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SENATE FILE 101

BY BLACK

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 the
2 imposition of an income surtax to partially fund certain bonds
3 issued by a county, city, school district, or community
4 college and 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. 101

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. How-
20 ever, a bond issuance proposition proposing imposition of an
21 income surtax shall not be presented to the electors if in the
22 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 months from the date of such
3 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. Reserves shall not 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~~ 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 subdi-
24 vision as provided in this section, but only if authorized by
25 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 fifty percent of the sum of the prin-
3 cipal and interest of the bonds over the life of the bonds.
4 The rate of the income surtax may be adjusted in any year for
5 the sole purpose of ensuring that an amount equivalent to
6 fifty percent of the principal and interest over the life of
7 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 INCOME TAX RETURNS.

35 An income surtax imposed under section 76.19 shall be made

1 a part of the Iowa individual income tax return subject to the
2 conditions and restrictions set forth in section 422.21. The
3 director of revenue and finance shall provide on income tax
4 returns a requirement that each person required to file a re-
5 turn numerically identify the city of residence of the tax-
6 payer and the merged area in which the taxpayer resides.

7 Sec. 8. NEW SECTION. 76.21 DESIGNATION OF TAX.

8 An income surtax imposed under section 76.19 by a school
9 district shall be designated as a school debt service income
10 surtax, an income surtax imposed by a merged area under sec-
11 tion 76.19 shall be designated as a merged area debt service
12 income surtax, an income surtax imposed by a city under sec-
13 tion 76.19 shall be designated a city debt service income
14 surtax, and an income surtax imposed by a county under section
15 76.19 shall be designated a county debt service income surtax.

16 Sec. 9. Section 260C.21, Code 1995, is amended to read as
17 follows:

18 260C.21 ELECTION TO INCUR INDEBTEDNESS.

19 1. No An indebtedness shall not be incurred under section
20 260C.19 until authorized by an election as required in section
21 75.1. A proposition to incur indebtedness and issue bonds for
22 community college purposes shall be deemed carried adopted in
23 a merged area if approved by a sixty percent majority of all
24 voters voting on the proposition in the area. However, if the
25 board elects to partially fund the bonds with revenues from a
26 local income surtax, in addition to property tax revenues, the
27 ballot proposition to authorize the issuance of the bonds
28 shall be submitted to the electorate pursuant to section 75.1,
29 subsection 2.

30 2. Notwithstanding subsection 1, if the costs of utilities
31 are paid by a community college with funds derived from the
32 levy authorized under section 260C.22, the community college
33 may use the general fund moneys that would have been used to
34 pay the costs of utilities for capital expenditures, may
35 invest the funds, or may incur indebtedness without an

1 election, provided that the payments on the indebtedness
2 incurred, and any interest on the indebtedness, can be made
3 using general funds of the community college and the total
4 payments on the principal and interest on the indebtedness do
5 not exceed the amount of the costs of the utilities.

6 Sec. 10. Section 296.1, Code 1995, is amended to read as
7 follows:

8 296.1 INDEBTEDNESS AUTHORIZED.

9 Subject to the approval of the voters ~~thereof~~, school
10 districts are hereby authorized to contract indebtedness and
11 to issue general obligation bonds to provide funds to defray
12 the cost of purchasing, building, furnishing, reconstructing,
13 repairing, improving or remodeling a schoolhouse or
14 schoolhouses and additions thereto, gymnasium, stadium, field
15 house, school bus garage, teachers' or superintendent's home
16 or homes, and procuring a site or sites therefor, or
17 purchasing land to add to a site already owned, or procuring
18 and improving a site for an athletic field, or improving a
19 site already owned for an athletic field, and for any one or
20 more of such purposes. Taxes for the payment of ~~said the~~
21 bonds shall be levied or imposed in accordance with chapter
22 76, and ~~said the~~ bonds shall mature within ~~a period not~~
23 ~~exceeding twenty years from date of issue~~ the period provided
24 in section 76.1, shall bear interest at a rate or rates not
25 exceeding that permitted by chapter 74A and shall be of such
26 form as the board of directors of ~~such the~~ school district
27 shall by resolution provide, but the aggregate indebtedness of
28 any school district shall not exceed five percent of the
29 actual value of the taxable property within ~~said the~~ school
30 district, as ascertained by the last preceding state and
31 county tax lists.

32 Sec. 11. Section 296.6, Code 1995, is amended to read as
33 follows:

34 296.6 BONDS.

35 If the vote in favor of the issuance of such bonds is equal

1 to at least sixty percent of the total vote cast for and
2 against said the proposition at said the election, the board
3 of directors shall issue the same bonds and make provision for
4 payment thereof of the bonds. However, if the board of
5 directors of a school corporation elects to partially fund the
6 bonds with revenues from a local income surtax, in addition to
7 property tax revenues, the ballot proposition to authorize the
8 issuance of the bonds shall be submitted to the electorate
9 pursuant to section 75.1, subsection 2.

10 Sec. 12. Section 298.14, unnumbered paragraph 1, Code
11 1995, is amended to read as follows:

12 For each fiscal year, the cumulative total of the percents
13 of surtax approved by the board of directors of a school
14 district and collected by the department of revenue and
15 finance under sections 257.21, 257.29, 279.54, and 298.2, and
16 the enrichment surtax under section 442.15, Code 1989, and an
17 income surtax collected by a political subdivision under
18 chapter 422D, shall not exceed twenty percent. In addition,
19 if an income surtax is imposed under section 76.19, the
20 cumulative total of percents of surtax imposed on any taxpayer
21 in a school district under sections 76.19, 257.21, 257.29,
22 279.54, 298.2, 442.15, Code 1989, and chapter 422D shall not
23 exceed twenty percent in the first year in which one or more
24 of these income surtaxes is imposed.

25 Sec. 13. Section 298.18, unnumbered paragraph 2, Code
26 1995, is amended to read as follows:

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

33 Sec. 14. Section 298.18, unnumbered paragraph 4, Code
34 1995, is amended to read as follows:

35 The amount estimated ~~and-certified-to-apply-on~~ to pay

1 principal and interest for any one year may exceed an amount
2 that could be raised by a property tax levy equal to two
3 dollars and seventy cents per thousand dollars of assessed
4 value by the amount approved by the voters of the school
5 corporation, but not exceeding four dollars and five cents per
6 thousand of the assessed value of the taxable property within
7 any school corporation, provided that the qualified registered
8 voters of such school corporation have first approved such
9 increased amount at a special election as required in section
10 75.1, which may be held at the same time as the regular school
11 election. The proposition submitted to the voters at such
12 special election shall be in substantially the following form:

13 Sec. 15. Section 298.18, unnumbered paragraph 6, Code
14 1995, is amended to read as follows:

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

1 corporation shall be required as a result of any subsequent
2 change in the boundaries of ~~such~~ the school corporation.

3 Sec. 16. Section 298.22, unnumbered paragraph 1, Code
4 1995, is amended to read as follows:

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

16 Sec. 17. Section 331.442, subsection 4, Code 1995, is
17 amended to read as follows:

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

29 Sec. 18. Section 331.442, subsection 5, paragraph a,
30 unnumbered paragraph 1, Code 1995, is amended to read as
31 follows:

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

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

8 Sec. 19. Section 331.447, subsection 1, Code 1995, is
9 amended to read as follows:

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

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

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

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

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

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

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

29 Sec. 20. Section 331.490, Code 1995, is amended to read as
30 follows:

31 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY -- RATES.
32 1. If a county and city have entered into an agreement to
33 create a joint special assessment district and issue county
34 general obligation bonds to fund the costs of a public
35 improvement benefiting that district, the county's debt

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

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

16 Sec. 21. Section 384.26, subsections 2 and 4, Code 1995,
17 are amended to read as follows:

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

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

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

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

6 Sec. 22. Section 384.26, subsection 5, paragraph a,
7 unnumbered paragraph 1, Code 1995, is amended to read as
8 follows:

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

22 Sec. 23. Section 384.32, Code 1995, is amended to read as
23 follows:

24 384.32 TAX TO PAY.

25 Taxes for the payment of general obligation bonds must be
26 levied in accordance with chapter 76, and the bonds are
27 payable from the levy of ~~unlimited-ad-valorem-taxes-on-all-the~~
28 ~~taxable-property-within-the-city-through-its-debt-service-fund~~
29 ~~authorized-by-section-384.4~~ a debt service property tax or a
30 combination of a debt service property tax and a debt service
31 income surtax, unlimited as to amount.

32 Sec. 24. APPLICABILITY DATE. This Act applies to bond
33 issuances approved at elections held on or after the effective
34 date of this Act.

35 EXPLANATION

1 This bill authorizes general obligation bonds to be issued
2 by certain political subdivisions which will be partially
3 funded by a local income surtax imposed on individuals, in
4 addition to property taxes. Fifty percent of the principal
5 and interest of the bonds shall be funded by income surtax.
6 The question of whether to impose a local income surtax to
7 partially fund the bonds shall be included in the bond
8 issuance ballot proposition. If principal and interest on the
9 bonds are to be funded by property tax and income surtax, the
10 required percentage of votes needed to authorize issuance of
11 the bonds is reduced from 60 percent to a simple majority.

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

19 The bill applies to bonds issued by a county, city, school
20 district, or community college.

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

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SENATE FILE 101

S-3265

1 Amend Senate File 101 as follows:

- 2 1. Page 6, line 2, by striking the word "fifty"
3 and inserting the following: "sixty".
4 2. Page 6, line 6, by striking the word "fifty"
5 and inserting the following: "sixty".

By COMMITTEE ON WAYS AND MEANS
WILLIAM D. PALMER, Chairperson

S-3265 FILED MARCH 28, 1995

SENATE FILE 101

S-3308

1 Amend Senate File 101 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 20, and
8 inserting the following: "A bond issuance proposition
9 proposing imposition of an".
10 4. Page 7, line 19, by striking the figure "1."
11 5. Page 7, by striking lines 25 through 30 and
12 inserting the following: "cost of utilities".
13 6. Page 9, line 2, by striking the word
14 "election," and inserting the following: "election as
15 required in section 75.1,".
16 7. Page 9, by striking lines 4 through 9 and
17 inserting the following: "payment thereof of the
18 bonds."
19 8. Page 10, by striking lines 28 through 33 and
20 inserting the following: "election. Whenever If such
21 a proposition has been".
22 9. Page 11, by striking lines 22 through 26 and
23 inserting the following: "election as required in
24 section 75.1. If the proposition of".
25 10. By striking page 14, line 33, through page
26 15, line 2, and inserting the following: "election as
27 required in section 75.1. If the".

By STEWART IVERSON, Jr.
EMIL J. HUSAK

S-3308 FILED MARCH 30, 1995