

House Amendment 8200

Amendment Text

PAG LIN

1 1 Amend the amendment, [H-8194](#), to [Senate File 2048](#),
1 2 as amended, passed, and reprinted by the Senate, as
1 3 follows:
1 4 #1. Page 1, line 9, by inserting after the figure
1 5 "12.72" the following: ", moneys expended from the
1 6 school district sales and use tax fund created in
1 7 section 293.1, as enacted in this Act,".
1 8 #2. Page 1, by inserting after line 17 the
1 9 following:
1 10 "#____. Page 2, by striking lines 21 and 22 and
1 11 inserting the following:
1 12 "Sec. 101. NEW SECTION. 293.1 SCHOOL DISTRICT
1 13 SALES AND USE TAX FUND.
1 14 1. A school district sales and use tax fund is
1 15 created as a separate and distinct fund in the state
1 16 treasury under the control of the department of
1 17 revenue and finance. Moneys in the fund include
1 18 revenues credited to the fund pursuant to section
1 19 422.69, subsection 2, and section 423.24, subsection
1 20 2A, appropriations made to the fund, and other moneys
1 21 deposited into the fund. The moneys credited in a
1 22 fiscal year to the fund shall be distributed as
1 23 follows:
1 24 a. (1) A school district located in whole or in
1 25 part in a county that had in effect on March 31, 2002,
1 26 the local sales and services tax for school
1 27 infrastructure purposes under chapter 422E shall
1 28 receive an amount equal to its guaranteed school
1 29 infrastructure amount as calculated under subsection 2
1 30 if the board of directors notifies the director of
1 31 revenue and finance that the school district wants to
1 32 receive its guaranteed school infrastructure amount.
1 33 The notification shall be provided by July 1, 2002.
1 34 If notification is not received by July 1, 2002, the
1 35 school district shall receive moneys pursuant to
1 36 paragraph "b". Nothing in this chapter shall prevent
1 37 a school district from using its guaranteed school
1 38 infrastructure amount to pay principal and interest on
1 39 obligations issued pursuant to section 422E.4.
1 40 (2) A school district receiving moneys pursuant to
1 41 subparagraph (1) shall cease to receive its guaranteed
1 42 school infrastructure amount and shall receive moneys
1 43 pursuant to paragraph "b" starting with the fiscal
1 44 year immediately following the fiscal year in which
1 45 occurs the end of the original ten-year period or the
1 46 date listed on the original ballot proposition,
1 47 whichever is the earlier, as provided in chapter 422E.
1 48 A school district may adopt a plan, as provided in
1 49 section 293.2, subsection 2, to anticipate moneys it
1 50 will receive pursuant to paragraph "b". A school
2 1 district receiving moneys pursuant to subparagraph (1)
2 2 may elect to receive moneys pursuant to paragraph "b"
2 3 by providing notification to receive moneys pursuant
2 4 to paragraph "b" to the director of revenue and
2 5 finance and the director of the department of
2 6 management by February 15 preceding the fiscal year
2 7 for which the election will apply. Once a school

2 8 district makes this election it is irrevocable.

2 9 b. (1) Moneys remaining after computations made
2 10 pursuant to paragraph "a" shall be distributed to
2 11 school districts not receiving moneys under paragraph
2 12 "a" on a per student basis calculated by the director
2 13 of revenue and finance by dividing the moneys
2 14 available during the fiscal year by the combined
2 15 actual enrollment for all school districts receiving
2 16 distributions under this paragraph.

2 17 (2) The combined actual enrollment for school
2 18 districts, for purposes of subparagraph (1), shall be
2 19 calculated by adding together the actual enrollment
2 20 for each school district receiving distributions under
2 21 subparagraph (1) as determined by the department of
2 22 management based on the actual enrollment figures
2 23 reported by October 1 to the department of management
2 24 by the department of education pursuant to section
2 25 257.6, subsection 1. The combined actual enrollment
2 26 count shall be forwarded to the director of revenue
2 27 and finance by March 1, annually, for purposes of
2 28 supplying estimated tax payment figures and making
2 29 estimated tax payments pursuant to subsection 3 for
2 30 the following fiscal year.

2 31 2. a. For purposes of distributions under
2 32 subsection 1, paragraph "a", the school district's
2 33 guaranteed school infrastructure amount shall be
2 34 calculated according to the following formula:
2 35 The district's guaranteed school infrastructure
2 36 amount equals the product of the county guaranteed
2 37 school infrastructure amount times the district's
2 38 county actual enrollment divided by the county
2 39 combined actual enrollment.

2 40 b. For purposes of the formula in paragraph "a":

2 41 (1) "Base year" means the fiscal year beginning
2 42 July 1, 2001.

2 43 (2) "Base year county taxable sales percentage"
2 44 means the percentage that the taxable sales in the
2 45 county during the base year is of the total state
2 46 taxable sales during the base year.

2 47 (3) "County combined actual enrollment" means the
2 48 actual enrollment figures determined by the department
2 49 of management for the county based on the actual
2 50 enrollment figures reported by October 1 to the
3 1 department of management by the department of
3 2 education pursuant to section 257.6, subsection 1.

3 3 (4) "County guaranteed school infrastructure
3 4 amount" means an amount equal to the product of the
3 5 county's chapter 422E proportionate share times the
3 6 amount deposited in the school district sales and use
3 7 tax fund for the current year times the current year
3 8 county taxable sales percentage divided by the base
3 9 year county taxable sales percentage.

3 10 (5) "County's chapter 422E proportionate share"
3 11 means the percentage that the annualized revenues
3 12 received in the county under chapter 422E for the base
3 13 year is of one-fifth of the total state sales and use
3 14 tax revenues collected for deposit into the general
3 15 fund of the state for the base year.

3 16 (6) "Current year" means the fiscal year for which
3 17 distributions under this section are being made.

3 18 (7) "Current year county taxable sales percentage"
3 19 means the percentage that the taxable sales in the
3 20 county during the current fiscal year is of the total
3 21 state taxable sales during the current fiscal year.

3 22 (8) "District's county actual enrollment" means
3 23 the actual enrollment of the school district that
3 24 attends school in the county for which the county

3 25 combined actual enrollment is determined.
3 26 (9) "Taxable sales" means sales subject to the
3 27 state sales and services tax under chapter 422,
3 28 division IV.
3 29 3. a. The director of revenue and finance by
3 30 August 15 of each fiscal year shall send to each
3 31 school district an estimate of the amount of tax
3 32 moneys each school district will receive for the year
3 33 and for each quarter of the year. At the end of each
3 34 quarter, the director may revise the estimates for the
3 35 year and remaining quarters.
3 36 b. The director shall remit ninety-five percent of
3 37 the estimated tax receipts for the school district to
3 38 the school district on or before September 30 of the
3 39 fiscal year and on or before the last day of each
3 40 following quarter.
3 41 c. The director shall remit a final payment of the
3 42 remainder of tax moneys due for the fiscal year before
3 43 November 10 of the next fiscal year. If an
3 44 overpayment has resulted during the previous fiscal
3 45 year, the November payment shall be adjusted to
3 46 reflect any overpayment.
3 47 d. If the distributions are to school districts
3 48 described in subsection 1, paragraph "a", the payments
3 49 to these school districts shall be made on a monthly
3 50 basis beginning with the month of September.

4 1 Sec. 102. NEW SECTION. 293.2 USE OF SCHOOL
4 2 DISTRICT SALES AND USE TAX FUND MONEYS.

4 3 1. A school district receiving moneys from the
4 4 school district sales and use tax fund under section
4 5 293.1, subsection 1, paragraph "a", shall use the
4 6 moneys as provided on the original ballot proposition
4 7 pursuant to chapter 422E, for the payment of principal
4 8 and interest on general obligation bonds issued
4 9 pursuant to chapter 296, or section 298.20 or loan
4 10 agreements under section 297.36, for payments made
4 11 pursuant to lease or lease-purchase agreements, or for
4 12 payment of principal and interest on bonds issued
4 13 under sections 293.3 and 422E.4.

4 14 2. a. Moneys received by a school district from
4 15 the school district sales and use tax fund under
4 16 section 293.1, subsection 1, paragraph "b", shall be
4 17 spent for infrastructure purposes only according to a
4 18 plan developed by the board of directors. The plan
4 19 may apply to more than one fiscal year. Prior to
4 20 adoption of the plan, the board of directors shall
4 21 hold a public hearing on the question of approval of
4 22 the proposed plan. The board shall set forth its
4 23 proposal and shall publish the notice of the time and
4 24 place of a public hearing on the proposed plan.
4 25 Notice of the time and place of the public hearing
4 26 shall be published not less than ten nor more than
4 27 twenty days before the public hearing in a newspaper
4 28 which is a newspaper of general circulation in the
4 29 school district. At the hearing, or no later than
4 30 thirty days after the date of the hearing, the board
4 31 shall take action to adopt the proposed plan.

4 32 b. If the board adopts the plan, moneys received
4 33 shall be used according to the plan unless within
4 34 twenty-eight days following the action of the board,
4 35 the secretary of the board receives a petition
4 36 containing signatures of registered voters equal in
4 37 number to five percent of the voters in the school
4 38 district who voted at the last general election,
4 39 asking that an election be called to approve or
4 40 disapprove the action of the board. The board shall
4 41 either rescind its action or direct the county

4 42 commissioner of elections to submit the question to
4 43 the registered voters of the school district at the
4 44 next following regular school election or a special
4 45 election. If a majority of those voting on the
4 46 question at the election favors disapproval of the
4 47 action of the board, the district shall use the moneys
4 48 received as provided in paragraph "c" for the fiscal
4 49 year.

4 50 At the expiration of the twenty-eight day period,
5 1 if no petition is filed, the board shall use the
5 2 moneys received according to the plan for the duration
5 3 of the plan. However, the board may, at anytime,
5 4 expend a greater share of moneys received for property
5 5 tax relief than otherwise specified in the plan.

5 6 c. If an election is held and the plan is
5 7 disapproved, as provided in paragraph "b", or if a
5 8 plan is not approved by the board, moneys received by
5 9 a school district shall be used for the fiscal year to
5 10 reduce the following levies in the following order:

5 11 (1) Bond levies under sections 298.18 and 298.18A
5 12 and other debt levies until the moneys received or the
5 13 levies are reduced to zero.

5 14 (2) The physical plant and equipment levy under
5 15 section 298.2, until the moneys received or the levy
5 16 is reduced to zero.

5 17 (3) The schoolhouse tax levy under section 278.1,
5 18 subsection 7, Code 1989, until the moneys received or
5 19 the levy is reduced to zero.

5 20 Any money remaining after the reduction of the
5 21 levies specified in this paragraph may be used for any
5 22 lawful infrastructure purpose of the school district.

5 23 d. For purposes of this subsection,
5 24 "infrastructure purposes" means those purposes for
5 25 which a school district is authorized to contract
5 26 indebtedness and issue general obligation bonds under
5 27 chapter 296 or to expend tax revenues under section
5 28 298.3, the payment of principal and interest on
5 29 general obligation bonds issued under chapter 296 or
5 30 section 298.20 or loan agreements under section
5 31 297.36, payments made pursuant to a lease or lease-
5 32 purchase agreement, or the payment of principal and
5 33 interest on bonds issued under section 293.3 or
5 34 422E.4.

5 35 Sec. 103. NEW SECTION. 293.3 BONDING.

5 36 A school district may anticipate the amount of
5 37 moneys to be received pursuant to section 293.1 as
5 38 provided in this section.

5 39 The board of directors of a school district may
5 40 issue negotiable, interest-bearing school bonds,
5 41 without election, and utilize tax receipts derived
5 42 from the school district sales and use tax fund for
5 43 principal and interest repayment. Proceeds of the
5 44 bonds issued pursuant to this section shall be
5 45 utilized solely for infrastructure purposes as defined
5 46 in section 293.2, subsection 2.

5 47 Bonds issued under this section may be sold at
5 48 public sale as provided in chapter 75. Notice shall
5 49 be given and a hearing shall be held as provided in
5 50 section 73A.12. Bonds may bear dates, bear interest
6 1 at rates not exceeding that permitted by chapter 74A,
6 2 mature in one or more installments, be in either
6 3 coupon or registered form, carry registration and
6 4 conversion privileges, be payable as to principal and
6 5 interest at times and places, be subject to terms of
6 6 redemption prior to maturity with or without premium,
6 7 and be in one or more denominations, all as provided
6 8 by the resolution of the board of directors

6 9 authorizing their issuance. The resolution may also
6 10 prescribe additional provisions, terms, conditions,
6 11 and covenants which the board of directors deems
6 12 advisable, including provisions for creating and
6 13 maintaining reserve funds, the issuance of additional
6 14 bonds ranking on a parity with such bonds and
6 15 additional bonds junior and subordinate to such bonds,
6 16 and that such bonds shall rank on a parity with or be
6 17 junior and subordinate to any bonds which may be then
6 18 outstanding. Bonds may be issued to refund
6 19 outstanding and previously issued bonds under this
6 20 section. Bonds are a contract between the school
6 21 district and holders, and the resolution issuing the
6 22 bonds and pledging tax revenues to be received from
6 23 the school district sales and use tax fund to the
6 24 payment of principal and interest on the bonds is a
6 25 part of the contract. Bonds issued pursuant to this
6 26 section shall not constitute indebtedness within the
6 27 meaning of any constitutional or statutory debt
6 28 limitation or restriction, and shall not be subject to
6 29 any other law relating to the authorization, issuance,
6 30 or sale of bonds.

6 31 A school district may enter into a chapter 28E
6 32 agreement with one or more cities or a county whose
6 33 boundaries encompass all or a part of the area of the
6 34 school district. A city or cities entering into a
6 35 chapter 28E agreement may expend its designated
6 36 portion of the tax revenues to be received from the
6 37 school district sales and use tax fund for any valid
6 38 purpose permitted in this chapter or authorized by the
6 39 governing body of the city. A county entering into a
6 40 chapter 28E agreement with a school district may
6 41 expend its designated portion of the tax revenues to
6 42 be received from the school district sales and use tax
6 43 fund to provide property tax relief within the
6 44 boundaries of the school district located in the
6 45 county. A school district may also enter into a
6 46 chapter 28E agreement with another school district
6 47 which is located partially or entirely in or is
6 48 contiguous to the county. The school district shall
6 49 only expend its designated portion of tax revenues to
6 50 be received from the school district sales and use tax
7 1 fund.

7 2 The governing body of a city may authorize the
7 3 issuance of bonds which are payable from its
7 4 designated portion of the tax revenues to be received
7 5 from the school district sales and use tax fund, and
7 6 not from property tax, by following the authorization
7 7 procedures set forth for cities in section 384.83. A
7 8 city may pledge irrevocably any amount derived from
7 9 its designated portion of the tax revenues to be
7 10 received from the school district sales and use tax
7 11 fund to the support or payment of such bonds.

7 12 Sec. 104. Section [298.18](#), unnumbered paragraph 4,
7 13 Code Supplement 2001, is amended to read as follows:

7 14 The amount estimated and certified to apply on
7 15 principal and interest for any one year may exceed two
7 16 dollars and seventy cents per thousand dollars of
7 17 assessed value by the amount approved by the voters of
7 18 the school corporation, but not exceeding four dollars
7 19 and five cents per thousand of the assessed value of
7 20 the taxable property within any school corporation,
7 21 provided that the registered voters of such school
7 22 corporation have first approved such increased amount
7 23 at a special election, which

- ~~was held~~

- ~~at the~~

7 24

- ~~same time as the regular school election~~

- ~~prior to July~~

7 25 1, 2002.

- ~~The proposition submitted to the voters at~~

7 26

- ~~such special election shall be in substantially the~~

7 27

- ~~following form:~~

7 28 Sec. 105. Section 298.18, unnumbered paragraphs 5
7 29 and 6, Code Supplement 2001, are amended by striking
7 30 the unnumbered paragraphs.

7 31 Sec. 106. Section 298.18, unnumbered paragraph 8,
7 32 Code Supplement 2001, is amended to read as follows:

7 33 The ability of a school corporation to exceed two
7 34 dollars and seventy cents per thousand dollars of
7 35 assessed value to service principal and interest
7 36 payments on bonded indebtedness is limited and
7 37 conferred only to those school corporations engaged in
7 38 the administration of elementary and secondary
7 39 education and whose registered voters have voted to
7 40 exceed that levy limitation prior to July 1, 2002.

7 41 Sec. 107. Section 422.43, subsections 1, 2, 4, 5,
7 42 6, 7, 10, and 12, Code Supplement 2001, are amended to
7 43 read as follows:

7 44 1. There is imposed a tax of

- ~~five~~

- ~~six percent upon~~

7 45 the gross receipts from all sales of tangible personal
7 46 property, consisting of goods, wares, or merchandise,
7 47 except as otherwise provided in this division, sold at
7 48 retail in the state to consumers or users; a like rate
7 49 of tax upon the gross receipts from the sales,
7 50 furnishing, or service of gas, electricity, water,
8 1 heat, pay television service, and communication
8 2 service, including the gross receipts from such sales
8 3 by any municipal corporation or joint water utility
8 4 furnishing gas, electricity, water, heat, pay
8 5 television service, and communication service to the
8 6 public in its proprietary capacity, except as
8 7 otherwise provided in this division, when sold at
8 8 retail in the state to consumers or users; a like rate
8 9 of tax upon the gross receipts from all sales of
8 10 tickets or admissions to places of amusement, fairs,
8 11 and athletic events except those of elementary and
8 12 secondary educational institutions; a like rate of tax
8 13 on the gross receipts from an entry fee or like charge
8 14 imposed solely for the privilege of participating in
8 15 an activity at a place of amusement, fair, or athletic
8 16 event unless the gross receipts from the sales of
8 17 tickets or admissions charges for observing the same
8 18 activity are taxable under this division; and a like
8 19 rate of tax upon that part of private club membership
8 20 fees or charges paid for the privilege of
8 21 participating in any athletic sports provided club

8 22 members.

8 23 2. There is imposed a tax of

~~five~~

- six percent upon

8 24 the gross receipts derived from the operation of all
8 25 forms of amusement devices and games of skill, games
8 26 of chance, raffles, and bingo games as defined in
8 27 chapter 99B, operated or conducted within the state,
8 28 the tax to be collected from the operator in the same
8 29 manner as for the collection of taxes upon the gross
8 30 receipts of tickets or admission as provided in this
8 31 section. The tax shall also be imposed upon the gross
8 32 receipts derived from the sale of lottery tickets or
8 33 shares pursuant to chapter 99E. The tax on the
8 34 lottery tickets or shares shall be included in the
8 35 sales price and distributed to the general fund as
8 36 provided in section 99E.10.

8 37 4. There is imposed a tax of

~~five~~

- six percent upon

8 38 the gross receipts from the sales of engraving,
8 39 photography, retouching, printing, and binding
8 40 services. For the purpose of this division, the sales
8 41 of engraving, photography, retouching, printing, and
8 42 binding services are sales of tangible property.

8 43 5. There is imposed a tax of

~~five~~

- six percent upon

8 44 the gross receipts from the sales of vulcanizing,
8 45 recapping, and retreading services. For the purpose
8 46 of this division, the sales of vulcanizing, recapping,
8 47 and retreading services are sales of tangible
8 48 property.

8 49 6. There is imposed a tax of

~~five~~

- six percent upon

8 50 the gross receipts from the sales of optional service
9 1 or warranty contracts, except residential service
9 2 contracts regulated under chapter 523C, which provide
9 3 for the furnishing of labor and materials and require
9 4 the furnishing of any taxable service enumerated under
9 5 this section. The gross receipts are subject to tax
9 6 even if some of the services furnished are not
9 7 enumerated under this section. For the purpose of
9 8 this division, the sale of an optional service or
9 9 warranty contract, other than a residential service
9 10 contract regulated under chapter 523C, is a sale of
9 11 tangible personal property. Additional sales,
9 12 services, or use taxes shall not be levied on
9 13 services, parts, or labor provided under optional
9 14 service or warranty contracts which are subject to tax
9 15 under this section.

9 16 If the optional service or warranty contract is a
9 17 computer software maintenance or support service
9 18 contract and there is no separately stated fee for the
9 19 taxable personal property or for the nontaxable
9 20 service, the tax of

~~five~~

- six percent imposed by this

9 21 subsection shall be imposed on fifty percent of the
9 22 gross receipts from the sale of such contract. If the
9 23 contract provides for technical support services only,

9 24 no tax shall be imposed under this subsection. The
9 25 provisions of this subsection also apply to the tax
9 26 imposed by chapter 423.
9 27 7. There is imposed a tax of

~~five~~

- ~~six~~ percent upon

9 28 the gross receipts from the renting of rooms,
9 29 apartments, or sleeping quarters in a hotel, motel,
9 30 inn, public lodging house, rooming house, manufactured
9 31 or mobile home which is tangible personal property, or
9 32 tourist court, or in any place where sleeping
9 33 accommodations are furnished to transient guests for
9 34 rent, whether with or without meals. "Renting" and
9 35 "rent" include any kind of direct or indirect charge
9 36 for such rooms, apartments, or sleeping quarters, or
9 37 their use. For the purposes of this division, such
9 38 renting is regarded as a sale of tangible personal
9 39 property at retail. However, this tax does not apply
9 40 to the gross receipts from the renting of a room,
9 41 apartment, or sleeping quarters while rented by the
9 42 same person for a period of more than thirty-one
9 43 consecutive days.
9 44 10. There is imposed a tax of

~~five~~

- ~~six~~ percent

9 45 upon the gross receipts from the rendering,
9 46 furnishing, or performing of services as defined in
9 47 section 422.42.
9 48 12. A tax of

~~five~~

- ~~six~~ percent is imposed upon the

9 49 gross receipts from the sales of prepaid telephone
9 50 calling cards and prepaid authorization numbers. For
10 1 the purpose of this division, the sales of prepaid
10 2 telephone calling cards and prepaid authorization
10 3 numbers are sales of tangible personal property.
10 4 Sec. 108. Section [422.43](#), subsection 13, paragraph
10 5 a, unnumbered paragraph 1, Code Supplement 2001, is
10 6 amended to read as follows:
10 7 A tax of

~~five~~

- ~~six~~ percent is imposed upon the gross

10 8 receipts from the sales, furnishing, or service of
10 9 solid waste collection and disposal service.
10 10 Sec. 109. Section [422.43](#), subsections 16 and 17,
10 11 Code Supplement 2001, are amended to read as follows:
10 12 16. a. A tax of

~~five~~

- ~~six~~ percent is imposed upon

10 13 the gross receipts from sales of bundled services
10 14 contracts. For purposes of this subsection, a
10 15 "bundled services contract" means an agreement
10 16 providing for a retailer's performance of services,
10 17 one or more of which is a taxable service enumerated
10 18 in this section and one or more of which is not, in
10 19 return for a consumer's or user's single payment for
10 20 the performance of the services, with no separate
10 21 statement to the consumer or user of what portion of
10 22 that payment is attributable to any one service which
10 23 is a part of the contract.
10 24 b. For purposes of the administration of the tax
10 25 on bundled services contracts, the director may enter

10 26 into agreements of limited duration with individual
10 27 retailers, groups of retailers, or organizations
10 28 representing retailers of bundled services contracts.
10 29 Such an agreement shall impose the tax rate only upon
10 30 that portion of the gross receipts from a bundled
10 31 services contract which is attributable to taxable
10 32 services provided under the contract.
10 33 17. A tax of

~~five~~

- ~~six~~ percent is imposed upon the

10 34 gross receipts from any mobile telecommunication
10 35 service which this state is allowed to tax by the
10 36 provisions of the federal Mobile Telecommunications
10 37 Sourcing Act, Pub. L. No. 106-252, 4 U.S.C. } 116 et
10 38 seq. For purposes of this subsection, taxes on mobile
10 39 telecommunications service, as defined under the
10 40 federal Mobile Telecommunications Sourcing Act, that
10 41 are deemed to be provided by the customer's home
10 42 service provider shall be paid to the taxing
10 43 jurisdiction whose territorial limits encompass the
10 44 customer's place of primary use, regardless of where
10 45 the mobile telecommunication service originates,
10 46 terminates, or passes through and shall in all other
10 47 respects be taxed in conformity with the federal
10 48 Mobile Telecommunications Sourcing Act. All other
10 49 provisions of the federal Mobile Telecommunications
10 50 Sourcing Act are adopted by the state of Iowa and
11 1 incorporated into this subsection by reference. With
11 2 respect to mobile telecommunications service under the
11 3 federal Mobile Telecommunications Sourcing Act the
11 4 director shall, if requested, enter into agreements
11 5 consistent with the provisions of the federal Act.

11 6 Sec. 110. Section [422.47](#), Code Supplement 2001, is
11 7 amended by adding the following new subsection:

11 8 NEW SUBSECTION. 2. Construction contractors may
11 9 make application to the department for a refund of the
11 10 additional one percent tax paid under this division or
11 11 the additional one percent tax paid under chapter 423
11 12 by reason of the increase in the tax from five to six
11 13 percent for taxes paid on goods, wares, or merchandise
11 14 under the following conditions:

11 15 a. The goods, wares, or merchandise are
11 16 incorporated into an improvement to real estate in
11 17 fulfillment of a written contract fully executed prior
11 18 to July 1, 2002. The refund shall not apply to
11 19 equipment transferred in fulfillment of a mixed
11 20 construction contract.

11 21 b. The contractor has paid to the department or to
11 22 a retailer the full six percent tax.

11 23 c. The claim is filed on forms provided by the
11 24 department and is filed within one year of the date
11 25 the tax is paid.

11 26 A contractor who makes an erroneous application for
11 27 refund shall be liable for payment of the excess
11 28 refund paid plus interest at the rate in effect under
11 29 section 421.7. In addition, a contractor who
11 30 willfully makes a false application for refund is
11 31 guilty of a simple misdemeanor and is liable for a
11 32 penalty equal to fifty percent of the excess refund
11 33 claimed. Excess refunds, penalties, and interest due
11 34 under this subsection may be enforced and collected in
11 35 the same manner as the tax imposed by this division.

11 36 Sec. 111. Section [422.69](#), subsection 2, Code 2001,
11 37 is amended to read as follows:

11 38 2. a.

~~Unless~~

~~Except as provided in paragraph "b",~~

11 39 ~~or as~~ otherwise provided, the fees, taxes, interest,
11 40 and penalties collected under this chapter shall be
11 41 credited to the general fund.

11 42 ~~b. One-sixth of the fees, taxes, interest, and~~
11 43 ~~penalties collected pursuant to division IV shall be~~
11 44 ~~credited to the school district sales and use tax fund~~
11 45 ~~created in section 293.1.~~

11 46 Sec. 112. Section [422E.1](#), Code 2001, is amended by
11 47 adding the following new subsection:

11 48 NEW SUBSECTION. 4. a. This chapter does not
11 49 apply to any county after the effective date of this
11 50 Act.

12 1 b. In the case of a county that has in effect on
12 2 March 31, 2002, a local sales and services tax for
12 3 school infrastructure purposes, the increase in the
12 4 state sales and services tax under chapter 422,
12 5 division IV, from five percent to six percent shall
12 6 replace the county's local sales and services tax for
12 7 school infrastructure purposes and to this extent the
12 8 local sales and services tax for school infrastructure
12 9 purposes is repealed.

12 10 Sec. 113. Section [423.2](#), Code 2001, is amended to
12 11 read as follows:

12 12 423.2 IMPOSITION OF TAX.

12 13 An excise tax is imposed on the use in this state
12 14 of tangible personal property, including aircraft
12 15 subject to registration under section 328.20,
12 16 purchased for use in this state, at the rate of

~~five~~

12 17 ~~six~~ percent of the purchase price of the property. An
12 18 excise tax is imposed on the use of manufactured
12 19 housing in this state at the rate of

~~five~~

~~six~~ percent

12 20 of the purchase price if the manufactured housing is
12 21 sold in the form of tangible personal property and at
12 22 the rate of

~~five~~

~~six~~ percent of the installed purchase

12 23 price if the manufactured housing is sold in the form
12 24 of realty. An excise tax is imposed on the use in
12 25 this state of vehicles subject to registration or
12 26 subject only to the issuance of a certificate of title
12 27 at the rate of five percent. An excise tax is imposed
12 28 on the use of leased vehicles at the rate of five
12 29 percent of the amount otherwise subject to tax as
12 30 calculated pursuant to section 423.7A. The excise tax
12 31 is imposed upon every person using the property within
12 32 this state until the tax has been paid directly to the
12 33 county treasurer or the state department of
12 34 transportation, to a retailer, or to the department.
12 35 An excise tax is imposed on the use in this state of
12 36 services enumerated in section 422.43 at the rate of
12 37

~~five~~

~~six~~ percent. This tax is applicable where

12 38 services are rendered, furnished, or performed in this
12 39 state or where the product or result of the service is
12 40 used in this state. This tax is imposed on every
12 41 person using the services or the product of the

12 42 services in this state until the user has paid the tax
12 43 either to an Iowa use tax permit holder or to the
12 44 department.

12 45 Sec. 114. Section [423.24](#), Code 2001, is amended by
12 46 adding the following new subsection:

12 47 NEW SUBSECTION. 2A. One-sixth of all other
12 48 revenue arising under the operation of this chapter
12 49 shall be credited to the school district sales and use
12 50 tax fund created in section 293.1.

13 1 Sec. 115. Section [423.24](#), subsection 3, Code 2001,
13 2 is amended to read as follows:

13 3 3. All other revenue arising under the operation
13 4 of this chapter not credited as specified in
13 5 subsections 1, 2, and 2A shall be credited to the
13 6 general fund of the state.

13 7 Sec. 116. APPLICABILITY. This section applies in
13 8 regard to the increase in the state sales and use
13 9 taxes from five to six percent. The six percent rate
13 10 applies to all sales of taxable personal property,
13 11 consisting of goods, wares, or merchandise if delivery
13 12 occurs on or after July 1, 2002. The six percent use
13 13 tax rate applies to the use of property when the first
13 14 taxable use in this state occurs on or after July 1,
13 15 2002. The six percent rate applies to the gross
13 16 receipts from the sale, furnishing, or service of gas,
13 17 electricity, water, heat, pay television service, and
13 18 communication service if the date of billing the
13 19 customer is on or after July 1, 2002. In the case of
13 20 a service contract entered into prior to July 1, 2002,
13 21 which contract calls for periodic payments, the six
13 22 percent rate applies to those payments made or due on
13 23 or after July 1, 2002. This periodic payment applies,
13 24 but is not limited to, tickets or admissions, private
13 25 club membership fees, sources of amusement, equipment
13 26 rental, dry cleaning, reducing salons, dance schools,
13 27 and all other services subject to tax, except the
13 28 aforementioned utility services which are subject to a
13 29 special transitional rule. Unlike periodic payments
13 30 under service contracts, installment sales of goods,
13 31 wares, and merchandise are subject to the full amount
13 32 of sales or use tax when the sales contract is entered
13 33 into or the property is first used in Iowa.

13 34 Sec. 117. Sections 1, 101, and 102 of this Act,
13 35 enacting sections 12.72A, 293.1, and 293.2, being
13 36 deemed of immediate importance, take effect upon
13 37 enactment. " "

13 38

13 39

13 40

13 41 RICHARDSON of Warren

13 42 SF 2048.205 79

13 43 ec/sh