

# House Amendment 8489

## Amendment Text

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1 1 Amend [Senate File 240](#), as amended, passed, and  
1 2 reprinted by the Senate, as follows:  
1 3 #1. Page 1, line 3, by striking the word "a".  
1 4 #2. Page 1, line 4, by striking the word "program"  
1 5 and inserting the following: "programs".  
1 6 #3. Page 1, by inserting after line 6 the  
1 7 following:  
1 8 "1. One pilot program is intended to examine the  
1 9 relative effectiveness of school infrastructure  
1 10 funding using a local sales and services tax under  
1 11 chapter 422E as compared to using the school district  
1 12 sales tax fund under chapter 298B. The department of  
1 13 education shall select six school districts that are  
1 14 collecting a local sales and services tax under  
1 15 chapter 422E, as of July 1, 2002, and six school  
1 16 districts that are not collecting a local sales and  
1 17 services tax under chapter 422E, as of July 1, 2002,  
1 18 but receive funding under chapter 298B."  
1 19 #4. Page 1, by striking line 7 and inserting the  
1 20 following:  
1 21 "2. One pilot program is intended to shift the  
1 22 responsibility for the".  
1 23 #5. Page 1, line 14, by striking the figure "1"  
1 24 and inserting the following: "a".  
1 25 #6. Page 1, line 22, by striking the figure "2"  
1 26 and inserting the following: "b".  
1 27 #7. Page 1, line 27, by striking the figure "3"  
1 28 and inserting the following: "c".  
1 29 #8. Page 2, line 7, by striking the figure "4" and  
1 30 inserting the following: "d".  
1 31 #9. Page 2, line 16, by striking the figure "5"  
1 32 and inserting the following: "e".  
1 33 #10. Page 2, line 21, by striking the figure "6"  
1 34 and inserting the following: "f".  
1 35 #11. Page 3, line 4, by striking the figure "7"  
1 36 and inserting the following: "g".  
1 37 #12. Page 3, line 19, by striking the figure "8"  
1 38 and inserting the following: "h".  
1 39 #13. Page 4, by inserting after line 2 the  
1 40 following:  
1 41 "Sec. 103. NEW SECTION. 298B.1 SCHOOL DISTRICT  
1 42 SALES TAX FUND.  
1 43 1. A school district sales tax fund is created as  
1 44 a separate and distinct fund in the state treasury  
1 45 under the control of the department of revenue and  
1 46 finance. Moneys in the fund include revenues credited  
1 47 to the fund pursuant to section 422.69, subsection 2,  
1 48 appropriations made to the fund, and other moneys  
1 49 deposited into the fund. The moneys credited in a  
1 50 fiscal year to the fund shall be distributed as  
2 1 follows:  
2 2 a. (1) A school district located in whole or in  
2 3 part in a county that voted on and approved prior to  
2 4 March 31, 2002, the local sales and services tax for  
2 5 school infrastructure purposes under chapter 422E  
2 6 shall receive an amount equal to its guaranteed school  
2 7 infrastructure amount as calculated under subsection 2

2 8 if the board of directors notifies the director of  
2 9 revenue and finance that the school district wants to  
2 10 receive its guaranteed school infrastructure amount.  
2 11 The notification shall be provided by July 1, 2003.  
2 12 If notification is not received by July 1, 2003, the  
2 13 school district shall receive moneys pursuant to  
2 14 paragraph "b". Nothing in this chapter shall prevent  
2 15 a school district from using its guaranteed school  
2 16 infrastructure amount to pay principal and interest on  
2 17 obligations issued pursuant to section 422E.4.

2 18 (2) A school district receiving moneys pursuant to  
2 19 subparagraph (1) shall cease to receive its guaranteed  
2 20 school infrastructure amount and shall receive moneys  
2 21 pursuant to paragraph "b" starting with the calendar  
2 22 quarter immediately following the calendar quarter in  
2 23 which occurs the end of the original ten-year period  
2 24 or the date listed on the original ballot proposition,  
2 25 whichever is the earlier, as provided in chapter 422E.  
2 26 However, a school district receiving moneys pursuant  
2 27 to subparagraph (1) may elect at anytime to receive  
2 28 moneys pursuant to paragraph "b" by providing  
2 29 notification to receive moneys pursuant to paragraph  
2 30 "b" to the director of revenue and finance and the  
2 31 director of the department of management by the middle  
2 32 of the fifth month preceding the calendar quarter for  
2 33 which the election will apply. Once a school district  
2 34 makes this election it is irrevocable.

2 35 b. (1) Moneys remaining after computations made  
2 36 pursuant to paragraph "a" shall be distributed to  
2 37 school districts not receiving moneys under paragraph  
2 38 "a" on a per student basis calculated by the director  
2 39 of revenue and finance by dividing the moneys  
2 40 available during the previous calendar quarter by the  
2 41 combined actual enrollment for all school districts  
2 42 receiving distributions under this paragraph.

2 43 (2) The combined actual enrollment for school  
2 44 districts, for purposes of subparagraph (1), shall be  
2 45 calculated by adding together the actual enrollment  
2 46 for each school district receiving distributions under  
2 47 subparagraph (1) as determined by the department of  
2 48 management based on the actual enrollment figures  
2 49 reported by October 1 to the department of management  
2 50 by the department of education pursuant to section  
3 1 257.6, subsection 1. The combined actual enrollment  
3 2 count shall be forwarded to the director of revenue  
3 3 and finance by January 1, annually, for purposes of  
3 4 supplying estimated tax payment figures and making tax  
3 5 payments pursuant to subsection 3 for the following  
3 6 four calendar quarters.

3 7 2. a. For purposes of distributions under  
3 8 subsection 1, paragraph "a", the school district's  
3 9 guaranteed school infrastructure amount shall be  
3 10 calculated according to the following formula:

3 11 The district's guaranteed school infrastructure  
3 12 amount equals the product of the county guaranteed  
3 13 school infrastructure amount times the district's  
3 14 county actual enrollment divided by the county  
3 15 combined actual enrollment.

3 16 b. For purposes of the formula in paragraph "a":

3 17 (1) "Base year" means the fiscal year beginning  
3 18 July 1, 2001.

3 19 (2) "Base year county taxable sales percentage"  
3 20 means the percentage that the taxable sales in the  
3 21 county during the base year is of the total state  
3 22 taxable sales during the base year.

3 23 (3) "County combined actual enrollment" means the  
3 24 actual enrollment figures determined by the department

3 25 of management for the county based on the actual  
3 26 enrollment figures reported by October 1 to the  
3 27 department of management by the department of  
3 28 education pursuant to section 257.6, subsection 1.

3 29 (4) "County guaranteed school infrastructure  
3 30 amount" means an amount equal to the product of the  
3 31 county's chapter 422E proportionate share times the  
3 32 amount deposited in the school district sales tax fund  
3 33 for the current quarter times the current quarter  
3 34 county taxable sales percentage divided by the base  
3 35 year county taxable sales percentage.

3 36 (5) "County's chapter 422E proportionate share"  
3 37 means the percentage that the annualized revenues  
3 38 received or which would have been received in the  
3 39 county under chapter 422E for the base year is of one-  
3 40 fifth of the total state sales tax revenues collected  
3 41 for deposit into the general fund of the state for the  
3 42 base year.

3 43 (6) "Current quarter" means the calendar quarter  
3 44 for which distributions under this section are being  
3 45 made.

3 46 (7) "Current quarter county taxable sales  
3 47 percentage" means the percentage that the taxable  
3 48 sales in the county during the current quarter is of  
3 49 the total state taxable sales during the current  
3 50 quarter.

4 1 (8) "District's county actual enrollment" means  
4 2 the actual enrollment of the school district that  
4 3 attends school in the county for which the county  
4 4 combined actual enrollment is determined.

4 5 (9) "Taxable sales" means sales subject to the  
4 6 state sales and services tax under chapter 422,  
4 7 division IV.

4 8 3. a. The director of revenue and finance by  
4 9 April 10 preceding each fiscal year shall send to each  
4 10 school district an estimate of the amount of tax  
4 11 moneys each school district will receive for the year  
4 12 and for each quarter of the year. At the end of each  
4 13 quarter, the director may revise the estimates for the  
4 14 year and remaining quarters.

4 15 b. The director shall remit ninety-five percent of  
4 16 the estimated tax receipts collected during the  
4 17 previous calendar quarter for the school district to  
4 18 the school district on or before the end of the  
4 19 following calendar quarter. The first distributions  
4 20 shall be made on or before July 1, 2003, of the  
4 21 estimated tax receipts collected during the calendar  
4 22 quarter beginning January 1, 2003, and ending March  
4 23 31, 2003.

4 24 c. The director shall remit a final payment of the  
4 25 remainder of tax moneys due for the fiscal year before  
4 26 November 10 of the next fiscal year. If an  
4 27 overpayment has resulted during the previous fiscal  
4 28 year, the November payment shall be adjusted to  
4 29 reflect any overpayment.

4 30 d. If the distributions are to school districts  
4 31 described in subsection 1, paragraph "a", the payments  
4 32 to these school districts shall be made on a monthly  
4 33 basis beginning with the first distribution to be made  
4 34 in February 2003.

4 35 4. The department of revenue and finance has  
4 36 rulemaking authority for purposes of carrying out the  
4 37 provisions of this section.

4 38 Sec. 104. NEW SECTION. 298B.2 USE OF SCHOOL  
4 39 DISTRICT SALES TAX FUND MONEYS.

4 40 1. a. A school district receiving moneys from the  
4 41 school district sales tax fund under section 298B.1,

4 42 subsection 1, paragraph "a", shall use the moneys as  
4 43 provided on the original ballot proposition pursuant  
4 44 to chapter 422E, for the payment of principal and  
4 45 interest on general obligation bonds issued pursuant  
4 46 to chapter 296, or section 298.20 or loan agreements  
4 47 under section 297.36, for payments made pursuant to  
4 48 real property lease or lease-purchase agreements, or  
4 49 for payment of principal and interest on bonds issued  
4 50 under section 298B.3 or 422E.4.

5 1 b. If a school district that qualifies to receive  
5 2 a guaranteed school infrastructure amount under  
5 3 section 298B.1, subsection 1, paragraph "a", elects to  
5 4 receive moneys under section 298B.1, subsection 1,  
5 5 paragraph "b", the school district shall use the  
5 6 moneys received, in an amount equal to its guaranteed  
5 7 school infrastructure amount, for the purposes  
5 8 provided in paragraph "a" of this subsection until the  
5 9 fiscal year immediately following the fiscal year in  
5 10 which occurs the end of the original ten-year period  
5 11 or the date listed on the original ballot proposition,  
5 12 whichever is the earlier, as provided in chapter 422E,  
5 13 at which time all moneys received shall be used as  
5 14 provided in subsection 2.

5 15 2. a. Moneys received by a school district from  
5 16 the school district sales tax fund under section  
5 17 298B.1, subsection 1, paragraph "b", except to the  
5 18 extent provided in subsection 1, paragraph "b", of the  
5 19 section, shall be spent for property tax relief or  
5 20 infrastructure purposes according to an infrastructure  
5 21 plan developed by the board of directors. The  
5 22 infrastructure plan may apply to more than one fiscal  
5 23 year, but shall be reviewed periodically by the board  
5 24 of directors. Prior to adoption of the plan, the  
5 25 board of directors shall hold a public hearing on the  
5 26 question of approval of the proposed plan. The board  
5 27 shall set forth its proposal and shall publish the  
5 28 notice of the time and place of a public hearing on  
5 29 the proposed plan. Notice of the time and place of  
5 30 the public hearing shall be published not less than  
5 31 ten nor more than twenty days before the public  
5 32 hearing in a newspaper which is a newspaper of general  
5 33 circulation in the school district. At the hearing,  
5 34 or no later than thirty days after the date of the  
5 35 hearing, the board shall take action to adopt the  
5 36 proposed plan.

5 37 b. If the board adopts the plan, the board shall  
5 38 direct the county commissioner of elections to submit  
5 39 the question of the approval or disapproval of the  
5 40 infrastructure plan to the registered voters of the  
5 41 school district at the next following regular school  
5 42 election or a special election. If a majority of  
5 43 those voting on the question favor the plan of the  
5 44 board, the moneys received shall be used according to  
5 45 the plan beginning with the first fiscal year  
5 46 following that election until a change in the plan is  
5 47 approved at a subsequent election by a majority of  
5 48 those voting on the question. If a majority of those  
5 49 voting on the question at the election does not favor  
5 50 the plan of the board, the district shall use the  
6 1 moneys received as provided in paragraph "c" for the  
6 2 fiscal year.

6 3 If a plan is not approved at an election, the  
6 4 question of the approval of the plan or any part of  
6 5 that plan shall not be submitted to the registered  
6 6 voters sooner than six months from the date the plan  
6 7 or part of the plan was previously submitted.

6 8 c. If the infrastructure plan is not approved at

6 9 an election as provided in paragraph "b", or if a plan  
6 10 is not approved by the board, moneys received by a  
6 11 school district or moneys in excess of those needed  
6 12 for infrastructure purposes according to an approved  
6 13 plan shall be used for the fiscal year to reduce the  
6 14 following levies including income surtax, if any, in  
6 15 the order determined by the board:

6 16 (1) Bond levies under sections 298.18 and 298.18A  
6 17 and all other debt levies until the moneys received or  
6 18 the levies are reduced to zero.

6 19 (2) The regular physical plant and equipment levy  
6 20 under section 298.2, until the moneys received or the  
6 21 levy is reduced to zero.

6 22 (3) The voter-approved physical plant and  
6 23 equipment levy and income surtax, if any, under  
6 24 section 298.2, until the moneys received or the levy  
6 25 and income surtax, if any, is reduced to zero.

6 26 (4) The district management levy under section  
6 27 298.4, until the moneys received or the levy is  
6 28 reduced to zero.

6 29 (5) The cash reserve levy under section 298.10,  
6 30 until the moneys received or the levy is reduced to  
6 31 zero.

6 32 (6) The budget adjustment levy under section  
6 33 257.14, until the moneys received or the levy is  
6 34 reduced to zero.

6 35 (7) The playground and equipment levy under  
6 36 section 300.2, until the moneys received or the levy  
6 37 is reduced to zero.

6 38 d. For purposes of this subsection,  
6 39 "infrastructure purposes" means those purposes for  
6 40 which a school district is authorized to contract  
6 41 indebtedness and issue general obligation bonds under  
6 42 chapter 296 or to expend tax revenues under section  
6 43 298.3, the payment of principal and interest on  
6 44 general obligation bonds issued under chapter 296 or  
6 45 section 298.20 or loan agreements under section  
6 46 297.36, payments made pursuant to a real property  
6 47 lease or lease-purchase agreement, or the payment of  
6 48 principal and interest on bonds issued under section  
6 49 298.3 or 422E.4.

6 50 e. Notwithstanding any other provision in this  
7 1 subsection, moneys received by a school district from  
7 2 the school district sales tax fund under section  
7 3 298B.1, subsection 1, paragraph "b", during the fiscal  
7 4 year beginning July 1, 2002, shall be dedicated for  
7 5 property tax relief by reducing the levies specified  
7 6 in paragraph "c" for taxes payable in the fiscal year  
7 7 beginning July 1, 2003. However, if an infrastructure  
7 8 plan is approved at an election by the required  
7 9 majority of those voting prior to April 15, 2003, any  
7 10 amount of such dedicated moneys may be used for the  
7 11 purposes specified under the plan.

7 12 Sec. 105. NEW SECTION. 298B.3 BONDING.

7 13 A school district receiving moneys pursuant to  
7 14 section 298B.1, subsection 1, paragraph "a", or a  
7 15 school district receiving moneys pursuant to section  
7 16 298B.1, subsection 1, paragraph "b", which has  
7 17 approved by election the use of the moneys for  
7 18 infrastructure purposes, may anticipate the amount of  
7 19 moneys to be received pursuant to section 298B.1 as  
7 20 provided in this section.

7 21 The board of directors of a school district may  
7 22 issue negotiable, interest-bearing school bonds,  
7 23 without an additional election, and utilize tax  
7 24 receipts derived from the school district sales tax  
7 25 fund for principal and interest repayment. Proceeds

7 26 of the bonds issued pursuant to this section shall be  
7 27 utilized solely for infrastructure purposes as defined  
7 28 in section 298B.2, subsection 2.

7 29 Bonds issued under this section may be sold at  
7 30 public sale as provided in chapter 75. Notice shall  
7 31 be given and a hearing shall be held as provided in  
7 32 section 73A.12. Bonds may bear dates, bear interest  
7 33 at rates not exceeding that permitted by chapter 74A,  
7 34 mature in one or more installments, be in either  
7 35 coupon or registered form, carry registration and  
7 36 conversion privileges, be payable as to principal and  
7 37 interest at times and places, be subject to terms of  
7 38 redemption prior to maturity with or without premium,  
7 39 and be in one or more denominations, all as provided  
7 40 by the resolution of the board of directors  
7 41 authorizing their issuance. However, the maximum  
7 42 period during which principal on the bonds is payable  
7 43 shall not exceed the length of time the infrastructure  
7 44 plan is valid. The resolution may also prescribe  
7 45 additional provisions, terms, conditions, and  
7 46 covenants which the board of directors deems  
7 47 advisable, including provisions for creating and  
7 48 maintaining reserve funds, the issuance of additional  
7 49 bonds ranking on a parity with such bonds and  
7 50 additional bonds junior and subordinate to such bonds,  
8 1 and that such bonds shall rank on a parity with or be  
8 2 junior and subordinate to any bonds which may be then  
8 3 outstanding. Bonds may be issued to refund  
8 4 outstanding and previously issued bonds under this  
8 5 section. Bonds are a contract between the school  
8 6 district and holders, and the resolution issuing the  
8 7 bonds and pledging tax revenues to be received from  
8 8 the school district sales tax fund to the payment of  
8 9 principal and interest on the bonds is a part of the  
8 10 contract. Bonds issued pursuant to this section shall  
8 11 not constitute indebtedness within the meaning of any  
8 12 constitutional or statutory debt limitation or  
8 13 restriction, and shall not be subject to any other law  
8 14 relating to the authorization, issuance, or sale of  
8 15 bonds.

8 16 A school district may enter into a chapter 28E  
8 17 agreement with another school district or other public  
8 18 entity. The school district shall only expend its  
8 19 designated portion of tax revenues to be received from  
8 20 the school district sales tax fund.

8 21 Sec. 106. NEW SECTION. 298B.4 REPEAL.

8 22 This chapter is repealed July 1, 2022, for fiscal  
8 23 years beginning on or after that date.

8 24 Sec. 107. Section [422.43](#), subsections 1, 2, 4, 5,  
8 25 6, 7, 10, and 12, Code Supplement 2001, are amended to  
8 26 read as follows:

8 27 1. There is imposed a tax of

~~five~~

- ~~six~~ percent upon

8 28 the gross receipts from all sales of tangible personal  
8 29 property, consisting of goods, wares, or merchandise,  
8 30 except as otherwise provided in this division, sold at  
8 31 retail in the state to consumers or users; a like rate  
8 32 of tax upon the gross receipts from the sales,  
8 33 furnishing, or service of gas, electricity, water,  
8 34 heat, pay television service, and communication  
8 35 service, including the gross receipts from such sales  
8 36 by any municipal corporation or joint water utility  
8 37 furnishing gas, electricity, water, heat, pay  
8 38 television service, and communication service to the  
8 39 public in its proprietary capacity, except as

8 40 otherwise provided in this division, when sold at  
8 41 retail in the state to consumers or users; a like rate  
8 42 of tax upon the gross receipts from all sales of  
8 43 tickets or admissions to places of amusement, fairs,  
8 44 and athletic events except those of elementary and  
8 45 secondary educational institutions; a like rate of tax  
8 46 on the gross receipts from an entry fee or like charge  
8 47 imposed solely for the privilege of participating in  
8 48 an activity at a place of amusement, fair, or athletic  
8 49 event unless the gross receipts from the sales of  
8 50 tickets or admissions charges for observing the same  
9 1 activity are taxable under this division; and a like  
9 2 rate of tax upon that part of private club membership  
9 3 fees or charges paid for the privilege of  
9 4 participating in any athletic sports provided club  
9 5 members.  
9 6 2. There is imposed a tax of

~~five~~

- six percent upon

9 7 the gross receipts derived from the operation of all  
9 8 forms of amusement devices and games of skill, games  
9 9 of chance, raffles, and bingo games as defined in  
9 10 chapter 99B, operated or conducted within the state,  
9 11 the tax to be collected from the operator in the same  
9 12 manner as for the collection of taxes upon the gross  
9 13 receipts of tickets or admission as provided in this  
9 14 section. The tax shall also be imposed upon the gross  
9 15 receipts derived from the sale of lottery tickets or  
9 16 shares pursuant to chapter 99E. The tax on the  
9 17 lottery tickets or shares shall be included in the  
9 18 sales price and distributed to the general fund as  
9 19 provided in section 99E.10.  
9 20 4. There is imposed a tax of

~~five~~

- six percent upon

9 21 the gross receipts from the sales of engraving,  
9 22 photography, retouching, printing, and binding  
9 23 services. For the purpose of this division, the sales  
9 24 of engraving, photography, retouching, printing, and  
9 25 binding services are sales of tangible property.  
9 26 5. There is imposed a tax of

~~five~~

- six percent upon

9 27 the gross receipts from the sales of vulcanizing,  
9 28 recapping, and retreading services. For the purpose  
9 29 of this division, the sales of vulcanizing, recapping,  
9 30 and retreading services are sales of tangible  
9 31 property.  
9 32 6. There is imposed a tax of

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- six percent upon

9 33 the gross receipts from the sales of optional service  
9 34 or warranty contracts, except residential service  
9 35 contracts regulated under chapter 523C, which provide  
9 36 for the furnishing of labor and materials and require  
9 37 the furnishing of any taxable service enumerated under  
9 38 this section. The gross receipts are subject to tax  
9 39 even if some of the services furnished are not  
9 40 enumerated under this section. For the purpose of  
9 41 this division, the sale of an optional service or  
9 42 warranty contract, other than a residential service  
9 43 contract regulated under chapter 523C, is a sale of  
9 44 tangible personal property. Additional sales,

9 45 services, or use taxes shall not be levied on  
9 46 services, parts, or labor provided under optional  
9 47 service or warranty contracts which are subject to tax  
9 48 under this section.  
9 49 If the optional service or warranty contract is a  
9 50 computer software maintenance or support service  
10 1 contract and there is no separately stated fee for the  
10 2 taxable personal property or for the nontaxable  
10 3 service, the tax of

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- ~~six~~ percent imposed by this  
10 4 subsection shall be imposed on fifty percent of the  
10 5 gross receipts from the sale of such contract. If the  
10 6 contract provides for technical support services only,  
10 7 no tax shall be imposed under this subsection. The  
10 8 provisions of this subsection also apply to the tax  
10 9 imposed by chapter 423.  
10 10 7. There is imposed a tax of

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- ~~six~~ percent upon  
10 11 the gross receipts from the renting of rooms,  
10 12 apartments, or sleeping quarters in a hotel, motel,  
10 13 inn, public lodging house, rooming house, manufactured  
10 14 or mobile home which is tangible personal property, or  
10 15 tourist court, or in any place where sleeping  
10 16 accommodations are furnished to transient guests for  
10 17 rent, whether with or without meals. "Renting" and  
10 18 "rent" include any kind of direct or indirect charge  
10 19 for such rooms, apartments, or sleeping quarters, or  
10 20 their use. For the purposes of this division, such  
10 21 renting is regarded as a sale of tangible personal  
10 22 property at retail. However, this tax does not apply  
10 23 to the gross receipts from the renting of a room,  
10 24 apartment, or sleeping quarters while rented by the  
10 25 same person for a period of more than thirty-one  
10 26 consecutive days.  
10 27 10. There is imposed a tax of

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- ~~six~~ percent  
10 28 upon the gross receipts from the rendering,  
10 29 furnishing, or performing of services as defined in  
10 30 section 422.42.  
10 31 12. A tax of

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- ~~six~~ percent is imposed upon the  
10 32 gross receipts from the sales of prepaid telephone  
10 33 calling cards and prepaid authorization numbers. For  
10 34 the purpose of this division, the sales of prepaid  
10 35 telephone calling cards and prepaid authorization  
10 36 numbers are sales of tangible personal property.  
10 37 Sec. 108. Section [422.43](#), subsection 13, paragraph  
10 38 a, unnumbered paragraph 1, Code Supplement 2001, is  
10 39 amended to read as follows:  
10 40 A tax of

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- ~~six~~ percent is imposed upon the gross  
10 41 receipts from the sales, furnishing, or service of  
10 42 solid waste collection and disposal service.  
10 43 Sec. 109. Section [422.43](#), subsections 16 and 17,  
10 44 Code Supplement 2001, are amended to read as follows:  
10 45 16. a. A tax of



~~five~~

- six percent is imposed upon

10 46 the gross receipts from sales of bundled services  
10 47 contracts. For purposes of this subsection, a  
10 48 "bundled services contract" means an agreement  
10 49 providing for a retailer's performance of services,  
10 50 one or more of which is a taxable service enumerated  
11 1 in this section and one or more of which is not, in  
11 2 return for a consumer's or user's single payment for  
11 3 the performance of the services, with no separate  
11 4 statement to the consumer or user of what portion of  
11 5 that payment is attributable to any one service which  
11 6 is a part of the contract.

11 7 b. For purposes of the administration of the tax  
11 8 on bundled services contracts, the director may enter  
11 9 into agreements of limited duration with individual  
11 10 retailers, groups of retailers, or organizations  
11 11 representing retailers of bundled services contracts.  
11 12 Such an agreement shall impose the tax rate only upon  
11 13 that portion of the gross receipts from a bundled  
11 14 services contract which is attributable to taxable  
11 15 services provided under the contract.

11 16 17. A tax of

~~five~~

- six percent is imposed upon the

11 17 gross receipts from any mobile telecommunication  
11 18 service which this state is allowed to tax by the  
11 19 provisions of the federal Mobile Telecommunications  
11 20 Sourcing Act, Pub. L. No. 106-252, 4 U.S.C. } 116 et  
11 21 seq. For purposes of this subsection, taxes on mobile  
11 22 telecommunications service, as defined under the  
11 23 federal Mobile Telecommunications Sourcing Act, that  
11 24 are deemed to be provided by the customer's home  
11 25 service provider shall be paid to the taxing  
11 26 jurisdiction whose territorial limits encompass the  
11 27 customer's place of primary use, regardless of where  
11 28 the mobile telecommunication service originates,  
11 29 terminates, or passes through and shall in all other  
11 30 respects be taxed in conformity with the federal  
11 31 Mobile Telecommunications Sourcing Act. All other  
11 32 provisions of the federal Mobile Telecommunications  
11 33 Sourcing Act are adopted by the state of Iowa and  
11 34 incorporated into this subsection by reference. With  
11 35 respect to mobile telecommunications service under the  
11 36 federal Mobile Telecommunications Sourcing Act the  
11 37 director shall, if requested, enter into agreements  
11 38 consistent with the provisions of the federal Act.

11 39 Sec. 110. Section [422.43](#), Code Supplement 2001, is  
11 40 amended by adding the following new subsection:

11 41 NEW SUBSECTION. 18. The sales tax rate of six  
11 42 percent is reduced to five percent on July 1, 2022.

11 43 Sec. 111. Section [422.47](#), Code Supplement 2001, is  
11 44 amended by adding the following new subsection:

11 45 NEW SUBSECTION. 2. Construction contractors may  
11 46 make application to the department for a refund of the  
11 47 additional one percent tax paid under this division by  
11 48 reason of the increase in the tax from five to six  
11 49 percent for taxes paid on goods, wares, or merchandise  
11 50 under the following conditions:

12 1 a. The goods, wares, or merchandise are  
12 2 incorporated into an improvement to real estate in  
12 3 fulfillment of a written contract fully executed prior  
12 4 to January 1, 2003. The refund shall not apply to  
12 5 equipment transferred in fulfillment of a mixed  
12 6 construction contract.

12 7 b. The contractor has paid to the department or to

12 8 a retailer the full six percent tax.

12 9 c. The claim is filed on forms provided by the  
12 10 department and is filed within one year of the date  
12 11 the tax is paid.

12 12 A contractor who makes an erroneous application for  
12 13 refund shall be liable for payment of the excess  
12 14 refund paid plus interest at the rate in effect under  
12 15 section 421.7. In addition, a contractor who  
12 16 willfully makes a false application for refund is  
12 17 guilty of a simple misdemeanor and is liable for a  
12 18 penalty equal to fifty percent of the excess refund  
12 19 claimed. Excess refunds, penalties, and interest due  
12 20 under this subsection may be enforced and collected in  
12 21 the same manner as the tax imposed by this division.

12 22 Sec. 112. Section [422.69](#), subsection 2, Code 2001,  
12 23 is amended to read as follows:

12 24 2. a.

~~Unless~~

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

12 25 ~~or as otherwise provided,~~ the fees, taxes, interest,  
12 26 and penalties collected under this chapter shall be  
12 27 credited to the general fund.

12 28 ~~b. One-sixth of the fees, taxes, interest, and~~  
12 29 ~~penalties collected pursuant to division IV shall be~~  
12 30 ~~credited to the school district sales tax fund created~~  
12 31 ~~in section 298B.1. This paragraph is repealed July 1,~~  
12 32 ~~2022.~~

12 33 Sec. 113. Section [422E.1](#), Code 2001, is amended by  
12 34 adding the following new subsection:

12 35 NEW SUBSECTION. 4. a. This chapter does not  
12 36 apply to any county after the effective date of this  
12 37 section of this Act, except to the extent provided in  
12 38 paragraph "b". Any election on the imposition of the  
12 39 local sales and services tax scheduled to be held on  
12 40 or after the effective date of this section of this  
12 41 Act shall not be held.

12 42 b. A county that has voted on and approved prior  
12 43 to March 31, 2002, a local sales and services tax for  
12 44 school infrastructure purposes shall impose the tax  
12 45 until December 31, 2002. However, the increase in the  
12 46 state sales and services tax under chapter 422,  
12 47 division IV, from five percent on January 1, 2003, to  
12 48 six percent shall replace the county's local sales and  
12 49 services tax for school infrastructure purposes and to  
12 50 this extent the local sales and services tax for  
13 1 school infrastructure purposes is repealed.

13 2 Sec. 114. APPLICABILITY. This section applies in  
13 3 regard to the increase in the state sales tax from  
13 4 five to six percent. The six percent rate applies to  
13 5 all sales of taxable personal property, consisting of  
13 6 goods, wares, or merchandise if delivery occurs on or  
13 7 after January 1, 2003. The six percent rate applies  
13 8 to the gross receipts from the sale, furnishing, or  
13 9 service of gas, electricity, water, heat, pay  
13 10 television service, and communication service if the  
13 11 date of billing the customer is on or after January 1,  
13 12 2003. In the case of a service contract entered into  
13 13 prior to January 1, 2003, which contract calls for  
13 14 periodic payments, the six percent rate applies to  
13 15 those payments made or due on or after January 1,  
13 16 2003. This periodic payment applies, but is not  
13 17 limited to, tickets or admissions, private club  
13 18 membership fees, sources of amusement, equipment  
13 19 rental, dry cleaning, reducing salons, dance schools,  
13 20 and all other services subject to tax, except the  
13 21 aforementioned utility services which are subject to a

13 22 special transitional rule. Unlike periodic payments  
13 23 under service contracts, installment sales of goods,  
13 24 wares, and merchandise are subject to the full amount  
13 25 of sales or use tax when the sales contract is entered  
13 26 into.

13 27 Sec. 115. EFFECTIVE DATES.

13 28 1. Sections 103, 104, and 113 of this Act,  
13 29 enacting sections 298B.1 and 298B.2 and section  
13 30 422E.1, subsection 4, being deemed of immediate  
13 31 importance, take effect upon enactment.

13 32 2. Sections 107, 108, 109, 111, and 112 of this  
13 33 Act, amending section 422.43, increasing the sales  
13 34 tax, and sections 422.47 and 422.69, take effect  
13 35 January 1, 2003."

13 36 #14. Title page, by striking line 2 and inserting  
13 37 the following: "programs and for the use of school  
13 38 district moneys received from certain state sales tax  
13 39 revenues for property tax relief and infrastructure  
13 40 purposes if approved by the vote of the electorate,  
13 41 providing a penalty, and including effective date  
13 42 provisions."

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13 46 [RICHARDSON](#) of Warren

13 47 [SF 240.901](#) 79

13 48 mg/hk