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SENATE FILE 411
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 322)

Passed Senate ^(P.1332) Date 4/23/93 Passed House, Date _____
Vote: Ayes 32 Nays 15 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to bond issuance elections and authorizing a
2 political subdivision to impose an income surtax to partially
3 fund certain bonds.

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

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SF411

1 Section 1. Section 75.1, Code 1993, is amended to read as
2 follows:

3 75.1 BONDS -- ELECTION -- VOTE REQUIRED.

4 1. When a proposition to authorize an issuance of bonds by
5 a county, township, school corporation, city, or by any local
6 board or commission, is submitted to the electors, such the
7 proposition shall not be deemed carried or adopted, anything
8 in the statutes to the contrary notwithstanding, unless is
9 adopted if the vote in favor of such authorization the
10 proposition is equal to at least sixty percent of the total
11 vote cast for and against said the proposition at said the
12 election.

13 2. Notwithstanding subsection 1, if principal and interest
14 on bonds issued by a county, school corporation, or city are
15 to be paid in part with revenue from a local income surtax
16 imposed under section 76.19, the proposition shall so state
17 and the proposition is adopted if the vote in favor of the
18 proposition is equal to at least a majority of the total vote
19 cast for and against the proposition at the election.

20 However, a bond issuance proposition proposing imposition of
21 an income surtax shall not be presented to the electors if in
22 the first year the income surtax is imposed the total of all
23 income surtaxes authorized by law and imposed in that year on
24 any taxpayer in the political subdivision would exceed twenty
25 percent. Upon request of the governing authority, the
26 department of management shall certify the cumulative rate of
27 income surtax being imposed in the political subdivision.

28 3. All ballots cast and not counted as a vote for or
29 against the proposition shall not be used in computing the
30 total vote cast for and against said the proposition.

31 4. When a proposition to authorize an issuance of bonds
32 has been submitted to the electors under this section and the
33 proposal fails to gain approval by the required percentage of
34 votes, such proposal, or any proposal which incorporates any
35 portion of the defeated proposal, shall not be submitted to

1 the electors for a period of six months from the date of such
2 regular or special election.

3 Sec. 2. Section 76.1, unnumbered paragraph 1, Code 1993,
4 is amended to read as follows:

5 ~~Hereafter-issues~~ Issues of bonds ~~of-every-kind-and~~
6 character by counties, cities, and school corporations shall
7 be consecutively numbered. The annual levy of property tax or
8 a combination of property tax levy and income surtax imposed
9 as provided in section 76.19, if authorized by an election
10 held pursuant to section 75.1, shall be sufficient to pay the
11 interest and approximately such portion of the principal of
12 the bonds as will retire them in a period not exceeding ~~twenty~~
13 twenty-two years from date of issue. Each issue of bonds
14 shall be scheduled to mature serially in the same order as
15 numbered.

16 Sec. 3. Section 76.2, Code 1993, is amended to read as
17 follows:

18 76.2 MANDATORY LEVY -- OBLIGATIONS IN ANTICIPATION OF
19 LEVY.

20 The governing authority of these political subdivisions
21 before issuing bonds shall, by resolution, provide for the
22 assessment of an annual levy upon all the taxable property in
23 the political subdivision, or the assessment of an annual
24 property tax levy and imposition of an income surtax under
25 section 76.19, sufficient to pay the interest-and principal
26 and interest of the bonds within a period named not exceeding
27 twenty-years that provided in section 76.1. A certified copy
28 of this resolution shall be filed with the county auditor ~~or~~
29 ~~the-auditors~~ of the ~~counties~~ each county in which the
30 political subdivision is located; and ~~the~~ this filing shall
31 make it a duty of the ~~auditors~~ auditor to enter annually this
32 levy for collection from the taxable property within the
33 boundaries of the political subdivision until funds are
34 realized to pay the principal and interest of the bonds in
35 full. The property tax levy shall continue to be made against

1 property that is severed from the political subdivision and
2 the income surtax shall continue to be imposed upon the
3 residents of any area severed from the political subdivision
4 after the filing of the resolution until funds are realized to
5 pay the principal and interest of the bonds in full.

6 If the a resolution which does not include imposition of an
7 income surtax is filed prior to April 1, the annual property
8 tax levy shall begin with the tax levy for collection
9 commencing July 1 of that year. If the resolution is filed
10 after April 1, the annual levy shall begin with the tax levy
11 for collection in the next succeeding fiscal year. However,
12 the governing authority of a political subdivision may adjust
13 a levy of taxes made under this section for the purpose of
14 adjusting the annual levies and collections for property
15 severed from the political subdivision, subject to the
16 approval of the director of the department of management.

17 If the resolution includes imposition of a local income
18 surtax, the annual property tax levy shall begin with the tax
19 levy for collection commencing July 1 of the calendar year
20 subsequent to the calendar year in which the resolution is
21 filed. However, the governing authority of a political
22 subdivision may adjust a levy of taxes made under this section
23 or rate of the income surtax under section 76.19 for the
24 purpose of adjusting the annual property tax levy or rate of
25 the surtax and collections for property severed from the
26 political subdivision, subject to the approval of the director
27 of the department of management.

28 If the resolution includes the imposition of a local income
29 surtax and it is filed with the department of revenue and
30 finance prior to August 1, the imposition of the surtax is
31 retroactive to January 1 of that calendar year. If the
32 resolution is filed with the department of revenue and finance
33 on or after August 1, the imposition of the income surtax is
34 January 1 of the next calendar year.

35 If funds, including reserves and amounts available for

1 temporary transfer, are ~~found-to-be~~ insufficient to pay in
2 full any installment of principal or interest, a public issuer
3 of bonds may anticipate the next levy of property taxes
4 pursuant to this section or the imposition of an income surtax
5 under section 76.19 in the manner provided in chapter 74,
6 whether the taxes so anticipated are to be collected in the
7 same or a future fiscal year.

8 To further secure the payment of the bonds, the governing
9 authority shall, by resolution, provide for the assessment of
10 an annual levy of a standby tax upon all taxable property
11 within the political subdivision. A copy of the resolution
12 shall be sent to the county auditor of each county in which
13 the political subdivision is located. The revenues from the
14 standby tax shall be deposited in a special fund and shall be
15 expended only for the payment of principal of and interest on
16 the bonds issued as provided in this section, when the revenue
17 from an income surtax as provided in section 76.19 is
18 insufficient. No reserves may be built up in this fund in
19 anticipation of a projected default. The governing authority
20 shall adjust the annual standby property tax levy for each
21 year to reflect the amount of revenues in the special fund and
22 the amount of principal and interest which is due in that
23 year.

24 Sec. 4. Section 76.4, Code 1993, is amended to read as
25 follows:

26 76.4 PERMISSIVE APPLICATION OF FUNDS.

27 Whenever ~~If~~ the governing authority of ~~such a~~ political
28 subdivision ~~shall-have~~ has on hand funds derived from ~~any~~
29 ~~other a~~ source other than taxation which may be appropriated
30 to the payment either of interest or principal, or both
31 principal and interest of such bonds, ~~such the~~ funds may be ~~so~~
32 appropriated and used and the property tax levy and income
33 surtax rate, if imposed, for the payment of the bonds
34 correspondingly reduced.

35 Sec. 5. Section 76.7, Code 1993, is amended to read as

1 follows:

2 76.7 PARTICULAR BONDS AFFECTED -- PAYMENT.

3 Counties, cities, and school corporations may at any time
4 ~~or-times~~ extend or renew any legal indebtedness or any part
5 thereof of the indebtedness they may have represented by bonds
6 or certificates where such the indebtedness is payable from a
7 limited annual property tax or from a voted annual property
8 tax or from a local income surtax imposed under section 76.19,
9 and may by resolution fund or refund the same legal
10 indebtedness and issue bonds therefor running not more than
11 twenty years to be known as funding or refunding bonds, and
12 make provision for the payment of the principal and interest
13 thereof from the proceeds of an annual property tax or annual
14 property tax and local income surtax for the period covered by
15 such the bonds similar to the tax authorized by law or by the
16 electors for the payment of the indebtedness so extended or
17 renewed.

18 Sec. 6. NEW SECTION. 76.19 INCOME SURTAX.

19 1. An income surtax may be imposed by a political
20 subdivision as provided in this section, but only if
21 authorized by the electors as provided in section 75.1.

22 2. The income surtax shall be imposed upon state income
23 taxes computed under section 422.5, less credits allowed in
24 chapter 422, division II, and shall be imposed upon the state
25 income tax for each calendar year, or for a taxpayer's fiscal
26 year ending during the second half of that calendar year or
27 the first half of the succeeding calendar year, and shall be
28 imposed on all taxpayers residing in the political subdivision
29 on the last day of the applicable tax year, and on taxpayers
30 residing in areas severed from the political subdivision as
31 provided in section 76.2.

32 3. The income surtax shall be imposed to collect an amount
33 that is equivalent to sixty percent of the sum of the
34 principal and interest of the bonds over the life of the
35 bonds. The rate of the income surtax may be adjusted in any

1 year for the sole purpose of assuring that an amount
2 equivalent to sixty percent of the principal and interest over
3 the life of the bonds is collected.

4 4. At the time of the annual levy under section 76.2, the
5 governing authority of the political subdivision shall also
6 provide in the resolution for the imposition of the income
7 surtax and shall certify to the department of management such
8 sum expressed in dollars. The department shall determine the
9 rate of income surtax to be imposed based upon the most recent
10 available figures from state income taxes paid by taxpayers
11 residing in the political subdivision. The department shall
12 continue to make such calculations and certify the income
13 surtax rate to the auditor of the political subdivision with
14 adjustments as provided in this section until the principal
15 and interest on the bonds are paid in full. On or before
16 November 1 of each year in which the income surtax is
17 collected the director of revenue and finance shall deposit
18 with the treasurer of the political subdivision the entire
19 amount of income surtax collected from taxpayers residing in
20 the political subdivision.

21 5. The costs of administration shall be determined by the
22 department of revenue and finance, and shall be based on a
23 share of the total cost of administering the department, in
24 the same proportion as the amount of income surtax collected
25 is to the amount of state income taxes collected.

26 6. The director of revenue and finance shall administer
27 the income surtax imposed under this chapter and sections
28 422.20, 422.22 to 422.31, 422.68, and 422.72 to 422.75 shall
29 apply with respect to administration of the income surtax.

30 Sec. 7. NEW SECTION. 76.20 PROPERTY TAX CREDIT --
31 AGRICULTURAL AND RESIDENTIAL PROPERTY.

32 Local income surtax revenues collected under section 76.19
33 shall be distributed in the following manner:

34 Upon receipt of the revenues collected from the income
35 surtax, the county treasurer shall notify the county auditor

1 of the amount of income surtax revenues received. The auditor
2 shall determine the amount to be credited to each parcel of
3 real property assessed as agricultural or residential, and
4 shall enter such amount upon the tax lists as a credit against
5 the tax levied on each parcel of real property assessed as
6 agricultural or residential. The county treasurer shall show
7 on each tax receipt the amount of tax credit to be applied
8 against property tax due in the calendar year following the
9 year in which the surtax was collected for each parcel of real
10 property assessed as agricultural or residential. In case of
11 change of ownership, the credit shall remain with the parcel.

12 The amount of the credit funded by revenues from the income
13 surtax imposed under section 76.19 shall be an amount equal to
14 a pro rata share based upon the ratio of the taxable value of
15 each parcel to receive the credit to the total taxable value
16 of the property to receive the credit.

17 Sec. 8. NEW SECTION. 76.21 INCOME TAX RETURNS.

18 An income surtax imposed under section 75.19 shall be made
19 a part of the Iowa individual income tax return subject to the
20 conditions and restrictions set forth in section 422.21. The
21 director of revenue and finance shall provide on income tax
22 returns a requirement that each person required to file a
23 return numerically identify the city of residence of the
24 taxpayer and the merged area in which the taxpayer resides.

25 Sec. 9. NEW SECTION. 76.22 DESIGNATION OF TAX.

26 An income surtax imposed under section 76.19 by a school
27 district shall be designated as a school debt service income
28 surtax, an income surtax imposed by a merged area shall be
29 designated as a merged area debt service income surtax, an
30 income surtax imposed by a city under section 76.19 shall be
31 designated a city debt service income surtax, and an income
32 surtax imposed by a county shall be designated a county debt
33 service income surtax.

34 Sec. 10. Section 260C.21, Code 1993, is amended to read as
35 follows:

1 260C.21 ELECTION TO INCUR INDEBTEDNESS.

2 1. No indebtedness shall be incurred under section ~~280A-19~~
3 260C.19 until authorized by an election. A proposition to
4 incur indebtedness and issue bonds for community college
5 purposes shall be deemed ~~carried~~ adopted in a merged area if
6 approved by a sixty percent majority of all voters voting on
7 the proposition in the area. However, if the board elects to
8 partially fund the bonds with revenues from a local income
9 surtax, in addition to property tax revenues, the ballot
10 proposition to authorize the issuance of the bonds shall be
11 submitted to the electorate pursuant to section 75.1,
12 subsection 2.

13 2. Notwithstanding subsection 1, if the costs of utilities
14 are paid by a community college with funds derived from the
15 levy authorized under section 260C.22, the community college
16 may use the general fund moneys that would have been used to
17 pay the costs of utilities for capital expenditures, may
18 invest the funds, or may incur indebtedness without an
19 election, provided that the payments on the indebtedness
20 incurred, and any interest on the indebtedness, can be made
21 using general funds of the community college and the total
22 payments on the principal and interest on the indebtedness do
23 not exceed the amount of the costs of the utilities.

24 Sec. 11. Section 296.1, Code 1993, is amended to read as
25 follows:

26 296.1 INDEBTEDNESS AUTHORIZED.

27 Subject to the approval of the voters thereof, school
28 districts are hereby authorized to contract indebtedness and
29 to issue general obligation bonds to provide funds to defray
30 the cost of purchasing, building, furnishing, reconstructing,
31 repairing, improving or remodeling a schoolhouse or
32 schoolhouses and additions thereto, gymnasium, stadium, field
33 house, school bus garage, teachers' or superintendent's home
34 or homes, and procuring a site or sites therefor, or
35 purchasing land to add to a site already owned, or procuring

1 and improving a site for an athletic field, or improving a
2 site already owned for an athletic field, and for any one or
3 more of such purposes. Taxes for the payment of said the
4 bonds shall be levied or imposed in accordance with chapter
5 76, and said the bonds shall mature within a period not
6 exceeding twenty years from date of issue the period provided
7 in section 76.1, shall bear interest at a rate or rates not
8 exceeding that permitted by chapter 74A and shall be of such
9 form as the board of directors of such the school district
10 shall by resolution provide, but the aggregate indebtedness of
11 any school district shall not exceed five percent of the
12 actual value of the taxable property within said the school
13 district, as ascertained by the last preceding state and
14 county tax lists.

15 Sec. 12. Section 296.6, Code 1993, is amended to read as
16 follows:

17 296.6 BONDS.

18 If the vote in favor of the issuance of such bonds is equal
19 to at least sixty percent of the total vote cast for and
20 against said the proposition at said the election, the board
21 of directors shall issue the same bonds and make provision for
22 payment thereof of the bonds. However, if the board of
23 directors of a school corporation elects to partially fund the
24 bonds with revenues from a local income surtax, in addition to
25 property tax revenues, the ballot proposition to authorize the
26 issuance of the bonds shall be submitted to the electorate
27 pursuant to section 75.1, subsection 2.

28 Sec. 13. Section 298.14, unnumbered paragraph 1, Code
29 1993, is amended by striking the paragraph.

30 Sec. 14. Section 298.18, unnumbered paragraphs 2, 4, and
31 6, Code 1993, are amended to read as follows:

32 The amount estimated and certified to apply on to pay
33 principal and interest for any one year shall not exceed an
34 amount that could be raised by a property tax levy equal to
35 two dollars and seventy cents per thousand dollars of the

1 assessed valuation of the taxable property of the school
2 corporation except as hereinafter provided.

3 The amount estimated ~~and-certified-to-apply-on~~ to pay
4 principal and interest for any one year may exceed an amount
5 that could be raised by a property tax levy equal to two
6 dollars and seventy cents per thousand dollars of assessed
7 value by the amount approved by the voters of the school
8 corporation, but not exceeding four dollars and five cents per
9 thousand of the assessed value of the taxable property within
10 any school corporation, provided that the qualified voters of
11 such school corporation have first approved such increased
12 amount at a special election, which may be held at the same
13 time as the regular school election. The proposition
14 submitted to the voters at such special election shall be in
15 substantially the following form:

16 Notice of the election shall be given by the county
17 commissioner of elections according to section 49.53. The
18 election shall be held on a date not less than four nor more
19 than twenty days after the last publication of the notice. At
20 ~~such the~~ the election the ballot used for the submission of ~~said~~
21 the proposition shall be in substantially the form for
22 submitting special questions at general elections. The county
23 commissioner of elections shall conduct the election pursuant
24 to the provisions of chapters 39 to 53 and certify the results
25 to the board of directors. ~~Such~~ The proposition shall not be
26 deemed ~~carried-or~~ adopted unless the vote in favor of ~~such the~~
27 proposition is equal to at least sixty percent of the total
28 vote cast for and against ~~said the~~ the proposition at ~~said the~~
29 election. However, if the board of directors of a school
30 district elects to partially fund the bonds with revenues from
31 a local income surtax, in addition to property tax revenues,
32 the ballot proposition to authorize the issuance of the bonds
33 shall be submitted to the electorate pursuant to section 75.1,
34 subsection 2. Whenever If such a proposition has been
35 approved by the voters of a school corporation as hereinbefore

1 provided, no further approval of the voters of ~~such~~ the school
2 corporation shall be required as a result of any subsequent
3 change in the boundaries of ~~such~~ the school corporation.

4 Sec. 15. Section 298.22, unnumbered paragraph 1, Code
5 1993, is amended to read as follows:

6 ~~All-of-said~~ The bonds shall be substantially in the form
7 provided for county bonds, but subject to changes that will
8 conform them to the action of the board ~~providing-therefor~~;
9 shall ~~run-not-more-than-twenty-years~~ mature within the period
10 provided in section 76.1, and may be sooner paid if so
11 nominated in the bond; bear a rate of interest not exceeding
12 that permitted by chapter 74A, payable semiannually; be signed
13 by the president and countersigned by the secretary of the
14 board of directors; and shall not be disposed of for less than
15 par value, nor issued for other purposes than this chapter
16 provides.

17 Sec. 16. Section 331.442, subsection 4, Code 1993, is
18 amended to read as follows:

19 4. The proposition of issuing bonds for a general county
20 purpose is not ~~carried-or~~ adopted unless the vote in favor of
21 the proposition is equal to at least sixty percent of the
22 total vote cast for and against the proposition at the
23 election. However, if the board elects to partially fund the
24 bonds with revenues from a local income surtax, in addition to
25 property tax revenues, the ballot proposition to authorize the
26 issuance of the bonds shall be submitted to the electorate
27 pursuant to section 75.1, subsection 2. If the proposition of
28 issuing the general county purpose bonds is approved by the
29 voters, the board may proceed with the issuance of the bonds.

30 Sec. 17. Section 331.442, subsection 5, paragraph a,
31 unnumbered paragraph 1, Code 1993, is amended to read as
32 follows:

33 Notwithstanding subsection 2, a board, in lieu of calling
34 an election, may institute proceedings for the issuance of
35 bonds for a general county purpose by causing a notice of the

1 proposal to issue the bonds, including a statement of the
2 amount and purpose of the bonds, the type or types of debt
3 service tax to be levied or imposed to pay principal and
4 interest on the bonds, and the right to petition for an
5 election, to be published as provided in section 331.305 at
6 least ten days prior to the meeting at which it is proposed to
7 take action for the issuance of the bonds subject to the
8 following limitations:

9 Sec. 18. Section 331.447, subsection 1, Code 1993, is
10 amended to read as follows:

11 1. Taxes for the payment of general obligation bonds shall
12 be levied or imposed in accordance with chapter 76, and the
13 bonds are payable from ~~the levy of unlimited ad valorem taxes~~
14 ~~on all the taxable property within the county through its debt~~
15 ~~service fund required by section 331.430~~ a debt service
16 property tax or a combination of a debt service property tax
17 and a debt service income surtax, unlimited as to amount,
18 except that:

19 a. The amount estimated ~~and certified to apply to pay~~ to pay on
20 principal and interest for any one year shall not exceed an
21 amount that could be raised by a debt service property tax
22 levy equal to the maximum rate of tax, if any, provided by
23 this division for the purpose for which the bonds were issued.
24 If general obligation bonds are issued for different
25 categories, as provided in section 331.445, the maximum rate
26 of levies, if any, for each purpose shall apply separately to
27 that portion of the bond issue for that category and the
28 resolution authorizing the bond issue shall clearly set forth
29 the annual debt service requirements with respect to each
30 purpose in sufficient detail to indicate compliance with the
31 rate of tax levy, if any.

32 b. The amount estimated ~~and certified to apply to pay~~ to pay on
33 principal and interest for any one year may only exceed an
34 amount that could be raised by a debt service property tax
35 levy equal to the statutory rate of levy limit, if any, by the

1 amount that the qualified electors of the county have approved
2 at a special election, which may be held at the same time as
3 the general election and may be included in the proposition
4 authorizing the issuance of bonds, if an election on the
5 proposition is necessary, or may be submitted as a separate
6 proposition at the same election or at a different election.
7 Notice of the election shall be given as specified in section
8 331.305. If the proposition includes issuing bonds and
9 increasing the levy limit, it shall be in substantially the
10 following form:

11 Shall the county of, state of Iowa, be authorized
12 to (here state purpose of project) at a total cost
13 not exceeding \$.... and issue its general obligation bonds in
14 an amount not exceeding \$.... for that purpose, and be
15 authorized to levy annually a debt service property tax (or
16 debt service property tax and income surtax, if applicable),
17 which will produce an amount not exceeding ... dollars and ...
18 cents per thousand dollars of the assessed value of the
19 taxable property within the county to pay the principal of and
20 interest on the bonds?

21 If the proposition includes only increasing the levy limit
22 it shall be in substantially the following form:

23 Shall the county of, state of Iowa, be authorized
24 to levy annually a debt service property tax (or debt service
25 property tax and income surtax, if applicable), which will
26 produce an amount not exceeding ... dollars and ... cents per
27 thousand dollars of the assessed value of the taxable property
28 within the county to pay principal and interest on the bonded
29 indebtedness of the county for the purpose of?

30 Sec. 19. Section 331.490, Code 1993, is amended to read as
31 follows:

32 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY -- RATES.
33 1. If a county and city have entered into an agreement to
34 create a joint special assessment district and issue county
35 general obligation bonds to fund the costs of a public

1 improvement benefiting that district, the county's debt
2 service property tax levy for the county general obligation
3 bonds shall not be levied against property located in any city
4 except a city which has entered into the agreement, and, if
5 applicable, the county's debt service income surtax for the
6 county general obligation bonds shall not be imposed on
7 taxpayers who reside in any city except a city which has
8 entered into the agreement.

9 2. Counties and cities entering into an agreement for a
10 joint special assessment district may provide in the agreement
11 for a different rate of the county's debt service tax levy
12 against property in areas of the county outside a city and
13 property within the cities, and, if applicable, for a
14 different rate of the county's debt service income surtax to
15 be imposed on taxpayers residing outside the cities and those
16 residing within each city.

17 Sec. 20. Section 384.26, subsections 2 and 4, Code 1993,
18 are amended to read as follows:

19 2. Before the council may institute proceedings for the
20 issuance of bonds for a general corporate purpose, it shall
21 call a special city election to vote upon the question of
22 issuing the bonds. At the election the proposition must be
23 submitted in substantially the following form:

24 Shall the (insert the name of the city) issue
25 its bonds in an amount not exceeding the amount of \$.... for
26 the purpose of, such bonds to be payable from a
27 property tax levied on all taxable property within the city
28 (and income surtax to be imposed on the state income tax of
29 each income taxpayer residing in the city)?

30 4. The proposition of issuing general corporate purpose
31 bonds is not ~~carried-or~~ adopted unless the vote in favor of
32 the proposition is equal to at least sixty percent of the
33 total vote cast for and against the proposition at the
34 election. However, if the city council elects to partially
35 fund the bonds with revenues from a local income surtax, in

1 addition to property tax revenues, the ballot proposition to
2 authorize the issuance of the bonds shall be submitted to the
3 electorate pursuant to section 75.1, subsection 2. If the
4 proposition of issuing the general corporate purpose bonds is
5 approved by the voters, the city may proceed with the issuance
6 of the bonds.

7 Sec. 21. Section 384.26, subsection 5, paragraph a,
8 unnumbered paragraph 1, Code 1993, is amended to read as
9 follows:

10 Notwithstanding the provisions of subsection 2, a council
11 may, in lieu of calling an election, institute proceedings for
12 the issuance of bonds for a general corporate purpose by
13 causing a notice of the proposal to issue the bonds, including
14 a statement of the amount and purpose of the bonds, the type
15 or types of debt service tax to be levied or imposed to pay
16 principal and interest of the bonds, together with the maximum
17 rate of interest which the bonds are to bear, and the right to
18 petition for an election, to be published at least once in a
19 newspaper of general circulation within the city at least ten
20 days prior to the meeting at which it is proposed to take
21 action for the issuance of the bonds subject to the following
22 limitations:

23 Sec. 22. Section 384.32, Code 1993, is amended to read as
24 follows:

25 384.32 TAX TO PAY.

26 Taxes for the payment of general obligation bonds must be
27 levied in accordance with chapter 76, and the bonds are
28 payable from the levy of ~~unlimited-ad-valorem-taxes-on-all-the~~
29 ~~taxable-property-within-the-city-through-its-debt-service-fund~~
30 authorized-by-section-384-4 a debt service property tax or a
31 combination of a debt service property tax and a debt service
32 income surtax, unlimited as to amount.

33 EXPLANATION

34 This bill authorizes general obligation bonds to be issued
35 by certain political subdivisions which will be partially

1 funded by a local income surtax imposed on individuals, in
2 addition to property taxes. Sixty percent of the principal
3 and interest of the bonds shall be funded by income surtax.
4 The question of whether to impose a local income surtax to
5 partially fund the bonds shall be included in the bond
6 issuance ballot proposition. If principal and interest on the
7 bonds are to be funded by property tax and income surtax, the
8 required percentage of votes needed to authorize issuance of
9 the bonds is reduced from 60 percent to a majority.

10 The bill also provides that income surtax funds collected
11 shall be credited to each parcel of real property in the
12 political subdivision which is assessed as agricultural or
13 residential property.

14 The bill provides that a bond proposition which includes an
15 income surtax may not be presented to the electorate if, in
16 the first year the surtax is imposed, the total surtax imposed
17 on any taxpayer in the political subdivision would exceed 20
18 percent. The property tax levied or income surtax imposed are
19 to be designated as debt service taxes for the payment of
20 principal and interest on general obligation bonds.

21 This bill applies to bonds issued by a county, city, school
22 districts, and community colleges.

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SENATE FILE 411

S-3611

1 Amend Senate File 411 as follows:
2 1. By striking everything after the enacting
3 clause and inserting the following:
4 "Section 1. Section 75.1, unnumbered paragraph 1,
5 Code 1993, is amended to read as follows:
6 When a proposition to authorize an issuance of
7 bonds by a county, township, school corporation, city,
8 or by any local board or commission, is submitted to
9 the electors, ~~such~~ the proposition shall not be deemed
10 carried or adopted, anything in the statutes to the
11 contrary notwithstanding, unless the vote in favor of
12 ~~such~~ the authorization is equal to at least sixty
13 percent of the total vote cast for and against ~~said~~
14 the proposition at said the election if the bonds are
15 issued for a term in excess of ten years. If the
16 bonds are issued for a term of less than ten years, a
17 majority of the total votes cast for and against the
18 proposition is sufficient to approve the proposition."
19 2. Title page, by striking lines 1 through 3 and
20 inserting the following: "An Act relating to bond
21 issue elections."

By MAGGIE TINSMAN

S-3611 FILED APRIL 23, 1993
WITHDRAWN

SENATE FILE 411

S-3620

1 Amend Senate File 411 as follows:
2 1. Page 1, line 18, by striking the words "a
3 majority" and inserting the following: "fifty-five
4 percent".

By LINN FUHRMAN
EMIL J. HUSAK

S-3620 FILED APRIL 23, 1993
LOST

SENATE FILE 411

S-3580

1 Amend Senate File 411 as follows:

2 1. Page 1, line 24, by inserting after the word
3 "subdivision" the following: "imposing the surtax".

4 2. Page 5, by striking line 24 and inserting the
5 following: "sections 422.11A, 422.11B, 422.11C,
6 422.12, and 422.12B, and shall be imposed upon the
7 state".

8 3. Page 6, line 28, by striking the figures
9 "422.20, 422.22" and inserting the following: "422.4,
10 422.20".

11 4. Page 7, line 3, by inserting after the word
12 "property" the following: "located in the political
13 subdivision and".

14 5. Page 7, line 8, by striking the words "tax due
15 in the calendar" and inserting the following: "taxes
16 payable in the fiscal".

17 6. Page 9, by striking lines 28 and 29 and
18 inserting the following:

19 "Sec. ____ . Section 298.14, unnumbered paragraph 1,
20 Code 1993, is amended to read as follows:

21 For each fiscal year, the cumulative total of the
22 percents of surtax approved by the board of directors
23 of a school district and collected by the department
24 of revenue and finance under sections 257.21, 257.29,
25 279.54, and 298.2, and the enrichment surtax under
26 section 442.15, Code 1989, and an income surtax
27 collected by a political subdivision under chapter
28 422D, shall not exceed twenty percent. In addition,
29 if an income surtax is imposed under section 76.19,
30 the cumulative total of percents of surtax imposed on
31 any taxpayer in a school district under sections
32 76.19, 257.21, 257.29, 279.54, 298.2, 442.15, Code
33 1989, and chapter 422D shall not exceed twenty percent
34 in the first year in which one or more of these income
35 surtaxes is imposed."

36 7. Page 15, by inserting after line 32, the
37 following:

38 "Sec. ____ . APPLICABILITY DATE. This Act applies
39 to bond issuances approved at elections held on or
40 after the effective date of this Act."

41 8. Title page, line 3, by inserting after the
42 word "bonds" the following: "by providing a property
43 tax credit, and providing for the Act's
44 applicability".

45 9. By renumbering as necessary.

By LARRY MURPHY

S-3580 FILED APRIL 21, 1993

Adapted 4-23-93
(P. 1331)

SENATE FILE 411

S-3557

- 1 Amend Senate File 411 as follows:
 2 1. Page 2, line 1, by striking the word "six" and
 3 inserting the following: "~~six~~ twelve".

By ANDY MCKEAN
 EMIL J. HUSAK
 BRAD BANKS

adopted 4/23/93

S-3557 FILED APRIL 21, 1993

SENATE FILE 411

S-3558

- 1 Amend Senate File 411 as follows:
 2 1. Page 1, by striking line 13 and inserting the
 3 following:
 4 "2. If principal and interest".
 5 2. Page 1, line 18, by striking the words "a
 6 majority" and inserting the following: "sixty
 7 percent".
 8 3. Page 8, line 7, by striking the words
 9 "However, if" and inserting the following: "However,
 10 if".
 11 4. Page 9, line 22, by striking the words
 12 "However, if" and inserting the following: "If".
 13 5. Page 10, line 29, by striking the words
 14 "However, if" and inserting the following: "If".
 15 6. Page 11, line 23, by striking the words
 16 "However, if" and inserting the following: "If".
 17 7. Page 14, line 34, by striking the words
 18 "However, if" and inserting the following: "If".

By ANDY MCKEAN
 BRAD BANKS

lost 4/23/93 (p.1330)

S-3558 FILED APRIL 21, 1993

SENATE FILE 411

S-3578

- 1 Amend the amendment, S-3558, to Senate File 411 as
 2 follows:
 3 1. Page 1, line 6, by striking the word "sixty"
 4 and inserting the following: "fifty-five".

By HARRY G. SLIFE
 EMIL J. HUSAK

S-3578 FILED APRIL 21, 1993

WITHDRAWN

4/23/93

1 Section 1. Section 75.1, Code 1993, is amended to read as
2 follows:

3 75.1 BONDS -- ELECTION -- VOTE REQUIRED.

4 1. When a proposition to authorize an issuance of bonds by
5 a county, township, school corporation, city, or by any local
6 board or commission, is submitted to the electors, ~~such the~~
7 ~~proposition shall not be deemed carried or adopted, anything~~
8 ~~in the statutes to the contrary notwithstanding, unless is~~
9 adopted if the vote in favor of such authorization the
10 proposition is equal to at least sixty percent of the total
11 vote cast for and against ~~said~~ the proposition at ~~said~~ the
12 election.

13 2. Notwithstanding subsection 1, if principal and interest
14 on bonds issued by a county, school corporation, or city are
15 to be paid in part with revenue from a local income surtax
16 imposed under section 76.19, the proposition shall so state
17 and the proposition is adopted if the vote in favor of the
18 proposition is equal to at least a majority of the total vote
19 cast for and against the proposition at the election.

20 However, a bond issuance proposition proposing imposition of
21 an income surtax shall not be presented to the electors if in
22 the first year the income surtax is imposed the total of all
23 income surtaxes authorized by law and imposed in that year on
24 any taxpayer in the political subdivision imposing the surtax
25 would exceed twenty percent. Upon request of the governing
26 authority, the department of management shall certify the
27 cumulative rate of income surtax being imposed in the
28 political subdivision.

29 3. All ballots cast and not counted as a vote for or
30 against the proposition shall not be used in computing the
31 total vote cast for and against ~~said~~ the proposition.

32 4. When a proposition to authorize an issuance of bonds
33 has been submitted to the electors under this section and the
34 proposal fails to gain approval by the required percentage of
35 votes, such proposal, or any proposal which incorporates any

1 portion of the defeated proposal, shall not be submitted to
2 the electors for a period of six twelve months from the date
3 of such regular or special election.

4 Sec. 2. Section 76.1, unnumbered paragraph 1, Code 1993,
5 is amended to read as follows:

6 ~~Hereafter-issues~~ Issues of bonds ~~of-every-kind-and~~
7 ~~character~~ by counties, cities, and school corporations shall
8 be consecutively numbered. The annual levy of property tax or
9 a combination of property tax levy and income surtax imposed
10 as provided in section 76.19, if authorized by an election
11 held pursuant to section 75.1, shall be sufficient to pay the
12 interest and approximately such portion of the principal of
13 the bonds as will retire them in a period not exceeding twenty
14 twenty-two years from date of issue. Each issue of bonds
15 shall be scheduled to mature serially in the same order as
16 numbered.

17 Sec. 3. Section 76.2, Code 1993, is amended to read as
18 follows:

19 76.2 MANDATORY LEVY -- OBLIGATIONS IN ANTICIPATION OF
20 LEVY.

21 The governing authority of these political subdivisions
22 before issuing bonds shall, by resolution, provide for the
23 assessment of an annual levy upon all the taxable property in
24 the political subdivision, or the assessment of an annual
25 property tax levy and imposition of an income surtax under
26 section 76.19, sufficient to pay the ~~interest-and~~ principal
27 and interest of the bonds within a period named not exceeding
28 twenty-years that provided in section 76.1. A certified copy
29 of this resolution shall be filed with the county auditor ~~or~~
30 ~~the-auditors of the-counties~~ each county in which the
31 political subdivision is located; and ~~the~~ this filing shall
32 make it a duty of the ~~auditors~~ auditor to enter annually this
33 levy for collection from the taxable property within the
34 boundaries of the political subdivision until funds are
35 realized to pay the principal and interest of the bonds in

1 full. The property tax levy shall continue to be made against
2 property that is severed from the political subdivision and
3 the income surtax shall continue to be imposed upon the
4 residents of any area severed from the political subdivision
5 after the filing of the resolution until funds are realized to
6 pay the principal and interest of the bonds in full.

7 If the a resolution which does not include imposition of an
8 income surtax is filed prior to April 1, the annual property
9 tax levy shall begin with the tax levy for collection
10 commencing July 1 of that year. If the resolution is filed
11 after April 1, the annual levy shall begin with the tax levy
12 for collection in the next succeeding fiscal year. However,
13 the governing authority of a political subdivision may adjust
14 a levy of taxes made under this section for the purpose of
15 adjusting the annual levies and collections for property
16 severed from the political subdivision, subject to the
17 approval of the director of the department of management.

18 If the resolution includes imposition of a local income
19 surtax, the annual property tax levy shall begin with the tax
20 levy for collection commencing July 1 of the calendar year
21 subsequent to the calendar year in which the resolution is
22 filed. However, the governing authority of a political
23 subdivision may adjust a levy of taxes made under this section
24 or rate of the income surtax under section 76.19 for the
25 purpose of adjusting the annual property tax levy or rate of
26 the surtax and collections for property severed from the
27 political subdivision, subject to the approval of the director
28 of the department of management.

29 If the resolution includes the imposition of a local income
30 surtax and it is filed with the department of revenue and
31 finance prior to August 1, the imposition of the surtax is
32 retroactive to January 1 of that calendar year. If the
33 resolution is filed with the department of revenue and finance
34 on or after August 1, the imposition of the income surtax is
35 January 1 of the next calendar year.

1 If funds, including reserves and amounts available for
2 temporary transfer, are ~~found to be~~ insufficient to pay in
3 full any installment of principal or interest, a public issuer
4 of bonds may anticipate the next levy of property taxes
5 pursuant to this section or the imposition of an income surtax
6 under section 76.19 in the manner provided in chapter 74,
7 whether the taxes so anticipated are to be collected in the
8 same or a future fiscal year.

9 To further secure the payment of the bonds, the governing
10 authority shall, by resolution, provide for the assessment of
11 an annual levy of a standby tax upon all taxable property
12 within the political subdivision. A copy of the resolution
13 shall be sent to the county auditor of each county in which
14 the political subdivision is located. The revenues from the
15 standby tax shall be deposited in a special fund and shall be
16 expended only for the payment of principal of and interest on
17 the bonds issued as provided in this section, when the revenue
18 from an income surtax as provided in section 76.19 is
19 insufficient. No reserves may be built up in this fund in
20 anticipation of a projected default. The governing authority
21 shall adjust the annual standby property tax levy for each
22 year to reflect the amount of revenues in the special fund and
23 the amount of principal and interest which is due in that
24 year.

25 Sec. 4. Section 76.4, Code 1993, is amended to read as
26 follows:

27 76.4 PERMISSIVE APPLICATION OF FUNDS.

28 ~~Whenever~~ If the governing authority of such a political
29 subdivision ~~shall have~~ has on hand funds derived from any
30 ~~other a source other~~ than taxation which may be appropriated
31 to the payment either of interest or principal, or both
32 principal and interest of such bonds, such the funds may be ~~so~~
33 appropriated and used and the property tax levy and income
34 surtax rate, if imposed, for the payment of the bonds
35 correspondingly reduced.

1 Sec. 5. Section 76.7, Code 1993, is amended to read as
2 follows:

3 76.7 PARTICULAR BONDS AFFECTED -- PAYMENT.

4 Counties, cities, and school corporations may at any time
5 ~~or-times~~ extend or renew any legal indebtedness or any part
6 thereof of the indebtedness they may have represented by bonds
7 or certificates where ~~such~~ the indebtedness is payable from a
8 limited annual property tax or from a voted annual property
9 tax or from a local income surtax imposed under section 76.19,
10 and may by resolution fund or refund the ~~same~~ legal
11 indebtedness and issue bonds ~~therefor~~ running not more than
12 twenty years to be known as funding or refunding bonds, and
13 make provision for the payment of the principal and interest
14 thereof from the proceeds of an annual property tax or annual
15 property tax and local income surtax for the period covered by
16 ~~such~~ the bonds similar to the tax authorized by law or by the
17 electors for the payment of the indebtedness ~~so~~ extended or
18 renewed.

19 Sec. 6. NEW SECTION. 76.19 INCOME SURTAX.

20 1. An income surtax may be imposed by a political
21 subdivision as provided in this section, but only if
22 authorized by the electors as provided in section 75.1.

23 2. The income surtax shall be imposed upon state income
24 taxes computed under section 422.5, less credits allowed in
25 sections 422.11A, 422.11B, 422.11C, 422.12, and 422.12B, and
26 shall be imposed upon the state income tax for each calendar
27 year, or for a taxpayer's fiscal year ending during the second
28 half of that calendar year or the first half of the succeeding
29 calendar year, and shall be imposed on all taxpayers residing
30 in the political subdivision on the last day of the applicable
31 tax year, and on taxpayers residing in areas severed from the
32 political subdivision as provided in section 76.2.

33 3. The income surtax shall be imposed to collect an amount
34 that is equivalent to sixty percent of the sum of the
35 principal and interest of the bonds over the life of the

1 bonds. The rate of the income surtax may be adjusted in any
2 year for the sole purpose of assuring that an amount
3 equivalent to sixty percent of the principal and interest over
4 the life of the bonds is collected.

5 4. At the time of the annual levy under section 76.2, the
6 governing authority of the political subdivision shall also
7 provide in the resolution for the imposition of the income
8 surtax and shall certify to the department of management such
9 sum expressed in dollars. The department shall determine the
10 rate of income surtax to be imposed based upon the most recent
11 available figures from state income taxes paid by taxpayers
12 residing in the political subdivision. The department shall
13 continue to make such calculations and certify the income
14 surtax rate to the auditor of the political subdivision with
15 adjustments as provided in this section until the principal
16 and interest on the bonds are paid in full. On or before
17 November 1 of each year in which the income surtax is
18 collected the director of revenue and finance shall deposit
19 with the treasurer of the political subdivision the entire
20 amount of income surtax collected from taxpayers residing in
21 the political subdivision.

22 5. The costs of administration shall be determined by the
23 department of revenue and finance, and shall be based on a
24 share of the total cost of administering the department, in
25 the same proportion as the amount of income surtax collected
26 is to the amount of state income taxes collected.

27 6. The director of revenue and finance shall administer
28 the income surtax imposed under this chapter and sections
29 422.4, 422.20 to 422.31, 422.68, and 422.72 to 422.75 shall
30 apply with respect to administration of the income surtax.

31 Sec. 7. NEW SECTION. 76.20 PROPERTY TAX CREDIT --
32 AGRICULTURAL AND RESIDENTIAL PROPERTY.

33 Local income surtax revenues collected under section 76.19
34 shall be distributed in the following manner:

35 Upon receipt of the revenues collected from the income

1 surtax, the county treasurer shall notify the county auditor
2 of the amount of income surtax revenues received. The auditor
3 shall determine the amount to be credited to each parcel of
4 real property located in the political subdivision and
5 assessed as agricultural or residential, and shall enter such
6 amount upon the tax lists as a credit against the tax levied
7 on each parcel of real property assessed as agricultural or
8 residential. The county treasurer shall show on each tax
9 receipt the amount of tax credit to be applied against
10 property taxes payable in the fiscal year following the year
11 in which the surtax was collected for each parcel of real
12 property assessed as agricultural or residential. In case of
13 change of ownership, the credit shall remain with the parcel.

14 The amount of the credit funded by revenues from the income
15 surtax imposed under section 76.19 shall be an amount equal to
16 a pro rata share based upon the ratio of the taxable value of
17 each parcel to receive the credit to the total taxable value
18 of the property to receive the credit.

19 Sec. 8. NEW SECTION. 76.21 INCOME TAX RETURNS.

20 An income surtax imposed under section 76.19 shall be made
21 a part of the Iowa individual income tax return subject to the
22 conditions and restrictions set forth in section 422.21. The
23 director of revenue and finance shall provide on income tax
24 returns a requirement that each person required to file a
25 return numerically identify the city of residence of the
26 taxpayer and the merged area in which the taxpayer resides.

27 Sec. 9. NEW SECTION. 76.22 DESIGNATION OF TAX.

28 An income surtax imposed under section 76.19 by a school
29 district shall be designated as a school debt service income
30 surtax, an income surtax imposed by a merged area shall be
31 designated as a merged area debt service income surtax, an
32 income surtax imposed by a city under section 76.19 shall be
33 designated a city debt service income surtax, and an income
34 surtax imposed by a county shall be designated a county debt
35 service income surtax.

1 Sec. 10. Section 260C.21, Code 1993, is amended to read as
2 follows:

3 260C.21 ELECTION TO INCUR INDEBTEDNESS.

4 1. No indebtedness shall be incurred under section ~~280A-19~~
5 260C.19 until authorized by an election. A proposition to
6 incur indebtedness and issue bonds for community college
7 purposes shall be deemed carried adopted in a merged area if
8 approved by a sixty percent majority of all voters voting on
9 the proposition in the area. However, if the board elects to
10 partially fund the bonds with revenues from a local income
11 surtax, in addition to property tax revenues, the ballot
12 proposition to authorize the issuance of the bonds shall be
13 submitted to the electorate pursuant to section 75.1,
14 subsection 2.

15 2. Notwithstanding subsection 1, if the costs of utilities
16 are paid by a community college with funds derived from the
17 levy authorized under section 260C.22, the community college
18 may use the general fund moneys that would have been used to
19 pay the costs of utilities for capital expenditures, may
20 invest the funds, or may incur indebtedness without an
21 election, provided that the payments on the indebtedness
22 incurred, and any interest on the indebtedness, can be made
23 using general funds of the community college and the total
24 payments on the principal and interest on the indebtedness do
25 not exceed the amount of the costs of the utilities.

26 Sec. 11. Section 296.1, Code 1993, is amended to read as
27 follows:

28 296.1 INDEBTEDNESS AUTHORIZED.

29 Subject to the approval of the voters thereof, school
30 districts are hereby authorized to contract indebtedness and
31 to issue general obligation bonds to provide funds to defray
32 the cost of purchasing, building, furnishing, reconstructing,
33 repairing, improving or remodeling a schoolhouse or
34 schoolhouses and additions thereto, gymnasium, stadium, field
35 house, school bus garage, teachers' or superintendent's home

1 or homes, and procuring a site or sites therefor, or
2 purchasing land to add to a site already owned, or procuring
3 and improving a site for an athletic field, or improving a
4 site already owned for an athletic field, and for any one or
5 more of such purposes. Taxes for the payment of said the
6 bonds shall be levied or imposed in accordance with chapter
7 76, and said the bonds shall mature within a period not
8 exceeding twenty years from date of issue the period provided
9 in section 76.1, shall bear interest at a rate or rates not
10 exceeding that permitted by chapter 74A and shall be of such
11 form as the board of directors of such the school district
12 shall by resolution provide, but the aggregate indebtedness of
13 any school district shall not exceed five percent of the
14 actual value of the taxable property within said the school
15 district, as ascertained by the last preceding state and
16 county tax lists.

17 Sec. 12. Section 296.6, Code 1993, is amended to read as
18 follows:

19 296.6 BONDS.

20 If the vote in favor of the issuance of such bonds is equal
21 to at least sixty percent of the total vote cast for and
22 against said the proposition at said the election, the board
23 of directors shall issue the same bonds and make provision for
24 payment thereof of the bonds. However, if the board of
25 directors of a school corporation elects to partially fund the
26 bonds with revenues from a local income surtax, in addition to
27 property tax revenues, the ballot proposition to authorize the
28 issuance of the bonds shall be submitted to the electorate
29 pursuant to section 75.1, subsection 2.

30 Sec. 13. Section 298.14, unnumbered paragraph 1, Code
31 1993, is amended to read as follows:

32 For each fiscal year, the cumulative total of the percents
33 of surtax approved by the board of directors of a school
34 district and collected by the department of revenue and
35 finance under sections 257.21, 257.29, 279.54, and 298.2, and

1 the enrichment surtax under section 442.15, Code 1989, and an
2 income surtax collected by a political subdivision under
3 chapter 422D, shall not exceed twenty percent. In addition,
4 if an income surtax is imposed under section 76.19, the
5 cumulative total of percents of surtax imposed on any taxpayer
6 in a school district under sections 76.19, 257.21, 257.29,
7 279.54, 298.2, 442.15, Code 1989, and chapter 422D shall not
8 exceed twenty percent in the first year in which one or more
9 of these income surtaxes is imposed.

10 Sec. 14. Section 298.18, unnumbered paragraphs 2, 4, and
11 6, Code 1993, are amended to read as follows:

12 The amount estimated ~~and-certified-to-apply-on~~ to pay
13 principal and interest for any one year shall not exceed an
14 amount that could be raised by a property tax levy equal to
15 two dollars and seventy cents per thousand dollars of the
16 assessed valuation of the taxable property of the school
17 corporation except as hereinafter provided.

18 The amount estimated ~~and-certified-to-apply-on~~ to pay
19 principal and interest for any one year may exceed an amount
20 that could be raised by a property tax levy equal to two
21 dollars and seventy cents per thousand dollars of assessed
22 value by the amount approved by the voters of the school
23 corporation, but not exceeding four dollars and five cents per
24 thousand of the assessed value of the taxable property within
25 any school corporation, provided that the qualified voters of
26 such school corporation have first approved such increased
27 amount at a special election, which may be held at the same
28 time as the regular school election. The proposition
29 submitted to the voters at such special election shall be in
30 substantially the following form:

31 Notice of the election shall be given by the county
32 commissioner of elections according to section 49.53. The
33 election shall be held on a date not less than four nor more
34 than twenty days after the last publication of the notice. At
35 such the election the ballot used for the submission of ~~said~~

1 the proposition shall be in substantially the form for
2 submitting special questions at general elections. The county
3 commissioner of elections shall conduct the election pursuant
4 to the provisions of chapters 39 to 53 and certify the results
5 to the board of directors. ~~Such~~ The proposition shall not be
6 deemed ~~carried-or~~ adopted unless the vote in favor of ~~such~~ the
7 proposition is equal to at least sixty percent of the total
8 vote cast for and against ~~said~~ the proposition at ~~said~~ the
9 election. However, if the board of directors of a school
10 district elects to partially fund the bonds with revenues from
11 a local income surtax, in addition to property tax revenues,
12 the ballot proposition to authorize the issuance of the bonds
13 shall be submitted to the electorate pursuant to section 75.1,
14 subsection 2. Whenever if such a proposition has been
15 approved by the voters of a school corporation as hereinbefore
16 provided, no further approval of the voters of ~~such~~ the school
17 corporation shall be required as a result of any subsequent
18 change in the boundaries of ~~such~~ the school corporation.

19 Sec. 15. Section 298.22, unnumbered paragraph 1, Code
20 1993, is amended to read as follows:

21 ~~All-of-said~~ The bonds shall be substantially in the form
22 provided for county bonds, but subject to changes that will
23 conform them to the action of the board ~~providing-therefor~~;
24 shall ~~run-not-more-than-twenty-years~~ mature within the period
25 provided in section 76.1, and may be sooner paid if so
26 nominated in the bond; bear a rate of interest not exceeding
27 that permitted by chapter 74A, payable semiannually; be signed
28 by the president and countersigned by the secretary of the
29 board of directors; and shall not be disposed of for less than
30 par value, nor issued for other purposes than this chapter
31 provides.

32 Sec. 16. Section 331.442, subsection 4, Code 1993, is
33 amended to read as follows:

34 4. The proposition of issuing bonds for a general county
35 purpose is not ~~carried-or~~ adopted unless the vote in favor of

1 the proposition is equal to at least sixty percent of the
2 total vote cast for and against the proposition at the
3 election. However, if the board elects to partially fund the
4 bonds with revenues from a local income surtax, in addition to
5 property tax revenues, the ballot proposition to authorize the
6 issuance of the bonds shall be submitted to the electorate
7 pursuant to section 75.1, subsection 2. If the proposition of
8 issuing the general county purpose bonds is approved by the
9 voters, the board may proceed with the issuance of the bonds.

10 Sec. 17. Section 331.442, subsection 5, paragraph a,
11 unnumbered paragraph 1, Code 1993, is amended to read as
12 follows:

13 Notwithstanding subsection 2, a board, in lieu of calling
14 an election, may institute proceedings for the issuance of
15 bonds for a general county purpose by causing a notice of the
16 proposal to issue the bonds, including a statement of the
17 amount and purpose of the bonds, the type or types of debt
18 service tax to be levied or imposed to pay principal and
19 interest on the bonds, and the right to petition for an
20 election, to be published as provided in section 331.305 at
21 least ten days prior to the meeting at which it is proposed to
22 take action for the issuance of the bonds subject to the
23 following limitations:

24 Sec. 18. Section 331.447, subsection 1, Code 1993, is
25 amended to read as follows:

26 1. Taxes for the payment of general obligation bonds shall
27 be levied or imposed in accordance with chapter 76, and the
28 bonds are payable from ~~the levy of unlimited ad valorem taxes~~
29 ~~on all the taxable property within the county through its debt~~
30 ~~service fund required by section 331.430~~ a debt service
31 property tax or a combination of a debt service property tax
32 and a debt service income surtax, unlimited as to amount,
33 except that:

34 a. The amount estimated ~~and certified to apply~~ to pay on
35 principal and interest for any one year shall not exceed an

1 amount that could be raised by a debt service property tax
2 levy equal to the maximum rate of tax, if any, provided by
3 this division for the purpose for which the bonds were issued.
4 If general obligation bonds are issued for different
5 categories, as provided in section 331.445, the maximum rate
6 of levies, if any, for each purpose shall apply separately to
7 that portion of the bond issue for that category and the
8 resolution authorizing the bond issue shall clearly set forth
9 the annual debt service requirements with respect to each
10 purpose in sufficient detail to indicate compliance with the
11 rate of tax levy, if any.

12 b. The amount estimated ~~and-certified-to-apply~~ to pay on
13 principal and interest for any one year may only exceed an
14 amount that could be raised by a debt service property tax
15 levy equal to the statutory rate of levy limit, if any, by the
16 amount that the qualified electors of the county have approved
17 at a special election, which may be held at the same time as
18 the general election and may be included in the proposition
19 authorizing the issuance of bonds, if an election on the
20 proposition is necessary, or may be submitted as a separate
21 proposition at the same election or at a different election.
22 Notice of the election shall be given as specified in section
23 331.305. If the proposition includes issuing bonds and
24 increasing the levy limit, it shall be in substantially the
25 following form:

26 Shall the county of, state of Iowa, be authorized
27 to (here state purpose of project) at a total cost
28 not exceeding \$.... and issue its general obligation bonds in
29 an amount not exceeding \$.... for that purpose, and be
30 authorized to levy annually a debt service property tax (or
31 debt service property tax and income surtax, if applicable),
32 which will produce an amount not exceeding ... dollars and ...
33 cents per thousand dollars of the assessed value of the
34 taxable property within the county to pay the principal of and
35 interest on the bonds?

1 If the proposition includes only increasing the levy limit
2 it shall be in substantially the following form:

3 Shall the county of, state of Iowa, be authorized
4 to levy annually a debt service property tax (or debt service
5 property tax and income surtax, if applicable), which will
6 produce an amount not exceeding ... dollars and ... cents per
7 thousand dollars of the assessed value of the taxable property
8 within the county to pay principal and interest on the bonded
9 indebtedness of the county for the purpose of

10 Sec. 19. Section 331.490, Code 1993, is amended to read as
11 follows:

12 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY -- RATES.

13 1. If a county and city have entered into an agreement to
14 create a joint special assessment district and issue county
15 general obligation bonds to fund the costs of a public
16 improvement benefiting that district, the county's debt
17 service property tax levy for the county general obligation
18 bonds shall not be levied against property located in any city
19 except a city which has entered into the agreement, and, if
20 applicable, the county's debt service income surtax for the
21 county general obligation bonds shall not be imposed on
22 taxpayers who reside in any city except a city which has
23 entered into the agreement.

24 2. Counties and cities entering into an agreement for a
25 joint special assessment district may provide in the agreement
26 for a different rate of the county's debt service tax levy
27 against property in areas of the county outside a city and
28 property within the cities, and, if applicable, for a
29 different rate of the county's debt service income surtax to
30 be imposed on taxpayers residing outside the cities and those
31 residing within each city.

32 Sec. 20. Section 384.26, subsections 2 and 4, Code 1993,
33 are amended to read as follows:

34 2. Before the council may institute proceedings for the
35 issuance of bonds for a general corporate purpose, it shall

1 call a special city election to vote upon the question of
2 issuing the bonds. At the election the proposition must be
3 submitted in substantially the following form:

4 Shall the (insert the name of the city) issue
5 its bonds in an amount not exceeding the amount of \$.... for
6 the purpose of, such bonds to be payable from a
7 property tax levied on all taxable property within the city
8 (and income surtax to be imposed on the state income tax of
9 each income taxpayer residing in the city)?

10 4. The proposition of issuing general corporate purpose
11 bonds is not ~~carried-or~~ adopted unless the vote in favor of
12 the proposition is equal to at least sixty percent of the
13 total vote cast for and against the proposition at the
14 election. However, if the city council elects to partially
15 fund the bonds with revenues from a local income surtax, in
16 addition to property tax revenues, the ballot proposition to
17 authorize the issuance of the bonds shall be submitted to the
18 electorate pursuant to section 75.1, subsection 2. If the
19 proposition of issuing the general corporate purpose bonds is
20 approved by the voters, the city may proceed with the issuance
21 of the bonds.

22 Sec. 21. Section 384.26, subsection 5, paragraph a,
23 unnumbered paragraph 1, Code 1993, is amended to read as
24 follows:

25 Notwithstanding the provisions of subsection 2, a council
26 may, in lieu of calling an election, institute proceedings for
27 the issuance of bonds for a general corporate purpose by
28 causing a notice of the proposal to issue the bonds, including
29 a statement of the amount and purpose of the bonds, the type
30 or types of debt service tax to be levied or imposed to pay
31 principal and interest of the bonds, together with the maximum
32 rate of interest which the bonds are to bear, and the right to
33 petition for an election, to be published at least once in a
34 newspaper of general circulation within the city at least ten
35 days prior to the meeting at which it is proposed to take

1 action for the issuance of the bonds subject to the following
2 limitations:

3 Sec. 22. Section 384.32, Code 1993, is amended to read as
4 follows:

5 384.32 TAX TO PAY.

6 Taxes for the payment of general obligation bonds must be
7 levied in accordance with chapter 76, and the bonds are
8 payable from the levy of ~~unlimited-ad-valorem-taxes-on-all-the~~
9 ~~taxable-property-within-the-city-through-its-debt-service-fund~~
10 authorized-by-section-384.4 a debt service property tax or a
11 combination of a debt service property tax and a debt service
12 income surtax, unlimited as to amount.

13 Sec. 23. APPLICABILITY DATE. This Act applies to bond
14 issuances approved at elections held on or after the effective
15 date of this Act.

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MURPHY, CH.
SZYMONIAK
HESTER

SSB 322
WAYS & MEANS

SENATE FILE 411
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL
BY CHAIRPERSON DIELEMAN)

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

A BILL FOR

1 An Act relating to bond issuance elections and authorizing a
2 political subdivision to impose an income surtax to partially
3 fund certain bonds.

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

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1 Section 1. Section 75.1, Code 1993, is amended to read as
2 follows:

3 75.1 BONDS -- ELECTION -- VOTE REQUIRED.

4 1. When a proposition to authorize an issuance of bonds by
5 a county, township, school corporation, city, or by any local
6 board or commission, is submitted to the electors, such the
7 proposition shall not be deemed carried or adopted, anything
8 in the statutes to the contrary notwithstanding, unless is
9 adopted if the vote in favor of such authorization the
10 proposition is equal to at least sixty percent of the total
11 vote cast for and against said the proposition at said the
12 election.

13 2. Notwithstanding subsection 1, if principal and interest
14 on bonds issued by a county, school corporation, or city are
15 to be paid in part with revenue from a local income surtax
16 imposed under section 76.19, the proposition shall so state
17 and the proposition is adopted if the vote in favor of the
18 proposition is equal to at least a majority of the total vote
19 cast for and against the proposition at the election.
20 However, a bond issuance proposition proposing imposition of
21 an income surtax shall not be presented to the electors if in
22 the first year the income surtax is imposed the total of all
23 income surtaxes authorized by law and imposed in that year on
24 any taxpayer in the political subdivision would exceed twenty
25 percent. Upon request of the governing authority, the
26 department of management shall certify the cumulative rate of
27 income surtax being imposed in the political subdivision.

28 3. All ballots cast and not counted as a vote for or
29 against the proposition shall not be used in computing the
30 total vote cast for and against said the proposition.

31 4. When a proposition to authorize an issuance of bonds
32 has been submitted to the electors under this section and the
33 proposal fails to gain approval by the required percentage of
34 votes, such proposal, or any proposal which incorporates any
35 portion of the defeated proposal, shall not be submitted to

1 the electors for a period of six months from the date of such
2 regular or special election.

3 Sec. 2. Section 76.1, unnumbered paragraph 1, Code 1993,
4 is amended to read as follows:

5 ~~Hereafter-issues~~ Issues of bonds of ~~every-kind-and~~
6 character by counties, cities, and school corporations shall
7 be consecutively numbered. The annual levy of property tax or
8 a combination of property tax levy and income surtax imposed
9 as provided in section 76.19, if authorized by an election
10 held pursuant to section 75.1, shall be sufficient to pay the
11 interest and approximately such portion of the principal of
12 the bonds as will retire them in a period not exceeding twenty
13 twenty-two years from date of issue. Each issue of bonds
14 shall be scheduled to mature serially in the same order as
15 numbered.

16 Sec. 3. Section 76.2, Code 1993, is amended to read as
17 follows:

18 76.2 MANDATORY LEVY -- OBLIGATIONS IN ANTICIPATION OF
19 LEVY.

20 The governing authority of these political subdivisions
21 before issuing bonds shall, by resolution, provide for the
22 assessment of an annual levy upon all the taxable property in
23 the political subdivision, or the assessment of an annual
24 property tax levy and imposition of an income surtax under
25 section 76.19, sufficient to pay the ~~interest-and~~ principal
26 and interest of the bonds within a period named not exceeding
27 twenty-years that provided in section 76.1. A certified copy
28 of this resolution shall be filed with the county auditor ~~or~~
29 ~~the-auditors of the-counties~~ each county in which the
30 political subdivision is located; and ~~the~~ this filing shall
31 make it a duty of the ~~auditors~~ auditor to enter annually this
32 levy for collection from the taxable property within the
33 boundaries of the political subdivision until funds are
34 realized to pay the principal and interest of the bonds in
35 full. The property tax levy shall continue to be made against

1 property that is severed from the political subdivision and
2 the income surtax shall continue to be imposed upon the
3 residents of any area severed from the political subdivision
4 after the filing of the resolution until funds are realized to
5 pay the principal and interest of the bonds in full.

6 If the a resolution which does not include imposition of an
7 income surtax is filed prior to April 1, the annual property
8 tax levy shall begin with the tax levy for collection
9 commencing July 1 of that year. If the resolution is filed
10 after April 1, the annual levy shall begin with the tax levy
11 for collection in the next succeeding fiscal year. However,
12 the governing authority of a political subdivision may adjust
13 a levy of taxes made under this section for the purpose of
14 adjusting the annual levies and collections for property
15 severed from the political subdivision, subject to the
16 approval of the director of the department of management.

17 If the resolution includes imposition of a local income
18 surtax, the annual property tax levy shall begin with the tax
19 levy for collection commencing July 1 of the calendar year
20 subsequent to the calendar year in which the resolution is
21 filed. However, the governing authority of a political
22 subdivision may adjust a levy of taxes made under this section
23 or rate of the income surtax under section 76.19 for the
24 purpose of adjusting the annual property tax levy or rate of
25 the surtax and collections for property severed from the
26 political subdivision, subject to the approval of the director
27 of the department of management.

28 If the resolution includes the imposition of a local income
29 surtax and it is filed with the department of revenue and
30 finance prior to August 1, the imposition of the surtax is
31 retroactive to January 1 of that calendar year. If the
32 resolution is filed with the department of revenue and finance
33 on or after August 1, the imposition of the income surtax is
34 January 1 of the next calendar year.

35 If funds, including reserves and amounts available for

1 temporary transfer, are found-to-be insufficient to pay in
2 full any installment of principal or interest, a public issuer
3 of bonds may anticipate the next levy of property taxes
4 pursuant to this section or the imposition of an income surtax
5 under section 76.19 in the manner provided in chapter 74,
6 whether the taxes so anticipated are to be collected in the
7 same or a future fiscal year.

8 To further secure the payment of the bonds, the governing
9 authority shall, by resolution, provide for the assessment of
10 an annual levy of a standby tax upon all taxable property
11 within the political subdivision. A copy of the resolution
12 shall be sent to the county auditor of each county in which
13 the political subdivision is located. The revenues from the
14 standby tax shall be deposited in a special fund and shall be
15 expended only for the payment of principal of and interest on
16 the bonds issued as provided in this section, when the revenue
17 from an income surtax as provided in section 76.19 is
18 insufficient. No reserves may be built up in this fund in
19 anticipation of a projected default. The governing authority
20 shall adjust the annual standby property tax levy for each
21 year to reflect the amount of revenues in the special fund and
22 the amount of principal and interest which is due in that
23 year.

24 Sec. 4. Section 76.4, Code 1993, is amended to read as
25 follows:

26 76.4 PERMISSIVE APPLICATION OF FUNDS.

27 Whenever If the governing authority of such a political
28 subdivision ~~shall have~~ has on hand funds derived from any
29 other a source other than taxation which may be appropriated
30 to the payment either of interest or principal, or both
31 principal and interest of such bonds, such the funds may be so
32 appropriated and used and the property tax levy and income
33 surtax rate, if imposed, for the payment of the bonds
34 correspondingly reduced.

35 Sec. 5. Section 76.7, Code 1993, is amended to read as

1 follows:

2 76.7 PARTICULAR BONDS AFFECTED -- PAYMENT.

3 Counties, cities, and school corporations may at any time
4 ~~or-times~~ extend or renew any legal indebtedness or any part
5 thereof of the indebtedness they may have represented by bonds
6 or certificates where such the indebtedness is payable from a
7 limited annual property tax or from a voted annual property
8 tax or from a local income surtax imposed under section 76.19,
9 and may by resolution fund or refund the same legal
10 indebtedness and issue bonds ~~therefor~~ running not more than
11 twenty years to be known as funding or refunding bonds, and
12 make provision for the payment of the principal and interest
13 thereof from the proceeds of an annual property tax or annual
14 property tax and local income surtax for the period covered by
15 such the bonds similar to the tax authorized by law or by the
16 electors for the payment of the indebtedness ~~so~~ extended or
17 renewed.

18 Sec. 6. NEW SECTION. 76.19 INCOME SURTAX.

19 1. An income surtax may be imposed by a political
20 subdivision as provided in this section, but only if
21 authorized by the electors as provided in section 75.1.

22 2. The income surtax shall be imposed upon state income
23 taxes computed under section 422.5, less credits allowed in
24 chapter 422, division II, and shall be imposed upon the state
25 income tax for each calendar year, or for a taxpayer's fiscal
26 year ending during the second half of that calendar year or
27 the first half of the succeeding calendar year, and shall be
28 imposed on all taxpayers residing in the political subdivision
29 on the last day of the applicable tax year, and on taxpayers
30 residing in areas severed from the political subdivision as
31 provided in section 76.2.

32 3. The income surtax shall be imposed to collect an amount
33 that is equivalent to sixty percent of the sum of the
34 principal and interest of the bonds over the life of the
35 bonds. The rate of the income surtax may be adjusted in any

1 year for the sole purpose of assuring that an amount
2 equivalent to sixty percent of the principal and interest over
3 the life of the bonds is collected.

4 4. At the time of the annual levy under section 76.2, the
5 governing authority of the political subdivision shall also
6 provide in the resolution for the imposition of the income
7 surtax and shall certify to the department of management such
8 sum expressed in dollars. The department shall determine the
9 rate of income surtax to be imposed based upon the most recent
10 available figures from state income taxes paid by taxpayers
11 residing in the political subdivision. The department shall
12 continue to make such calculations and certify the income
13 surtax rate to the auditor of the political subdivision with
14 adjustments as provided in this section until the principal
15 and interest on the bonds are paid in full. On or before
16 November 1 of each year in which the income surtax is
17 collected the director of revenue and finance shall deposit
18 with the treasurer of the political subdivision the entire
19 amount of income surtax collected from taxpayers residing in
20 the political subdivision.

21 5. The costs of administration shall be determined by the
22 department of revenue and finance, and shall be based on a
23 share of the total cost of administering the department, in
24 the same proportion as the amount of income surtax collected
25 is to the amount of state income taxes collected.

26 6. The director of revenue and finance shall administer
27 the income surtax imposed under this chapter and sections
28 422.20, 422.22 to 422.31, 422.68, and 422.72 to 422.75 shall
29 apply with respect to administration of the income surtax.

30 Sec. 7. NEW SECTION. 76.20 PROPERTY TAX CREDIT --
31 AGRICULTURAL AND RESIDENTIAL PROPERTY.

32 Local income surtax revenues collected under section 76.19
33 shall be distributed in the following manner:

34 Upon receipt of the revenues collected from the income
35 surtax, the county treasurer shall notify the county auditor

1 of the amount of income surtax revenues received. The auditor
2 shall determine the amount to be credited to each parcel of
3 real property assessed as agricultural or residential, and
4 shall enter such amount upon the tax lists as a credit against
5 the tax levied on each parcel of real property assessed as
6 agricultural or residential. The county treasurer shall show
7 on each tax receipt the amount of tax credit to be applied
8 against property tax due in the calendar year following the
9 year in which the surtax was collected for each parcel of real
10 property assessed as agricultural or residential. In case of
11 change of ownership, the credit shall remain with the parcel.

12 The amount of the credit funded by revenues from the income
13 surtax imposed under section 76.19 shall be an amount equal to
14 a pro rata share based upon the ratio of the taxable value of
15 each parcel to receive the credit to the total taxable value
16 of the property to receive the credit.

17 Sec. 8. NEW SECTION. 76.21 INCOME TAX RETURNS.

18 An income surtax imposed under section 76.19 shall be made
19 a part of the Iowa individual income tax return subject to the
20 conditions and restrictions set forth in section 422.21. The
21 director of revenue and finance shall provide on income tax
22 returns a requirement that each person required to file a
23 return numerically identify the city of residence of the
24 taxpayer and the merged area in which the taxpayer resides.

25 Sec. 9. NEW SECTION. 76.22 DESIGNATION OF TAX.

26 An income surtax imposed under section 76.19 by a school
27 district shall be designated as a school debt service income
28 surtax, an income surtax imposed by a merged area shall be
29 designated as a merged area debt service income surtax, an
30 income surtax imposed by a city under section 76.19 shall be
31 designated a city debt service income surtax, and an income
32 surtax imposed by a county shall be designated a county debt
33 service income surtax.

34 Sec. 10. Section 260C.21, Code 1993, is amended to read as
35 follows:

1 260C.21 ELECTION TO INCUR INDEBTEDNESS.

2 1. No indebtedness shall be incurred under section ~~288A-19~~
3 260C.19 until authorized by an election. A proposition to
4 incur indebtedness and issue bonds for community college
5 purposes shall be deemed carried adopted in a merged area if
6 approved by a sixty percent majority of all voters voting on
7 the proposition in the area. However, if the board elects to
8 partially fund the bonds with revenues from a local income
9 surtax, in addition to property tax revenues, the ballot
10 proposition to authorize the issuance of the bonds shall be
11 submitted to the electorate pursuant to section 75.1,
12 subsection 2.

13 2. Notwithstanding subsection 1, if the costs of utilities
14 are paid by a community college with funds derived from the
15 levy authorized under section 260C.22, the community college
16 may use the general fund moneys that would have been used to
17 pay the costs of utilities for capital expenditures, may
18 invest the funds, or may incur indebtedness without an
19 election, provided that the payments on the indebtedness
20 incurred, and any interest on the indebtedness, can be made
21 using general funds of the community college and the total
22 payments on the principal and interest on the indebtedness do
23 not exceed the amount of the costs of the utilities.

24 Sec. 11. Section 296.1, Code 1993, is amended to read as
25 follows:

26 296.1 INDEBTEDNESS AUTHORIZED.

27 Subject to the approval of the voters thereof, school
28 districts are hereby authorized to contract indebtedness and
29 to issue general obligation bonds to provide funds to defray
30 the cost of purchasing, building, furnishing, reconstructing,
31 repairing, improving or remodeling a schoolhouse or
32 schoolhouses and additions thereto, gymnasium, stadium, field
33 house, school bus garage, teachers' or superintendent's home
34 or homes, and procuring a site or sites therefor, or
35 purchasing land to add to a site already owned, or procuring

1 and improving a site for an athletic field, or improving a
2 site already owned for an athletic field, and for any one or
3 more of such purposes. Taxes for the payment of said the
4 bonds shall be levied or imposed in accordance with chapter
5 76, and said the bonds shall mature within a period not
6 exceeding twenty years from date of issue the period provided
7 in section 76.1, shall bear interest at a rate or rates not
8 exceeding that permitted by chapter 74A and shall be of such
9 form as the board of directors of such the school district
10 shall by resolution provide, but the aggregate indebtedness of
11 any school district shall not exceed five percent of the
12 actual value of the taxable property within said the school
13 district, as ascertained by the last preceding state and
14 county tax lists.

15 Sec. 12. Section 296.6, Code 1993, is amended to read as
16 follows:

17 296.6 BONDS.

18 If the vote in favor of the issuance of such bonds is equal
19 to at least sixty percent of the total vote cast for and
20 against said the proposition at said the election, the board
21 of directors shall issue the same bonds and make provision for
22 payment thereof of the bonds. However, if the board of
23 directors of a school corporation elects to partially fund the
24 bonds with revenues from a local income surtax, in addition to
25 property tax revenues, the ballot proposition to authorize the
26 issuance of the bonds shall be submitted to the electorate
27 pursuant to section 75.1, subsection 2.

28 Sec. 13. Section 298.14, unnumbered paragraph 1, Code
29 1993, is amended by striking the paragraph.

30 Sec. 14. Section 298.18, unnumbered paragraphs 2, 4, and
31 6, Code 1993, are amended to read as follows:

32 The amount estimated and-certified-to-apply-on to pay
33 principal and interest for any one year shall not exceed an
34 amount that could be raised by a property tax levy equal to
35 two dollars and seventy cents per thousand dollars of the

1 assessed valuation of the taxable property of the school
2 corporation except as hereinafter provided.

3 The amount estimated ~~and-certified-to-apply-on~~ to pay
4 principal and interest for any one year may exceed an amount
5 that could be raised by a property tax levy equal to two
6 dollars and seventy cents per thousand dollars of assessed
7 value by the amount approved by the voters of the school
8 corporation, but not exceeding four dollars and five cents per
9 thousand of the assessed value of the taxable property within
10 any school corporation, provided that the qualified voters of
11 such school corporation have first approved such increased
12 amount at a special election, which may be held at the same
13 time as the regular school election. The proposition
14 submitted to the voters at such special election shall be in
15 substantially the following form:

16 Notice of the election shall be given by the county
17 commissioner of elections according to section 49.53. The
18 election shall be held on a date not less than four nor more
19 than twenty days after the last publication of the notice. At
20 such the election the ballot used for the submission of said
21 the proposition shall be in substantially the form for
22 submitting special questions at general elections. The county
23 commissioner of elections shall conduct the election pursuant
24 to the provisions of chapters 39 to 53 and certify the results
25 to the board of directors. Such The proposition shall not be
26 deemed ~~carried-or~~ adopted unless the vote in favor of such the
27 proposition is equal to at least sixty percent of the total
28 vote cast for and against said the proposition at said the
29 election. However, if the board of directors of a school
30 district elects to partially fund the bonds with revenues from
31 a local income surtax, in addition to property tax revenues,
32 the ballot proposition to authorize the issuance of the bonds
33 shall be submitted to the electorate pursuant to section 75.1,
34 subsection 2. Whenever If such a proposition has been
35 approved by the voters of a school corporation as hereinbefore

1 provided, no further approval of the voters of such the school
2 corporation shall be required as a result of any subsequent
3 change in the boundaries of such the school corporation.

4 Sec. 15. Section 298.22, unnumbered paragraph 1, Code
5 1993, is amended to read as follows:

6 ~~All-of-said~~ The bonds shall be substantially in the form
7 provided for county bonds, but subject to changes that will
8 conform them to the action of the board ~~providing-therefor~~;
9 ~~shall run-not-more-than-twenty-years~~ mature within the period
10 provided in section 76.1, and may be sooner paid if so
11 nominated in the bond; bear a rate of interest not exceeding
12 that permitted by chapter 74A, payable semiannually; be signed
13 by the president and countersigned by the secretary of the
14 board of directors; and shall not be disposed of for less than
15 par value, nor issued for other purposes than this chapter
16 provides.

17 Sec. 16. Section 331.442, subsection 4, Code 1993, is
18 amended to read as follows:

19 4. The proposition of issuing bonds for a general county
20 purpose is not ~~carried-or~~ adopted unless the vote in favor of
21 the proposition is equal to at least sixty percent of the
22 total vote cast for and against the proposition at the
23 election. However, if the board elects to partially fund the
24 bonds with revenues from a local income surtax, in addition to
25 property tax revenues, the ballot proposition to authorize the
26 issuance of the bonds shall be submitted to the electorate
27 pursuant to section 75.1, subsection 2. If the proposition of
28 issuing the general county purpose bonds is approved by the
29 voters, the board may proceed with the issuance of the bonds.

30 Sec. 17. Section 331.442, subsection 5, paragraph a,
31 unnumbered paragraph 1, Code 1993, is amended to read as
32 follows:

33 Notwithstanding subsection 2, a board, in lieu of calling
34 an election, may institute proceedings for the issuance of
35 bonds for a general county purpose by causing a notice of the

1 proposal to issue the bonds, including a statement of the
2 amount and purpose of the bonds, the type or types of debt
3 service tax to be levied or imposed to pay principal and
4 interest on the bonds, and the right to petition for an
5 election, to be published as provided in section 331.305 at
6 least ten days prior to the meeting at which it is proposed to
7 take action for the issuance of the bonds subject to the
8 following limitations:

9 Sec. 18. Section 331.447, subsection 1, Code 1993, is
10 amended to read as follows:

11 1. Taxes for the payment of general obligation bonds shall
12 be levied or imposed in accordance with chapter 76, and the
13 bonds are payable from ~~the levy of unlimited ad valorem taxes~~
14 ~~on all the taxable property within the county through its debt~~
15 ~~service fund required by section 331.430~~ a debt service
16 property tax or a combination of a debt service property tax
17 and a debt service income surtax, unlimited as to amount,
18 except that:

19 a. The amount estimated ~~and certified to apply to pay~~ to pay on
20 principal and interest for any one year shall not exceed an
21 amount that could be raised by a debt service property tax
22 levy equal to the maximum rate of tax, if any, provided by
23 this division for the purpose for which the bonds were issued.
24 If general obligation bonds are issued for different
25 categories, as provided in section 331.445, the maximum rate
26 of levies, if any, for each purpose shall apply separately to
27 that portion of the bond issue for that category and the
28 resolution authorizing the bond issue shall clearly set forth
29 the annual debt service requirements with respect to each
30 purpose in sufficient detail to indicate compliance with the
31 rate of tax levy, if any.

32 b. The amount estimated ~~and certified to apply to pay~~ to pay on
33 principal and interest for any one year may only exceed an
34 amount that could be raised by a debt service property tax
35 levy equal to the statutory rate of levy limit, if any, by the

1 amount that the qualified electors of the county have approved
2 at a special election, which may be held at the same time as
3 the general election and may be included in the proposition
4 authorizing the issuance of bonds, if an election on the
5 proposition is necessary, or may be submitted as a separate
6 proposition at the same election or at a different election.
7 Notice of the election shall be given as specified in section
8 331.305. If the proposition includes issuing bonds and
9 increasing the levy limit, it shall be in substantially the
10 following form:

11 Shall the county of, state of Iowa, be authorized
12 to (here state purpose of project) at a total cost
13 not exceeding \$.... and issue its general obligation bonds in
14 an amount not exceeding \$.... for that purpose, and be
15 authorized to levy annually a debt service property tax (or
16 debt service property tax and income surtax, if applicable),
17 which will produce an amount not exceeding ... dollars and ...
18 cents per thousand dollars of the assessed value of the
19 taxable property within the county to pay the principal of and
20 interest on the bonds?

21 If the proposition includes only increasing the levy limit
22 it shall be in substantially the following form:

23 Shall the county of, state of Iowa, be authorized
24 to levy annually a debt service property tax (or debt service
25 property tax and income surtax, if applicable), which will
26 produce an amount not exceeding ... dollars and ... cents per
27 thousand dollars of the assessed value of the taxable property
28 within the county to pay principal and interest on the bonded
29 indebtedness of the county for the purpose of?

30 Sec. 19. Section 331.490, Code 1993, is amended to read as
31 follows:

32 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY -- RATES.

33 1. If a county and city have entered into an agreement to
34 create a joint special assessment district and issue county
35 general obligation bonds to fund the costs of a public

1 improvement benefiting that district, the county's debt
2 service property tax levy for the county general obligation
3 bonds shall not be levied against property located in any city
4 except a city which has entered into the agreement, and, if
5 applicable, the county's debt service income surtax for the
6 county general obligation bonds shall not be imposed on
7 taxpayers who reside in any city except a city which has
8 entered into the agreement.

9 2. Counties and cities entering into an agreement for a
10 joint special assessment district may provide in the agreement
11 for a different rate of the county's debt service tax levy
12 against property in areas of the county outside a city and
13 property within the cities, and, if applicable, for a
14 different rate of the county's debt service income surtax to
15 be imposed on taxpayers residing outside the cities and those
16 residing within each city.

17 Sec. 20. Section 384.26, subsections 2 and 4, Code 1993,
18 are amended to read as follows:

19 2. Before the council may institute proceedings for the
20 issuance of bonds for a general corporate purpose, it shall
21 call a special city election to vote upon the question of
22 issuing the bonds. At the election the proposition must be
23 submitted in substantially the following form:

24 Shall the (insert the name of the city) issue
25 its bonds in an amount not exceeding the amount of \$.... for
26 the purpose of, such bonds to be payable from a
27 property tax levied on all taxable property within the city
28 (and income surtax to be imposed on the state income tax of
29 each income taxpayer residing in the city)?

30 4. The proposition of issuing general corporate purpose
31 bonds is not ~~carried-or~~ adopted unless the vote in favor of
32 the proposition is equal to at least sixty percent of the
33 total vote cast for and against the proposition at the
34 election. However, if the city council elects to partially
35 fund the bonds with revenues from a local income surtax, in

1 addition to property tax revenues, the ballot proposition to
2 authorize the issuance of the bonds shall be submitted to the
3 electorate pursuant to section 75.1, subsection 2. If the
4 proposition of issuing the general corporate purpose bonds is
5 approved by the voters, the city may proceed with the issuance
6 of the bonds.

7 Sec. 21. Section 384.26, subsection 5, paragraph a,
8 unnumbered paragraph 1, Code 1993, is amended to read as
9 follows:

10 Notwithstanding the provisions of subsection 2, a council
11 may, in lieu of calling an election, institute proceedings for
12 the issuance of bonds for a general corporate purpose by
13 causing a notice of the proposal to issue the bonds, including
14 a statement of the amount and purpose of the bonds, the type
15 or types of debt service tax to be levied or imposed to pay
16 principal and interest of the bonds, together with the maximum
17 rate of interest which the bonds are to bear, and the right to
18 petition for an election, to be published at least once in a
19 newspaper of general circulation within the city at least ten
20 days prior to the meeting at which it is proposed to take
21 action for the issuance of the bonds subject to the following
22 limitations:

23 Sec. 22. Section 384.32, Code 1993, is amended to read as
24 follows:

25 384.32 TAX TO PAY.

26 Taxes for the payment of general obligation bonds must be
27 levied in accordance with chapter 76, and the bonds are
28 payable from the levy of ~~unlimited-ad-valorem-taxes-on-all-the~~
29 ~~taxable-property-within-the-city-through-its-debt-service-fund~~
30 authorized-by-section-384-4 a debt service property tax or a
31 combination of a debt service property tax and a debt service
32 income surtax, unlimited as to amount.

33 EXPLANATION

34 This bill authorizes general obligation bonds to be issued
35 by certain political subdivisions which will be partially

1 funded by a local income surtax imposed on individuals, in
2 addition to property taxes. Sixty percent of the principal
3 and interest of the bonds shall be funded by income surtax.
4 The question of whether to impose a local income surtax to
5 partially fund the bonds shall be included in the bond
6 issuance ballot proposition. If principal and interest on the
7 bonds are to be funded by property tax and income surtax, the
8 required percentage of votes needed to authorize issuance of
9 the bonds is reduced from 60 percent to a majority.

10 The bill also provides that income surtax funds collected
11 shall be credited to each parcel of real property in the
12 political subdivision which is assessed as agricultural or
13 residential property.

14 The bill provides that a bond proposition which includes an
15 income surtax may not be presented to the electorate if, in
16 the first year the surtax is imposed, the total surtax imposed
17 on any taxpayer in the political subdivision would exceed 20
18 percent. The property tax levied or income surtax imposed are
19 to be designated as debt service taxes for the payment of
20 principal and interest on general obligation bonds.

21 This bill applies to bonds issued by a county, city, school
22 districts, and community colleges.

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