec. 2. Section 384.12, Code 1993, is amended by
41 adding the following new subsections:

42 NEW SUBSECTION. 22. a. A city may impose, as
43 provided in this subsection, an economic development
44 property tax levy to raise revenues to be used for
45 economic development purposes. The economic
46 development levy shall not exceed twenty-five cents
47 per thousand dollars of assessed valuation.

48 b. An economic development levy may be imposed
49 only after an election at which at least sixty percent
50 of those voting on the question favors imposition, and

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1 may then be imposed for up to five fiscal years.
2 Before each year of the five-year period, the
3 governing body shall decide if the levy will be
4 imposed, and if imposed, the levy rate not to exceed
5 the limit specified in paragraph "a". If the
6 governing body wishes to continue the economic
7 development levy, it may do so in the manner provided
8 in this subsection for imposition within the twelve-
9 month period prior to the termination of the five-year
10 period. The economic development levy shall apply to
11 all taxable property located within the city.

12 c. Upon its own motion, the governing body shall,
13 within sixty days of its motion, direct the county
14 commissioner of elections to submit the question of
15 the imposition of an economic development levy to the
16 qualified electors of the city at a state general
17 election, city regular election, or at a special
18 election as designated by the governing body. The
19 election shall not be held sooner than sixty days
20 after publication of notice of the ballot proposition.
21 The city may submit the question on imposition only
22 once during a fiscal year. The ballot proposition
23 shall state the maximum rate of the property tax levy,
24 that the levy would be authorized for the next five
25 fiscal years, that the governing body will decide
26 before each fiscal year of the five-year period if the
27 tax will be levied and the rate, and a statement as to
28 the specific purpose or purposes for which revenues
29 shall be expended.

30 d. If at least sixty percent of those voting on
31 the question of imposition of the economic development
32 levy favors its imposition, the governing body may
33 impose the levy for a five-year period. The economic
34 development levy may first be imposed for the fiscal
35 year during which the favorable election was held.

36 e. Revenues received by a city from its economic
37 development levy shall be used for the purpose or
38 purposes specified on the ballot proposition to
39 enhance economic development in the area in which the
40 levy is imposed. However, before the city expends any
41 of these revenues, it shall determine that the use
42 will be for a public purpose as determined pursuant to
43 section 15A.1, subsection 2.

44 NEW SUBSECTION. 23. a. In lieu of the economic
45 development levy in subsection 22, a city may impose,
46 as provided in this subsection, an economic
47 development income surtax to raise revenues to be used
48 for economic development purposes. The economic
49 development surtax shall not exceed the amount that
50 can be raised by a twenty-five cents per thousand

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1 dollars of assessed valuation levy.

2 b. Upon its own motion, the governing body may
3 impose the economic development income surtax for up
4 to five years not to exceed the limit specified in
5 paragraph "a". Prior to the imposition the governing
6 body shall provide notice of intent to impose the
7 economic development surtax, that the surtax could be
8 imposed for up to five years, the surtax rate, and the
9 specific purpose and purposes for which revenues shall
10 be expended. After thirty days from the date of
11 publication of the notice the governing body may
12 impose the income surtax unless within thirty days
13 from the date of the publication of the notice the
14 governing body receives a petition requesting an
15 election be held on the question of the imposition of
16 the economic development surtax signed by eligible
17 electors equal in number to ten percent of the number
18 voting at the last regular city election but not to
19 exceed three hundred persons. If no petition is
20 received, the governing body may impose the economic
21 development surtax. If a valid petition is received,
22 the governing body may rescind its intent or the
23 governing body shall, within sixty days of receipt of
24 the petition, direct the county commissioner of
25 elections to submit the question of the imposition of
26 an economic development surtax to the qualified
27 electors of the city at a state general election,
28 regular city election, or at a special election as
29 designated by the governing body. The election shall
30 not be held sooner than sixty days after publication
31 of notice of the ballot proposition. The city may
32 submit the question on imposition only once during a
33 fiscal year. The ballot proposition shall state the
34 maximum rate of the income surtax, that the surtax
35 would be authorized for the next five fiscal years,
36 that the governing body will decide before each fiscal
37 year of the five-year period if the income surtax will
38 be imposed and the rate, and a statement as to the
39 specific purpose or purposes for which revenues shall
40 be expended.

41 c. If a majority of those voting on the question
42 of imposition of the economic development income
43 surtax favors its imposition, the governing body may
44 impose the surtax for a five-year period. The
45 economic development surtax may first be imposed for
46 the fiscal year during which the favorable election
47 was held.

48 d. If an economic development surtax is imposed,
49 the governing body, before each year of the five-year
50 period, shall decide if the surtax will be imposed,

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1 ordinance imposing the income surtax. A certified
2 copy of the ordinance shall be filed with the director
3 as soon as possible after passage.

4 The director, in consultation with local officials,
5 shall collect and account for the income surtax and
6 any interest and penalties. The director shall credit
7 the income surtax receipts and any interest and
8 penalties collected from returns filed on or before
9 November 1 of the calendar year following the tax year
10 for which the income surtax is imposed to an "economic
11 development income surtax fund" established in the
12 office of the treasurer of state. All income surtax
13 receipts and any interest and penalties received or
14 refunded from returns filed after November 1 of the
15 calendar year following the tax year for which the
16 income surtax is imposed shall be deposited in or
17 withdrawn from the state general fund and shall be
18 considered part of the cost of administering the
19 income surtax.

20 n. On or before December 15, the director of
21 revenue and finance shall make an accounting of the
22 income surtax receipts and any interest and penalties
23 collected from returns filed on or before November 1
24 and shall certify to the treasurer of state this
25 amount collected. The treasurer of state shall remit
26 within fifteen days of the certification by the
27 director to each city which has imposed the income
28 surtax the amount in the economic development income
29 surtax fund collected as a result of its surtax.

30 Income surtax moneys received by a city shall be
31 used as provided in paragraph "e".

32 2. Title page, by striking lines 2 and 3 and
33 inserting the following: "development property tax
34 levy or income surtax."

By PATTY JUDGE

S-3705 FILED APRIL 29, 1993

ADOPTED

SENATE FILE 331

S-3279

1 Amend Senate File 331 as follows:
 2 1. Page 3, by inserting after line 5 the
 3 following:
 4 "Sec. ____ . NEW SECTION. 331.424B JOINT COMMUNITY
 5 ECONOMIC DEVELOPMENT LEVY.
 6 A group of counties or group of counties and cities
 7 organized pursuant to chapter 28E may impose an
 8 economic development levy under section 331.424A. The
 9 levy shall be imposed and revenues distributed in
 10 accordance with the provisions of the agreement
 11 between the counties or counties and cities pursuant
 12 to section 28E.4."
 13 2. Page 5, by inserting after line 12 the
 14 following:
 15 "Sec. ____ . NEW SECTION. 384.12A JOINT COMMUNITY
 16 ECONOMIC DEVELOPMENT LEVY.
 17 A group of cities or group of cities and counties
 18 organized pursuant to chapter 28E may also impose an
 19 economic development levy under section 384.12,
 20 subsection 22. The levy shall be imposed and revenues
 21 distributed in accordance with the provisions of the
 22 agreement between the cities or cities and counties
 23 pursuant to section 28E.4."
 24 3. By renumbering as necessary.

By MERLIN E. BARTZ
PATTY JUDGE

O/ order
4-29-93

S-3279 FILED MARCH 29, 1993

SENATE FILE 331

S-3268

1 Amend Senate File 331 as follows:
 2 1. Page 3, by inserting after line 5 the
 3 following:
 4 "Sec. ____ . NEW SECTION. 331.424B JOINT COMMUNITY
 5 ECONOMIC DEVELOPMENT LEVY.
 6 A group of counties or group of counties and cities
 7 organized pursuant to chapter 28E may impose an
 8 economic development levy under section 331.424A. The
 9 levy shall be imposed and revenues distributed in
 10 accordance with the provisions of the agreement
 11 between the counties or counties and cities pursuant
 12 to section 28E.4."
 13 2. Page 5, by inserting after line 12 the
 14 following:
 15 "Sec. ____ . NEW SECTION. 384.12A JOINT COMMUNITY
 16 ECONOMIC DEVELOPMENT LEVY.
 17 A group of cities or group of cities and counties
 18 organized pursuant to chapter 28E may also impose an
 19 economic development levy under section 384.12,
 20 subsection 22. The levy shall be imposed and revenues
 21 distributed in accordance with the provisions of the
 22 agreement between the cities or cities and counties
 23 pursuant to section 28E.4."
 24 3. By renumbering as necessary.

By MERLIN E. BARTZ

S-3268 FILED MARCH 29, 1993

WITHDRAWN
3/30/93

SENATE FILE 331

S-3318

- 1 Amend Senate File 331 as follows:
- 2 1. Page 2, line 1, by striking the words "those
- 3 voting" and inserting the following: "the votes cast
- 4 in the county".
- 5 2. Page 2, line 2, by striking the word "favors"
- 6 and inserting the following: "favor".
- 7 3. Page 2, line 28 by striking the words "those
- 8 voting" and inserting the following: "the votes cast
- 9 in the county".
- 10 4. Page 2, line 29 by striking the word "favors"
- 11 and inserting the following: "favor".
- 12 5. Page 4, line 7, by striking the words "those
- 13 voting" and inserting the following: "the votes cast
- 14 in the city".
- 15 6. Page 4, line 8, by striking the word "favors"
- 16 and inserting the following: "favor".
- 17 7. Page 5, line 1, by striking the words "those
- 18 voting" and inserting the following: "the votes cast
- 19 in the city".
- 20 8. Page 5, line 2, by striking the word "favors"
- 21 and inserting the following: "favor".

By ANDY McKEAN

S-3318 FILED MARCH 31, 1993

O. Braden
4/29/93

JUDGE, CH.
KIBBIE
BENNETT

SSB 184
Small Business + Economic
Development

SENATE FILE 331
BY (PROPOSED COMMITTEE ON
SMALL BUSINESS, ECONOMIC
DEVELOPMENT AND TOURISM
BILL BY CHAIRPERSON RIORDAN)

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

A BILL FOR

1 An Act authorizing a city or county to impose an economic
2 development levy consisting of a property tax levy, income
3 surtax, or both.

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

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1 Section 1. NEW SECTION. 331.424A ECONOMIC DEVELOPMENT
2 LEVY -- AUTHORIZATION -- ELECTION -- IMPOSITION.

3 1. A county may impose, as provided in this section, an
4 economic development levy consisting of a property tax, income
5 surtax, or both to raise revenues to be used for economic
6 development purposes. The economic development levy shall not
7 exceed the equivalent of twenty-five cents per thousand
8 dollars of assessed valuation. If the economic development
9 levy consists of an income surtax or combination income surtax
10 and property tax, the maximum amount that may be levied and
11 imposed is limited to an amount that could be raised by a
12 twenty-five cents per thousand dollar property tax levy. If
13 an income surtax is imposed, each year by March 15 the board
14 shall certify the amounts to be raised by the income surtax
15 and the property tax, if any, to the department of revenue and
16 finance. The department shall establish the percent of income
17 surtax and the property tax rate for the fiscal year based
18 upon the most recent figures available.

19 The economic development income surtax, if any, shall be
20 imposed on the state individual income tax for the calendar
21 year during which the fiscal year begins, or for a taxpayer's
22 fiscal year ending during the second half of that calendar
23 year and after the date the board adopts a resolution to
24 impose the tax or the first half of the succeeding calendar
25 year, and shall be imposed on all individuals residing in the
26 county on the last day of the applicable tax year. As used in
27 this section, "state individual income tax" means the taxes
28 computed under section 422.5, less the credits allowed in
29 sections 422.11A, 422.11B, 422.11C, 422.12, 422.12B, and
30 422.12C.

31 The income surtax shall be collected in a manner similar to
32 that provided for collecting the instructional support income
33 surtax for a school district pursuant to sections 257.22
34 through 257.26.

35 2. An economic development levy may be imposed only after

1 an election at which at least sixty percent of those voting on
2 the question favors imposition, and may then be imposed for up
3 to five fiscal years. Before each year of the five-year
4 period, the board shall decide if the levy will be imposed,
5 and if imposed, whether it will consist of an income surtax,
6 property tax levy, or both, and the levy rate or percentage
7 not to exceed the limit specified in subsection 1. If the
8 board wishes to continue the economic development levy, it may
9 do so in the manner provided in this section for imposition
10 within the twelve-month period prior to the termination of the
11 five-year period. The economic development levy property tax
12 shall apply to all taxable property located within the county.

13 3. Upon its own motion, the board shall, within sixty days
14 of its motion, direct the county commissioner of elections to
15 submit the question of the imposition of an economic de-
16 velopment levy to the qualified electors of the county at a
17 state general election or at a special election as designated
18 by the board. The election shall not be held sooner than
19 sixty days after publication of notice of the ballot
20 proposition. The county may submit the question on imposition
21 only once during a fiscal year. The ballot proposition shall
22 state the maximum rate of the property tax levy or income
23 surtax, that the levy or surtax would be authorized for the
24 next five fiscal years, that the board will decide before each
25 fiscal year of the five-year period if the tax will be levied
26 and the rate, and a statement as to the specific purpose or
27 purposes for which revenues shall be expended.

28 4. If at least sixty percent of those voting on the
29 question of imposition of the economic development levy favors
30 its imposition, the board may impose the levy for a five-year
31 period. The economic development levy may first be imposed
32 for the fiscal year during which the favorable election was
33 held.

34 5. Revenues received by a county from its economic de-
35 velopment levy shall be used for the purpose or purposes

1 specified on the ballot proposition to enhance economic
2 development in the area in which the levy is imposed.
3 However, before the county expends any of these revenues, the
4 county shall determine that the use will be for a public
5 purpose.

6 Sec. 2. Section 384.12, Code 1993, is amended by adding
7 the following new subsection:

8 NEW SUBSECTION. 22. a. A city may impose, as provided in
9 this subsection, an economic development levy consisting of a
10 property tax, income surtax, or both, to raise revenues to be
11 used for economic development purposes. The economic
12 development levy shall not exceed the equivalent of twenty-
13 five cents per thousand dollars of assessed valuation. If the
14 economic development levy consists of an income surtax or
15 combination income surtax and property tax, the maximum amount
16 that may be levied and imposed is limited to an amount that
17 could be raised by a twenty-five cents per thousand dollar
18 property tax levy. If an income surtax is imposed, each year
19 by March 15 the governing body shall certify the amounts to be
20 raised by the income surtax and the property tax, if any, to
21 the department of revenue and finance. The department shall
22 establish the percent of income surtax and the property tax
23 rate for the fiscal year based upon the most recent figures
24 available.

25 The economic development income surtax, if any, shall be
26 imposed on the state individual income tax for the calendar
27 year during which the fiscal year begins, or for a taxpayer's
28 fiscal year ending during the second half of that calendar
29 year and after the date the governing body adopts a resolution
30 to impose the tax or the first half of the succeeding calendar
31 year, and shall be imposed on all individuals residing in the
32 city on the last day of the applicable tax year. As used in
33 this subsection, "state individual income tax" means the taxes
34 computed under section 422.5, less the credits allowed in
35 sections 422.11A, 422.11B, 422.11C, 422.12, 422.12B, and

1 422.12C.

2 The income surtax shall be collected in a manner similar to
3 that provided for collecting the instructional support income
4 surtax for a school district pursuant to sections 257.22
5 through 257.26.

6 b. An economic development levy may be imposed only after
7 an election at which at least sixty percent of those voting on
8 the question favors imposition, and may then be imposed for up
9 to five fiscal years. Before each year of the five-year
10 period, the governing body shall decide if the levy will be
11 imposed, whether it will consist of an income surtax, property
12 tax, or both, and if imposed, the levy rate or percentage not
13 to exceed the limit specified in paragraph "a". If the
14 governing body wishes to continue the economic development
15 levy, it may do so in the manner provided in this subsection
16 for imposition within the twelve-month period prior to the
17 termination of the five-year period. The economic development
18 levy property tax shall apply to all taxable property located
19 within the city.

20 c. Upon its own motion, the governing body shall, within
21 sixty days of its motion, direct the county commissioner of
22 elections to submit the question of the imposition of an
23 economic development levy to the qualified electors of the
24 city at a state general election, city regular election, or at
25 a special election as designated by the governing body. The
26 election shall not be held sooner than sixty days after
27 publication of notice of the ballot proposition. The city may
28 submit the question on imposition only once during a fiscal
29 year. The ballot proposition shall state the maximum rate of
30 the property tax levy or income surtax, that the levy or
31 surtax would be authorized for the next five fiscal years,
32 that the governing body will decide before each fiscal year of
33 the five-year period if the tax will be levied and the rate,
34 and a statement as to the specific purpose or purposes for
35 which revenues shall be expended.

1 d. If at least sixty percent of those voting on the
2 question of imposition of the economic development levy favors
3 its imposition, the governing body may impose the levy for a
4 five-year period. The economic development levy may first be
5 imposed for the fiscal year during which the favorable
6 election was held.

7 e. Revenues received by a city from its economic develop-
8 ment levy shall be used for the purpose or purposes specified
9 on the ballot proposition to enhance economic development in
10 the area in which the levy is imposed. However, before the
11 city expends any of these revenues, the city shall determine
12 that the use will be for a public purpose.

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EXPLANATION

14 The bill authorizes a city or county to impose an economic
15 development levy which may consist of property tax, income
16 surtax, or both. The economic development levy can be imposed
17 only after an election at which at least 60 percent of those
18 voting favor its imposition. The levy would be for a five-
19 year period but could be continued by having another election.
20 If the levy is authorized, the city council or county board
21 would decide each fiscal year if the property tax, an income
22 surtax, or both, would be imposed and the rate. The maximum
23 amount that may be collected is the amount that could be
24 raised by a 25 cents per thousand dollars of assessed
25 valuation property tax levy. The economic development
26 property tax levy would apply to all taxable property located
27 in the city or county that imposes it. Revenues from the levy
28 would be used for any lawful purpose that will enhance
29 economic development in the area where the levy is imposed,
30 provided the city or county determines that the purpose for
31 which the revenues are used is a public purpose.

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