

2/27/95 Way & mean

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SENATE FILE 209
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SSB 84)

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 by providing a property tax credit, and
4 providing for the Act's applicability.

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

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S.F. 209

1 Section 1. Section 75.1, Code 1995, 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 seeking to impose
25 the surtax would exceed twenty percent. Upon request of the
26 governing authority, the department of management shall
27 certify the cumulative rate of income surtax being imposed in
28 the 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, Code 1995, is amended to read as
5 follows:

6 76.1 MANDATORY RETIREMENT.

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

18 Sec. 3. Section 76.2, Code 1995, is amended to read as
19 follows:

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

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

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

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

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

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

1 resolution is filed with the department of revenue and finance
2 on or after August 1, the imposition of the income surtax
3 begins on January 1 of the next calendar year.

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

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

28 Sec. 4. Section 76.4, Code 1995, is amended to read as
29 follows:

30 76.4 PERMISSIVE APPLICATION OF FUNDS.

31 Whenever If the governing authority of such a political
32 subdivision ~~shall-have~~ has on hand funds derived from any
33 other a source other than taxation which may be appropriated
34 to the payment either of ~~interest-or~~ principal or interest, or
35 both principal and interest of such bonds, such the funds may

1 be ~~so~~ appropriated and used and the property tax levy and
2 income surtax rate, if imposed, for the payment of the bonds
3 correspondingly reduced.

4 Sec. 5. Section 76.7, Code 1995, is amended to read as
5 follows:

6 76.7 PARTICULAR BONDS AFFECTED -- PAYMENT.

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

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

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

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

1 3. The income surtax shall be imposed to collect an amount
2 that is equivalent to sixty percent of the sum of the
3 principal and interest of the bonds over the life of the
4 bonds. The rate of the income surtax may be adjusted in any
5 year for the sole purpose of ensuring that an amount
6 equivalent to sixty percent of the principal and interest over
7 the life of the bonds is collected.

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

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

30 6. The director of revenue and finance shall administer
31 the income surtax imposed under this chapter and sections
32 422.4, 422.20 to 422.31, 422.68, and 422.72 to 422.75 shall
33 apply with respect to administration of the income surtax.

34 Sec. 7. NEW SECTION. 76.20 PROPERTY TAX CREDIT --
35 AGRICULTURAL AND RESIDENTIAL PROPERTY.

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

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

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

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

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

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

32 An income surtax imposed under section 76.19 by a school
33 district shall be designated as a school debt service income
34 surtax, an income surtax imposed by a merged area under
35 section 76.19 shall be designated as a merged area debt

1 service income surtax, an income surtax imposed by a city
2 under section 76.19 shall be designated a city debt service
3 income surtax, and an income surtax imposed by a county under
4 section 76.19 shall be designated a county debt service income
5 surtax.

6 Sec. 10. Section 260C.21, Code 1995, is amended to read as
7 follows:

8 260C.21 ELECTION TO INCUR INDEBTEDNESS.

9 1. No An indebtedness shall not be incurred under section
10 260C.19 until authorized by an election as required in section
11 75.1. A proposition to incur indebtedness and issue bonds for
12 community college purposes shall be deemed carried adopted in
13 a merged area if approved by a sixty percent majority of all
14 voters voting on the proposition in the area. However, if the
15 board elects to partially fund the bonds with revenues from a
16 local income surtax, in addition to property tax revenues, the
17 ballot proposition to authorize the issuance of the bonds
18 shall be submitted to the electorate pursuant to section 75.1,
19 subsection 2.

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

31 Sec. 11. Section 296.1, Code 1995, is amended to read as
32 follows:

33 296.1 INDEBTEDNESS AUTHORIZED.

34 Subject to the approval of the voters thereof, school
35 districts are hereby authorized to contract indebtedness and

1 to issue general obligation bonds to provide funds to defray
2 the cost of purchasing, building, furnishing, reconstructing,
3 repairing, improving or remodeling a schoolhouse or
4 schoolhouses and additions thereto, gymnasium, stadium, field
5 house, school bus garage, teachers' or superintendent's home
6 or homes, and procuring a site or sites therefor, or
7 purchasing land to add to a site already owned, or procuring
8 and improving a site for an athletic field, or improving a
9 site already owned for an athletic field, and for any one or
10 more of such purposes. Taxes for the payment of said the
11 bonds shall be levied or imposed in accordance with chapter
12 76, and said the bonds shall mature within ~~a period not~~
13 ~~exceeding twenty years from date of issue~~ the period provided
14 in section 76.1, shall bear interest at a rate or rates not
15 exceeding that permitted by chapter 74A and shall be of such
16 form as the board of directors of such the school district
17 shall by resolution provide, but the aggregate indebtedness of
18 any school district shall not exceed five percent of the
19 actual value of the taxable property within said the school
20 district, as ascertained by the last preceding state and
21 county tax lists.

22 Sec. 12. Section 296.6, Code 1995, is amended to read as
23 follows:

24 296.6 BONDS.

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

35 Sec. 13. Section 298.14, unnumbered paragraph 1, Code

1 1995, is amended to read as follows:

2 For each fiscal year, the cumulative total of the percents
3 of surtax approved by the board of directors of a school
4 district and collected by the department of revenue and
5 finance under sections 257.21, 257.29, 279.54, and 298.2, and
6 the enrichment surtax under section 442.15, Code 1989, and an
7 income surtax collected by a political subdivision under
8 chapter 422D, shall not exceed twenty percent. In addition,
9 if an income surtax is imposed under section 76.19, the
10 cumulative total of percents of surtax imposed on any taxpayer
11 in a school district under sections 76.19, 257.21, 257.29,
12 279.54, 298.2, 442.15, Code 1989, and chapter 422D shall not
13 exceed twenty percent in the first year in which one or more
14 of these income surtaxes is imposed.

15 Sec. 14. Section 298.18, unnumbered paragraph 2, Code
16 1995, is amended to read as follows:

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

23 Sec. 15. Section 298.18, unnumbered paragraph 4, Code
24 1995, is amended to read as follows:

25 The amount estimated ~~and-certified-to-apply-on~~ to pay
26 principal and interest for any one year may exceed an amount
27 that could be raised by a property tax levy equal to two
28 dollars and seventy cents per thousand dollars of assessed
29 value by the amount approved by the voters of the school
30 corporation, but not exceeding four dollars and five cents per
31 thousand of the assessed value of the taxable property within
32 any school corporation, provided that the qualified voters of
33 such school corporation have first approved such increased
34 amount at a special election as required in section 75.1,
35 which may be held at the same time as the regular school

1 election. The proposition submitted to the voters at such
2 special election shall be in substantially the following form:

3 Sec. 16. Section 298.16, unnumbered paragraph 6, Code
4 1995, is amended to read as follows:

5 Notice of the election shall be given by the county
6 commissioner of elections according to section 49.53. The
7 election shall be held on a date not less than four nor more
8 than twenty days after the last publication of the notice. At
9 ~~such~~ the election the ballot used for the submission of ~~said~~
10 the proposition shall be in substantially the form for
11 submitting special questions at general elections. The county
12 commissioner of elections shall conduct the election pursuant
13 to the provisions of chapters 39 to 53 and certify the results
14 to the board of directors. ~~Such~~ The proposition shall not be
15 deemed ~~carried-or~~ adopted unless the vote in favor of ~~such~~ the
16 proposition is equal to at least sixty percent of the total
17 vote cast for and against ~~said~~ the proposition at ~~said~~ the
18 election. However, if the board of directors of a school
19 district elects to partially fund the bonds with revenues from
20 a local income surtax, in addition to property tax revenues,
21 the ballot proposition to authorize the issuance of the bonds
22 shall be submitted to the electorate pursuant to section 75.1,
23 subsection 2. ~~Whenever~~ If such a proposition has been
24 approved by the voters of a school corporation as hereinbefore
25 provided, no further approval of the voters of ~~such~~ the school
26 corporation shall be required as a result of any subsequent
27 change in the boundaries of ~~such~~ the school corporation.

28 Sec. 17. Section 298.22, unnumbered paragraph 1, Code
29 1995, is amended to read as follows:

30 ~~All-of-said~~ The bonds shall be substantially in the form
31 provided for county bonds, but subject to changes that will
32 conform them to the action of the board ~~providing-therefor;~~
33 shall ~~run-not-more-than-twenty-years~~ mature within the period
34 provided in section 76.1, and may be sooner paid if so
35 nominated in the bond; bear a rate of interest not exceeding

1 that permitted by chapter 74A, payable semiannually; be signed
2 by the president and countersigned by the secretary of the
3 board of directors; and shall not be disposed of for less than
4 par value, nor issued for other purposes than this chapter
5 provides.

6 Sec. 18. Section 331.442, subsection 4, Code 1995, is
7 amended to read as follows:

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

19 Sec. 19. Section 331.442, subsection 5, paragraph a,
20 unnumbered paragraph 1, Code 1995, is amended to read as
21 follows:

22 Notwithstanding subsection 2, a board, in lieu of calling
23 an election, may institute proceedings for the issuance of
24 bonds for a general county purpose by causing a notice of the
25 proposal to issue the bonds, including a statement of the
26 amount and purpose of the bonds, the type or types of debt
27 service tax to be levied or imposed to pay principal and
28 interest on the bonds, and the right to petition for an
29 election, to be published as provided in section 331.305 at
30 least ten days prior to the meeting at which it is proposed to
31 take action for the issuance of the bonds subject to the
32 following limitations:

33 Sec. 20. Section 331.447, subsection 1, Code 1995, is
34 amended to read as follows:

35 1. Taxes for the payment of general obligation bonds shall

1 be levied or imposed in accordance with chapter 76, and the
2 bonds are payable from ~~the levy of unlimited ad valorem taxes~~
3 ~~on all the taxable property within the county through its debt~~
4 ~~service fund required by section 331.430~~ a debt service
5 property tax or a combination of a debt service property tax
6 and a debt service income surtax, unlimited as to amount,
7 except that:

8 a. The amount estimated ~~and certified to apply to pay~~ to pay on
9 principal and interest for any one year shall not exceed an
10 amount that could be raised by a debt service property tax
11 levy equal to the maximum rate of tax, if any, provided by
12 this division for the purpose for which the bonds were issued.
13 If general obligation bonds are issued for different
14 categories, as provided in section 331.445, the maximum rate
15 of levies, if any, for each purpose shall apply separately to
16 that portion of the bond issue for that category and the
17 resolution authorizing the bond issue shall clearly set forth
18 the annual debt service requirements with respect to each
19 purpose in sufficient detail to indicate compliance with the
20 rate of tax levy, if any.

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

35 Shall the county of, state of Iowa, be authorized

1 to (here state purpose of project) at a total cost
2 not exceeding \$.... and issue its general obligation bonds in
3 an amount not exceeding \$.... for that purpose, and be
4 authorized to levy annually a debt service property tax (or
5 debt service property tax and income surtax, if applicable),
6 which will produce an amount not exceeding ... dollars and ...
7 cents per thousand dollars of the assessed value of the
8 taxable property within the county to pay the principal of and
9 interest on the bonds?

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

12 Shall the county of, state of Iowa, be authorized
13 to levy annually a debt service property tax (or debt service
14 property tax and income surtax, if applicable), which will
15 produce an amount not exceeding ... dollars and ... cents per
16 thousand dollars of the assessed value of the taxable property
17 within the county to pay principal and interest on the bonded
18 indebtedness of the county for the purpose of?

19 Sec. 21. Section 331.490, Code 1995, is amended to read as
20 follows:

21 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY -- RATES.

22 1. If a county and city have entered into an agreement to
23 create a joint special assessment district and issue county
24 general obligation bonds to fund the costs of a public
25 improvement benefiting that district, the county's debt
26 service property tax levy for the county general obligation
27 bonds shall not be levied against property located in any city
28 except a city which has entered into the agreement, and, if
29 applicable, the county's debt service income surtax for the
30 county general obligation bonds shall not be imposed on
31 taxpayers who reside in any city except a city which has
32 entered into the agreement.

33 2. Counties and cities entering into an agreement for a
34 joint special assessment district may provide in the agreement
35 for a different rate of the county's debt service tax levy

1 against property in areas of the county outside a city and
2 property within the cities, and, if applicable, for a
3 different rate of the county's debt service income surtax to
4 be imposed on taxpayers residing outside the cities and those
5 residing within each city.

6 Sec. 22. Section 384.26, subsections 2 and 4, Code 1995,
7 are amended to read as follows:

8 2. Before the council may institute proceedings for the
9 issuance of bonds for a general corporate purpose, it shall
10 call a special city election to vote upon the question of
11 issuing the bonds. At the election the proposition must be
12 submitted in substantially the following form:

13 Shall the (insert the name of the city) issue
14 its bonds in an amount not exceeding the amount of \$.... for
15 the purpose of, such bonds to be payable from a
16 property tax levied on all taxable property within the city
17 (and income surtax to be imposed on the state income tax of
18 each income taxpayer residing in the city)?

19 4. The proposition of issuing general corporate purpose
20 bonds 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 city council elects to partially
24 fund the bonds with revenues from a local income surtax, in
25 addition to property tax revenues, the ballot proposition to
26 authorize the issuance of the bonds shall be submitted to the
27 electorate pursuant to section 75.1, subsection 2. If the
28 proposition of issuing the general corporate purpose bonds is
29 approved by the voters, the city may proceed with the issuance
30 of the bonds.

31 Sec. 23. Section 384.26, subsection 5, paragraph a,
32 unnumbered paragraph 1, Code 1995, is amended to read as
33 follows:

34 Notwithstanding the provisions of subsection 2, a council
35 may, in lieu of calling an election, institute proceedings for

1 the issuance of bonds for a general corporate purpose by
2 causing a notice of the proposal to issue the bonds, including
3 a statement of the amount and purpose of the bonds, the type
4 or types of debt service tax to be levied or imposed to pay
5 principal and interest of the bonds, together with the maximum
6 rate of interest which the bonds are to bear, and the right to
7 petition for an election, to be published at least once in a
8 newspaper of general circulation within the city at least ten
9 days prior to the meeting at which it is proposed to take
10 action for the issuance of the bonds subject to the following
11 limitations:

12 Sec. 24. Section 384.32, Code 1995, is amended to read as
13 follows:

14 384.32 TAX TO PAY.

15 Taxes for the payment of general obligation bonds must be
16 levied in accordance with chapter 76, and the bonds are
17 payable from the levy of ~~unlimited-ad-valorem-taxes-on-all-the~~
18 ~~taxable-property-within-the-city-through-its-debt-service-fund~~
19 ~~authorized-by-section-384-4~~ a debt service property tax or a
20 combination of a debt service property tax and a debt service
21 income surtax, unlimited as to amount.

22 Sec. 25. APPLICABILITY DATE. This Act applies to bond
23 issuances approved at elections held on or after the effective
24 date of this Act.

25 EXPLANATION

26 This bill authorizes general obligation bonds to be issued
27 by certain political subdivisions which will be partially
28 funded by a local income surtax imposed on individuals, in
29 addition to property taxes. Sixty percent of the principal
30 and interest of the bonds shall be funded by income surtax.
31 The question of whether to impose a local income surtax to
32 partially fund the bonds shall be included in the bond
33 issuance ballot proposition. If principal and interest on the
34 bonds are to be funded by property tax and income surtax, the
35 required percentage of votes needed to authorize issuance of

1 the bonds is reduced from 60 percent to a simple majority.

2 The bill also provides that the amount of income surtax
3 funds collected shall be credited on a pro rata basis to each
4 parcel of real property in the political subdivision which is
5 assessed as agricultural or residential property.

6 The bill provides that a bond proposition which includes an
7 income surtax may not be presented to the electorate if, in
8 the first year the surtax is imposed, the total surtax imposed
9 on any taxpayer in the political subdivision would exceed 20
10 percent. The property tax levied or income surtax imposed is
11 to be designated as a debt service tax for the payment of
12 principal and interest on general obligation bonds.

13 This bill applies to bonds issued by a county, city, school
14 district, or community college.

15 The bill applies to bond issuances approved at elections
16 held on or after the effective date of the bill.

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SENATE FILE 209

S-3094

- 1 Amend Senate File 209 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 16, by striking the word "state"
6 the following: "state."
7 3. Page 1, by striking lines 17 through 19.
8 4. Page 8, line 9, by striking the figure "1."
9 5. Page 8, by striking lines 15 through 20 and
10 inserting the following: "cost of utilities".
11 6. Page 9, line 27, by striking the word
12 "election," and inserting the following: "election as
13 required in section 75.1,".
14 7. Page 9, by striking lines 29 through 34 and
15 inserting the following: "payment thereof of the
16 bonds."
17 8. Page 11, by striking lines 18 through 23 and
18 inserting the following: "election. Whenever If such
19 a proposition has been".
20 9. Page 12, by striking lines 12 through 16 and
21 inserting the following: "election as required in
22 section 75.1. If the proposition of".
23 10. Page 15, by striking lines 23 through 27 and
24 inserting the following: "election as required in
25 section 75.1. If the".

By WILMER RENSINK

S-3094 FILED MARCH 2, 1995

Frank Chai
Hammond
Rensink

SSB-84
Education

Succeeded By
SF HF 209
SENATE FILE
BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY
CHAIRPERSON CONNOLLY)

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 by providing a property tax credit, and
4 providing for the Act's applicability.

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

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1 Section 1. Section 75.1, Code 1995, 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 seeking to impose
25 the surtax would exceed twenty percent. Upon request of the
26 governing authority, the department of management shall
27 certify the cumulative rate of income surtax being imposed in
28 the 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, Code 1995, is amended to read as
5 follows:

6 76.1 MANDATORY RETIREMENT.

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

18 Sec. 3. Section 76.2, Code 1995, is amended to read as
19 follows:

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

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

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

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

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

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

1 resolution is filed with the department of revenue and finance
2 on or after August 1, the imposition of the income surtax
3 begins on January 1 of the next calendar year.

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

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

28 Sec. 4. Section 76.4, Code 1995, is amended to read as
29 follows:

30 76.4 PERMISSIVE APPLICATION OF FUNDS.

31 ~~Whenever~~ If the governing authority of such a political
32 subdivision ~~shall-have~~ has on hand funds derived from any
33 other a source other than taxation which may be appropriated
34 to the payment either of ~~interest-or~~ interest, or
35 both principal and interest of such bonds, ~~such~~ the funds may

1 be so appropriated and used and the property tax levy and
2 income surtax rate, if imposed, for the payment of the bonds
3 correspondingly reduced.

4 Sec. 5. Section 76.7, Code 1995, is amended to read as
5 follows:

6 76.7 PARTICULAR BONDS AFFECTED -- PAYMENT.

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

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

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

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

1 3. The income surtax shall be imposed to collect an amount
2 that is equivalent to sixty percent of the sum of the
3 principal and interest of the bonds over the life of the
4 bonds. The rate of the income surtax may be adjusted in any
5 year for the sole purpose of ensuring that an amount
6 equivalent to sixty percent of the principal and interest over
7 the life of the bonds is collected.

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

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

30 6. The director of revenue and finance shall administer
31 the income surtax imposed under this chapter and sections
32 422.4, 422.20 to 422.31, 422.68, and 422.72 to 422.75 shall
33 apply with respect to administration of the income surtax.

34 Sec. 7. NEW SECTION. 76.20 PROPERTY TAX CREDIT --
35 AGRICULTURAL AND RESIDENTIAL PROPERTY.

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

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

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

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

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

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

32 An income surtax imposed under section 76.19 by a school
33 district shall be designated as a school debt service income
34 surtax, an income surtax imposed by a merged area under
35 section 76.19 shall be designated as a merged area debt

1 service income surtax, an income surtax imposed by a city
2 under section 76.19 shall be designated a city debt service
3 income surtax, and an income surtax imposed by a county under
4 section 76.19 shall be designated a county debt service income
5 surtax.

6 Sec. 10. Section 260C.21, Code 1995, is amended to read as
7 follows:

8 260C.21 ELECTION TO INCUR INDEBTEDNESS.

9 1. No An indebtedness shall not be incurred under section
10 260C.19 until authorized by an election as required in section
11 75.1. A proposition to incur indebtedness and issue bonds for
12 community college purposes shall be deemed carried adopted in
13 a merged area if approved by a sixty percent majority of all
14 voters voting on the proposition in the area. However, if the
15 board elects to partially fund the bonds with revenues from a
16 local income surtax, in addition to property tax revenues, the
17 ballot proposition to authorize the issuance of the bonds
18 shall be submitted to the electorate pursuant to section 75.1,
19 subsection 2.

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

31 Sec. 11. Section 296.1, Code 1995, is amended to read as
32 follows:

33 296.1 INDEBTEDNESS AUTHORIZED.

34 Subject to the approval of the voters thereof, school
35 districts are hereby authorized to contract indebtedness and

1 to issue general obligation bonds to provide funds to defray
2 the cost of purchasing, building, furnishing, reconstructing,
3 repairing, improving or remodeling a schoolhouse or
4 schoolhouses and additions thereto, gymnasium, stadium, field
5 house, school bus garage, teachers' or superintendent's home
6 or homes, and procuring a site or sites therefor, or
7 purchasing land to add to a site already owned, or procuring
8 and improving a site for an athletic field, or improving a
9 site already owned for an athletic field, and for any one or
10 more of such purposes. Taxes for the payment of said the
11 bonds shall be levied or imposed in accordance with chapter
12 76, and said the bonds shall mature within ~~a period not~~
13 ~~exceeding twenty years from date of issue~~ the period provided
14 in section 76.1, shall bear interest at a rate or rates not
15 exceeding that permitted by chapter 74A and shall be of such
16 form as the board of directors of ~~such the~~ school district
17 shall by resolution provide, but the aggregate indebtedness of
18 any school district shall not exceed five percent of the
19 actual value of the taxable property within said the school
20 district, as ascertained by the last preceding state and
21 county tax lists.

22 Sec. 12. Section 296.6, Code 1995, is amended to read as
23 follows:

24 296.6 BONDS.

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

35 Sec. 13. Section 298.14, unnumbered paragraph 1, Code

1 1995, is amended to read as follows:

2 For each fiscal year, the cumulative total of the percents
3 of surtax approved by the board of directors of a school
4 district and collected by the department of revenue and
5 finance under sections 257.21, 257.29, 279.54, and 298.2, and
6 the enrichment surtax under section 442.15, Code 1989, and an
7 income surtax collected by a political subdivision under
8 chapter 422D, shall not exceed twenty percent. In addition,
9 if an income surtax is imposed under section 76.19, the
10 cumulative total of percents of surtax imposed on any taxpayer
11 in a school district under sections 76.19, 257.21, 257.29,
12 279.54, 298.2, 442.15, Code 1989, and chapter 422D shall not
13 exceed twenty percent in the first year in which one or more
14 of these income surtaxes is imposed.

15 Sec. 14. Section 298.18, unnumbered paragraph 2, Code
16 1995, is amended to read as follows:

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

23 Sec. 15. Section 298.18, unnumbered paragraph 4, Code
24 1995, is amended to read as follows:

25 The amount estimated ~~and-certified-to-apply-on~~ to pay
26 principal and interest for any one year may exceed an amount
27 that could be raised by a property tax levy equal to two
28 dollars and seventy cents per thousand dollars of assessed
29 value by the amount approved by the voters of the school
30 corporation, but not exceeding four dollars and five cents per
31 thousand of the assessed value of the taxable property within
32 any school corporation, provided that the qualified voters of
33 such school corporation have first approved such increased
34 amount at a special election as required in section 75.1,
35 which may be held at the same time as the regular school

1 election. The proposition submitted to the voters at such
2 special election shall be in substantially the following form:

3 Sec. 16. Section 298.18, unnumbered paragraph 6, Code
4 1995, is amended to read as follows:

5 Notice of the election shall be given by the county
6 commissioner of elections according to section 49.53. The
7 election shall be held on a date not less than four nor more
8 than twenty days after the last publication of the notice. At
9 such the election the ballot used for the submission of said
10 the proposition shall be in substantially the form for
11 submitting special questions at general elections. The county
12 commissioner of elections shall conduct the election pursuant
13 to the provisions of chapters 39 to 53 and certify the results
14 to the board of directors. ~~Such~~ The proposition shall not be
15 deemed ~~carried-or~~ adopted unless the vote in favor of such the
16 proposition is equal to at least sixty percent of the total
17 vote cast for and against said the proposition at said the
18 election. However, if the board of directors of a school
19 district elects to partially fund the bonds with revenues from
20 a local income surtax, in addition to property tax revenues,
21 the ballot proposition to authorize the issuance of the bonds
22 shall be submitted to the electorate pursuant to section 75.1,
23 subsection 2. ~~Whenever~~ If such a proposition has been
24 approved by the voters of a school corporation as hereinbefore
25 provided, no further approval of the voters of such the school
26 corporation shall be required as a result of any subsequent
27 change in the boundaries of such the school corporation.

28 Sec. 17. Section 298.22, unnumbered paragraph 1, Code
29 1995, is amended to read as follows:

30 ~~All-of-said~~ The bonds shall be substantially in the form
31 provided for county bonds, but subject to changes that will
32 conform them to the action of the board ~~providing-therefor;~~
33 shall ~~run-not-more-than-twenty-years~~ mature within the period
34 provided in section 76.1, and may be sooner paid if so
35 nominated in the bond; bear a rate of interest not exceeding

1 that permitted by chapter 74A, payable semiannually; be signed
2 by the president and countersigned by the secretary of the
3 board of directors; and shall not be disposed of for less than
4 par value, nor issued for other purposes than this chapter
5 provides.

6 Sec. 18. Section 331.442, subsection 4, Code 1995, is
7 amended to read as follows:

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

19 Sec. 19. Section 331.442, subsection 5, paragraph a,
20 unnumbered paragraph 1, Code 1995, is amended to read as
21 follows:

22 Notwithstanding subsection 2, a board, in lieu of calling
23 an election, may institute proceedings for the issuance of
24 bonds for a general county purpose by causing a notice of the
25 proposal to issue the bonds, including a statement of the
26 amount and purpose of the bonds, the type or types of debt
27 service tax to be levied or imposed to pay principal and
28 interest on the bonds, and the right to petition for an
29 election, to be published as provided in section 331.305 at
30 least ten days prior to the meeting at which it is proposed to
31 take action for the issuance of the bonds subject to the
32 following limitations:

33 Sec. 20. Section 331.447, subsection 1, Code 1995, is
34 amended to read as follows:

35 1. Taxes for the payment of general obligation bonds shall

1 be levied or imposed in accordance with chapter 76, and the
2 bonds are payable from ~~the-levy-of-unlimited-ad-valorem-taxes~~
3 ~~on-all-the-taxable-property-within-the-county-through-its-debt~~
4 ~~service-fund-required-by-section-331.430~~ a debt service
5 property tax or a combination of a debt service property tax
6 and a debt service income surtax, unlimited as to amount,
7 except that:

8 a. The amount estimated ~~and-certified-to-apply to pay~~ on
9 principal and interest for any one year shall not exceed an
10 amount that could be raised by a debt service property tax
11 levy equal to the maximum rate of tax, if any, provided by
12 this division for the purpose for which the bonds were issued.
13 If general obligation bonds are issued for different
14 categories, as provided in section 331.445, the maximum rate
15 of levies, if any, for each purpose shall apply separately to
16 that portion of the bond issue for that category and the
17 resolution authorizing the bond issue shall clearly set forth
18 the annual debt service requirements with respect to each
19 purpose in sufficient detail to indicate compliance with the
20 rate of tax levy, if any.

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

35 Shall the county of, state of Iowa, be authorized

1 to (here state purpose of project) at a total cost
2 not exceeding \$.... and issue its general obligation bonds in
3 an amount not exceeding \$.... for that purpose, and be
4 authorized to levy annually a debt service property tax (or
5 debt service property tax and income surtax, if applicable),
6 which will produce an amount not exceeding ... dollars and ...
7 cents per thousand dollars of the assessed value of the
8 taxable property within the county to pay the principal of and
9 interest on the bonds?

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

12 Shall the county of, state of Iowa, be authorized
13 to levy annually a debt service property tax (or debt service
14 property tax and income surtax, if applicable), which will
15 produce an amount not exceeding ... dollars and ... cents per
16 thousand dollars of the assessed value of the taxable property
17 within the county to pay principal and interest on the bonded
18 indebtedness of the county for the purpose of?

19 Sec. 21. Section 331.490, Code 1995, is amended to read as
20 follows:

21 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY -- RATES.

22 1. If a county and city have entered into an agreement to
23 create a joint special assessment district and issue county
24 general obligation bonds to fund the costs of a public
25 improvement benefiting that district, the county's debt
26 service property tax levy for the county general obligation
27 bonds shall not be levied against property located in any city
28 except a city which has entered into the agreement, and, if
29 applicable, the county's debt service income surtax for the
30 county general obligation bonds shall not be imposed on
31 taxpayers who reside in any city except a city which has
32 entered into the agreement.

33 2. Counties and cities entering into an agreement for a
34 joint special assessment district may provide in the agreement
35 for a different rate of the county's debt service tax levy

1 against property in areas of the county outside a city and
2 property within the cities, and, if applicable, for a
3 different rate of the county's debt service income surtax to
4 be imposed on taxpayers residing outside the cities and those
5 residing within each city.

6 Sec. 22. Section 384.26, subsections 2 and 4, Code 1995,
7 are amended to read as follows:

8 2. Before the council may institute proceedings for the
9 issuance of bonds for a general corporate purpose, it shall
10 call a special city election to vote upon the question of
11 issuing the bonds. At the election the proposition must be
12 submitted in substantially the following form:

13 Shall the (insert the name of the city) issue
14 its bonds in an amount not exceeding the amount of \$.... for
15 the purpose of, such bonds to be payable from a
16 property tax levied on all taxable property within the city
17 (and income surtax to be imposed on the state income tax of
18 each income taxpayer residing in the city)?

19 4. The proposition of issuing general corporate purpose
20 bonds 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 city council elects to partially
24 fund the bonds with revenues from a local income surtax, in
25 addition to property tax revenues, the ballot proposition to
26 authorize the issuance of the bonds shall be submitted to the
27 electorate pursuant to section 75.1, subsection 2. If the
28 proposition of issuing the general corporate purpose bonds is
29 approved by the voters, the city may proceed with the issuance
30 of the bonds.

31 Sec. 23. Section 384.26, subsection 5, paragraph a,
32 unnumbered paragraph 1, Code 1995, is amended to read as
33 follows:

34 Notwithstanding the provisions of subsection 2, a council
35 may, in lieu of calling an election, institute proceedings for

1 the issuance of bonds for a general corporate purpose by
2 causing a notice of the proposal to issue the bonds, including
3 a statement of the amount and purpose of the bonds, the type
4 or types of debt service tax to be levied or imposed to pay
5 principal and interest of the bonds, together with the maximum
6 rate of interest which the bonds are to bear, and the right to
7 petition for an election, to be published at least once in a
8 newspaper of general circulation within the city at least ten
9 days prior to the meeting at which it is proposed to take
10 action for the issuance of the bonds subject to the following
11 limitations:

12 Sec. 24. Section 384.32, Code 1995, is amended to read as
13 follows:

14 384.32 TAX TO PAY.

15 Taxes for the payment of general obligation bonds must be
16 levied in accordance with chapter 76, and the bonds are
17 payable from the levy of ~~unlimited-ad-valorem-taxes-on-all-the~~
18 ~~taxable-property-within-the-city-through-its-debt-service-fund~~
19 ~~authorized-by-section-384-4~~ a debt service property tax or a
20 combination of a debt service property tax and a debt service
21 income surtax, unlimited as to amount.

22 Sec. 25. APPLICABILITY DATE. This Act applies to bond
23 issuances approved at elections held on or after the effective
24 date of this Act.

25 EXPLANATION

26 This bill authorizes general obligation bonds to be issued
27 by certain political subdivisions which will be partially
28 funded by a local income surtax imposed on individuals, in
29 addition to property taxes. Sixty percent of the principal
30 and interest of the bonds shall be funded by income surtax.
31 The question of whether to impose a local income surtax to
32 partially fund the bonds shall be included in the bond
33 issuance ballot proposition. If principal and interest on the
34 bonds are to be funded by property tax and income surtax, the
35 required percentage of votes needed to authorize issuance of

1 the bonds is reduced from 60 percent to a simple majority.

2 The bill also provides that the amount of income surtax
3 funds collected shall be credited on a pro rata basis to each
4 parcel of real property in the political subdivision which is
5 assessed as agricultural or residential property.

6 The bill provides that a bond proposition which includes an
7 income surtax may not be presented to the electorate if, in
8 the first year the surtax is imposed, the total surtax imposed
9 on any taxpayer in the political subdivision would exceed 20
10 percent. The property tax levied or income surtax imposed is
11 to be designated as a debt service tax for the payment of
12 principal and interest on general obligation bonds.

13 This bill applies to bonds issued by a county, city, school
14 district, or community college.

15 The bill applies to bond issuances approved at elections
16 held on or after the effective date of the bill.

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