

SENATE FILE 472  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 353)

Passed Senate, Date 4/19/95 (p.1313) Passed House, Date 4/27/95 (p.1987)  
Vote: Ayes 45 Nays 4 Vote: Ayes 98 Nays 0  
Approved May 22, 1995

A BILL FOR

1 An Act relating to the local option sales and services tax by  
2 authorizing political subdivisions that will receive revenues  
3 from the tax to issue bonds in anticipation of the receipt of  
4 the revenues and providing an effective date.

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

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S.F. 472

1 Section 1. Section 422B.1, Code 1995, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 9. Notwithstanding subsection 8 or any  
4 other contrary provision of this chapter, a local option sales  
5 and services tax shall not be repealed or reduced in rate if  
6 obligations are outstanding which are payable as provided in  
7 section 422B.12, unless funds sufficient to pay the principal,  
8 interest, and premium, if any, on the outstanding obligations  
9 at and prior to maturity have been properly set aside and  
10 pledged for that purpose.

11 Sec. 2. NEW SECTION. 422B.12 ISSUANCE OF BONDS.

12 1. For purposes of this section unless the context  
13 otherwise requires:

14 a. "Bond issuer" or "issuer" means a city, a county, or a  
15 secondary recipient.

16 b. "Designated portion" means the portion of the local  
17 option sales and services tax revenues which is authorized to  
18 be expended for one or a combination of purposes under an  
19 adopted public measure.

20 c. "Secondary recipient" means a political subdivision of  
21 the state which is to receive revenues from a local option  
22 sales and services tax over a period of years pursuant to the  
23 terms of a chapter 28E agreement with one or more cities or  
24 counties.

25 2. An issuer of public bonds which is a recipient of  
26 revenues from a local option sales and services tax imposed  
27 pursuant to this chapter may issue bonds in anticipation of  
28 the collection of one or more designated portions of the local  
29 option sales and services tax and may pledge irrevocably an  
30 amount of the revenue derived from the designated portions for  
31 each of the years the bonds remain outstanding to the payment  
32 of the bonds. Bonds may be issued only for one or more of the  
33 purposes set forth on the ballot proposition concerning the  
34 imposition of the local option sales and services tax, except  
35 bonds shall not be issued which are payable from that portion

1 of tax revenues designated for property tax relief. The bonds  
2 may be issued in accordance with the procedures set forth in  
3 either subsection 3 or 4.

4 3. The governing body of a city may authorize the issuance  
5 of bonds which are payable from the designated portion of the  
6 revenues of the local option sales and services tax only after  
7 an election at which sixty percent of those voting on the  
8 proposal of the issuance of the bonds votes in favor of  
9 issuing the bonds. Bonds may be issued for the purpose of  
10 refunding outstanding and previously issued bonds under this  
11 subsection without otherwise complying with the provisions of  
12 this subsection.

13 4. To authorize the issuance of bonds payable as provided  
14 in this subsection, the governing body of an issuer shall  
15 comply with all of the procedures as follows:

16 a. A bond issuer may institute proceedings for the  
17 issuance of bonds by causing a notice of the proposal to issue  
18 the bonds, including a statement of the amount and purpose of  
19 the bonds, together with the maximum rate of interest which  
20 the bonds are to bear, and that the issuance must be approved  
21 by a vote of the residents, to be published at least once in a  
22 newspaper of general circulation within the political  
23 subdivision or unincorporated area at least ten days prior to  
24 the meeting at which it is proposed to take action for the  
25 issuance of the bonds.

26 After the meeting if the bond issuer still wants to issue  
27 the bonds, the governing body shall notify the county  
28 commissioner of elections to submit the question of the  
29 issuance of bonds at the next regular election of the bond  
30 issuer or county, or at a special election. The proposal to  
31 issue bonds is not approved unless at least sixty percent of  
32 those voting on the proposal approves the issuance. Bonds may  
33 be issued for the purpose of refunding outstanding and  
34 previously issued bonds under this subsection without  
35 otherwise complying with the provisions of this subsection.

1 b. The provisions of chapter 76 apply to the bonds payable  
2 as provided in this subsection, except that the mandatory levy  
3 to be assessed pursuant to section 76.2 shall be at a rate to  
4 generate an amount which together with the receipts from the  
5 pledged designated portion of the local option sales and  
6 services tax is sufficient to pay the interest and principal  
7 on the bonds. All amounts collected as a result of the levy  
8 assessed pursuant to section 76.2 and paid out in the first  
9 instance for bond principal and interest shall be repaid to  
10 the bond issuer which levied the tax from the first available  
11 designated portion of local option sales and services tax  
12 collections received in excess of the requirement for the  
13 payment of the principal and interest of the bonds and when  
14 repaid shall be applied in reduction of property taxes. The  
15 amount of bonds which may be issued under section 76.3 shall  
16 be the amount which could be retired from the actual  
17 collections of the designated portions of the local option  
18 sales and services tax for the last four calendar quarters, as  
19 certified by the director of revenue and finance. The amount  
20 of tax revenues pledged jointly by other cities or counties  
21 may be considered for the purpose of determining the amount of  
22 bonds which may be used. If the local option sales and  
23 services tax has been in effect for less than four calendar  
24 quarters, the tax collected within the shorter period may be  
25 adjusted to project the collections of the designated portion  
26 for the full year for the purpose of determining the amount of  
27 the bonds which may be issued. The provisions of this section  
28 constitute separate authorization for the issuance of bonds  
29 and shall prevail in the event of conflict with any other  
30 provision of the Code limiting the amount of bonds which may  
31 be issued or the source of payment of the bonds. Bonds issued  
32 under this section shall not limit or restrict the authority  
33 of the bond issuer to issue bonds under other provisions of  
34 the Code.

35 5. A city or county, jointly with one or more other

1 political subdivisions as provided in chapter 28E, may pledge  
2 irrevocably any amount derived from the designated portions of  
3 the revenues of the local option sales and services tax to the  
4 support or payment of bonds of an issuer, issued for one or  
5 more purposes set forth on the ballot proposition concerning  
6 the imposition of the local option sales and services tax or a  
7 political subdivision may apply the proceeds of its bonds to  
8 the support of any such purpose.

9     6. Bonds issued pursuant to this section shall not  
10 constitute an indebtedness within the meaning of any  
11 constitutional or statutory debt limitation or restriction,  
12 and shall not be subject to the provisions of any other law or  
13 charter relating to the authorization, issuance, or sale of  
14 bonds. Bonds issued pursuant to this section are declared to  
15 be issued for an essential public and governmental purpose.  
16 Bonds issued pursuant to this section shall be authorized by  
17 resolution of the governing body and may be issued in one or  
18 more series and shall bear the date or dates, be payable on  
19 demand or mature at the time or times, bear interest at the  
20 rate or rates not exceeding that permitted by chapter 74A, be  
21 in the denomination or denominations, be in the form, have the  
22 rank or priority, be executed in the manner, be payable in the  
23 medium of payment, at the place or places, be subject to the  
24 terms of redemption, with or without premium, be secured in  
25 the manner, and have the other characteristics, as may be  
26 provided by the resolution authorizing their issuance. The  
27 bonds may be sold at public or private sale at a price as may  
28 be determined by the governing body.

29     Sec. 3. EFFECTIVE DATE. This Act, being deemed of  
30 immediate importance, takes effect upon enactment.

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#### EXPLANATION

32     The bill amends chapter 422B, the local option tax chapter,  
33 to allow cities, counties, or other political subdivisions of  
34 the state to issue bonds in anticipation of the collection of  
35 the local option sales and services tax. The bill provides

1 powers to issue bonds payable from local option sales and  
2 services tax comparable to current law with respect to hotel  
3 and motel tax bonds. In order for a political subdivision  
4 other than a city or county to issue bonds, the political  
5 subdivision will be required to enter into a chapter 28E  
6 agreement with a city or county to receive part of the local  
7 sales and services tax revenues that the city or county  
8 reserves.

9 The political subdivision would issue bonds which are  
10 payable from the local sales and services tax revenues  
11 received only after an election at which 60 percent of those  
12 voting on the proposal vote for it.

13 The bill takes effect upon enactment.

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SENATE FILE 472

S-3415

- 1 Amend Senate File 472 as follows:  
2 1. Page 4, by inserting after line 30 the  
3 following:  
4 "Sec. \_\_\_\_ . RETROACTIVE APPLICABILITY DATE. This  
5 Act applies retroactively to local option sales and  
6 services taxes approved on or after July 1, 1994.  
7 Statutory procedures required for local option sales  
8 and services tax elections held on or after July 1,  
9 1994, and before the effective date of this Act shall  
10 be deemed to fulfill the notice, proceedings, and  
11 election requirements contained in section 2 of this  
12 Act."  
13 2. Title page, line 4, by inserting after the  
14 word "date" the following: "and a retroactive  
15 applicability date".

By H. KAY HEDGE

S-3415 FILED APRIL 13, 1995

*Adopted 4/14/95 (p. 1312)*

SENATE FILE 472

S-3496

- 1 Amend Senate File 472 as follows:  
2 1. Page 2, by striking line 3 and inserting the  
3 following: "subsection 3."  
4 2. Page 2, by striking lines 4 through 12.  
5 3. Page 2, line 13, by striking the figure "4."  
6 and inserting the following: "3."  
7 4. By renumbering as necessary.

By ELAINE SZYMONIAK

S-3496 FILED APRIL 19, 1995

LOST (p. 1312)

SENATE FILE 472  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 353)

(AS AMENDED AND PASSED BY THE SENATE APRIL 19, 1995)  
- New Language by the Senate

Re. Passed Senate, Date 4/28/95 (p.1497) Passed House, Date 4/27/95 (p.1987)  
Vote: Ayes 47 Nays 0 Vote: Ayes 98 Nays 0  
Approved May 22, 1995

**A BILL FOR**

1 An Act relating to the local option sales and services tax by  
2 authorizing political subdivisions that will receive revenues  
3 from the tax to issue bonds in anticipation of the receipt of  
4 the revenues and providing an effective date and a retroactive  
5 applicability date.

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

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S.F. 472



1 Section 1. Section 422B.1, Code 1995, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 9. Notwithstanding subsection 8 or any  
4 other contrary provision of this chapter, a local option sales  
5 and services tax shall not be repealed or reduced in rate if  
6 obligations are outstanding which are payable as provided in  
7 section 422B.12, unless funds sufficient to pay the principal,  
8 interest, and premium, if any, on the outstanding obligations  
9 at and prior to maturity have been properly set aside and  
10 pledged for that purpose.

11 Sec. 2. NEW SECTION. 422B.12 ISSUANCE OF BONDS.

12 1. For purposes of this section unless the context  
13 otherwise requires:

14 a. "Bond issuer" or "issuer" means a city, a county, or a  
15 secondary recipient.

16 b. "Designated portion" means the portion of the local  
17 option sales and services tax revenues which is authorized to  
18 be expended for one or a combination of purposes under an  
19 adopted public measure.

20 c. "Secondary recipient" means a political subdivision of  
21 the state which is to receive revenues from a local option  
22 sales and services tax over a period of years pursuant to the  
23 terms of a chapter 28E agreement with one or more cities or  
24 counties.

25 2. An issuer of public bonds which is a recipient of  
26 revenues from a local option sales and services tax imposed  
27 pursuant to this chapter may issue bonds in anticipation of  
28 the collection of one or more designated portions of the local  
29 option sales and services tax and may pledge irrevocably an  
30 amount of the revenue derived from the designated portions for  
31 each of the years the bonds remain outstanding to the payment  
32 of the bonds. Bonds may be issued only for one or more of the  
33 purposes set forth on the ballot proposition concerning the  
34 imposition of the local option sales and services tax, except  
35 bonds shall not be issued which are payable from that portion

1 of tax revenues designated for property tax relief. The bonds  
2 may be issued in accordance with the procedures set forth in  
3 either subsection 3 or 4.

4 3. The governing body of a city may authorize the issuance  
5 of bonds which are payable from the designated portion of the  
6 revenues of the local option sales and services tax only after  
7 an election at which sixty percent of those voting on the  
8 proposal of the issuance of the bonds votes in favor of  
9 issuing the bonds. Bonds may be issued for the purpose of  
10 refunding outstanding and previously issued bonds under this  
11 subsection without otherwise complying with the provisions of  
12 this subsection.

13 4. To authorize the issuance of bonds payable as provided  
14 in this subsection, the governing body of an issuer shall  
15 comply with all of the procedures as follows:

16 a. A bond issuer may institute proceedings for the  
17 issuance of bonds by causing a notice of the proposal to issue  
18 the bonds, including a statement of the amount and purpose of  
19 the bonds, together with the maximum rate of interest which  
20 the bonds are to bear, and that the issuance must be approved  
21 by a vote of the residents, to be published at least once in a  
22 newspaper of general circulation within the political  
23 subdivision or unincorporated area at least ten days prior to  
24 the meeting at which it is proposed to take action for the  
25 issuance of the bonds.

26 After the meeting if the bond issuer still wants to issue  
27 the bonds, the governing body shall notify the county  
28 commissioner of elections to submit the question of the  
29 issuance of bonds at the next regular election of the bond  
30 issuer or county, or at a special election. The proposal to  
31 issue bonds is not approved unless at least sixty percent of  
32 those voting on the proposal approves the issuance. Bonds may  
33 be issued for the purpose of refunding outstanding and  
34 previously issued bonds under this subsection without  
35 otherwise complying with the provisions of this subsection.

1     b. The provisions of chapter 76 apply to the bonds payable  
2 as provided in this subsection, except that the mandatory levy  
3 to be assessed pursuant to section 76.2 shall be at a rate to  
4 generate an amount which together with the receipts from the  
5 pledged designated portion of the local option sales and  
6 services tax is sufficient to pay the interest and principal  
7 on the bonds. All amounts collected as a result of the levy  
8 assessed pursuant to section 76.2 and paid out in the first  
9 instance for bond principal and interest shall be repaid to  
10 the bond issuer which levied the tax from the first available  
11 designated portion of local option sales and services tax  
12 collections received in excess of the requirement for the  
13 payment of the principal and interest of the bonds and when  
14 repaid shall be applied in reduction of property taxes. The  
15 amount of bonds which may be issued under section 76.3 shall  
16 be the amount which could be retired from the actual  
17 collections of the designated portions of the local option  
18 sales and services tax for the last four calendar quarters, as  
19 certified by the director of revenue and finance. The amount  
20 of tax revenues pledged jointly by other cities or counties  
21 may be considered for the purpose of determining the amount of  
22 bonds which may be used. If the local option sales and  
23 services tax has been in effect for less than four calendar  
24 quarters, the tax collected within the shorter period may be  
25 adjusted to project the collections of the designated portion  
26 for the full year for the purpose of determining the amount of  
27 the bonds which may be issued. The provisions of this section  
28 constitute separate authorization for the issuance of bonds  
29 and shall prevail in the event of conflict with any other  
30 provision of the Code limiting the amount of bonds which may  
31 be issued or the source of payment of the bonds. Bonds issued  
32 under this section shall not limit or restrict the authority  
33 of the bond issuer to issue bonds under other provisions of  
34 the Code.

35     5. A city or county, jointly with one or more other

1 political subdivisions as provided in chapter 28E, may pledge  
2 irrevocably any amount derived from the designated portions of  
3 the revenues of the local option sales and services tax to the  
4 support or payment of bonds of an issuer, issued for one or  
5 more purposes set forth on the ballot proposition concerning  
6 the imposition of the local option sales and services tax or a  
7 political subdivision may apply the proceeds of its bonds to  
8 the support of any such purpose.

9     6. Bonds issued pursuant to this section shall not  
10 constitute an indebtedness within the meaning of any  
11 constitutional or statutory debt limitation or restriction,  
12 and shall not be subject to the provisions of any other law or  
13 charter relating to the authorization, issuance, or sale of  
14 bonds. Bonds issued pursuant to this section are declared to  
15 be issued for an essential public and governmental purpose.  
16 Bonds issued pursuant to this section shall be authorized by  
17 resolution of the governing body and may be issued in one or  
18 more series and shall bear the date or dates, be payable on  
19 demand or mature at the time or times, bear interest at the  
20 rate or rates not exceeding that permitted by chapter 74A, be  
21 in the denomination or denominations, be in the form, have the  
22 rank or priority, be executed in the manner, be payable in the  
23 medium of payment, at the place or places, be subject to the  
24 terms of redemption, with or without premium, be secured in  
25 the manner, and have the other characteristics, as may be  
26 provided by the resolution authorizing their issuance. The  
27 bonds may be sold at public or private sale at a price as may  
28 be determined by the governing body.

29     Sec. 3. EFFECTIVE DATE. This Act, being deemed of  
30 immediate importance, takes effect upon enactment.

31     Sec. 4. RETROACTIVE APPLICABILITY DATE. This Act applies  
32 retroactively to local option sales and services taxes  
33 approved on or after July 1, 1994. Statutory procedures  
34 required for local option sales and services tax elections  
35 held on or after July 1, 1994, and before the effective date

1 of this Act shall be deemed to fulfill the notice,  
2 proceedings, and election requirements contained in section 2  
3 of this Act.

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## SENATE FILE 472

H-4098

1 Amend Senate File 472, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the  
4 following:

5 "Section 1. Section 422B.1, subsection 1, Code  
6 1995, is amended to read as follows:

7 1. A county may impose by ordinance of the board  
8 of supervisors local option taxes authorized by this  
9 chapter, subject to this section and subject to the  
10 exception provided in subsection 1A.

11 Sec. \_\_\_\_ . Section 422B.1, Code 1995, is amended by  
12 adding the following new subsection:

13 NEW SUBSECTION. 1A. a. A city whose corporate  
14 boundaries include areas of two counties may impose by  
15 ordinance of its city council a local sales and  
16 services tax if all of the following apply:

17 (1) All the residents of the city live in one  
18 county.

19 (2) The county in which the city residents reside  
20 has held an election on the question of the imposition  
21 of a local sales and services tax and a majority of  
22 those voting on the question in the city favored its  
23 imposition.

24 (3) The city has entered into an agreement on the  
25 distribution of the sales and services tax revenues  
26 collected from the area where the city tax is imposed  
27 with the county where such area is located.

28 b. The city council of a city authorized to impose  
29 a local sales and services tax pursuant to paragraph  
30 "a" shall only do so subject to all of the following  
31 restrictions:

32 (1) The tax shall only be imposed in the area of  
33 the city located in the county where none of its  
34 residents reside.

35 (2) The tax shall be at the same rate and become  
36 effective at the same time as the county tax imposed  
37 in the other area of the city.

38 (3) The tax once imposed shall continue to be  
39 imposed until the county imposed tax is reduced or  
40 increased in rate or repealed, and then the city  
41 imposed tax shall also be reduced or increased in rate  
42 or repealed in the same amount and be effective on the  
43 same date.

44 (4) The tax shall be imposed on the same basis as  
45 provided in section 422B.8 and notification  
46 requirements in section 422B.9 apply.

47 (5) The city shall assist the department of  
48 revenue and finance to identify the businesses in the  
49 area which are to collect the city imposed tax. The  
50 process shall be ongoing as long as the city tax is

H-4098

**H-4098**

Page 2

1 imposed.

2 c. The agreement on the distribution of the  
3 revenues collected from the city imposed tax shall  
4 provide that fifty percent of such revenues shall be  
5 remitted to the county in which the part of the city  
6 where the city tax is imposed is located.

7 d. The latest certified federal census preceding  
8 the election held by the county on the question of  
9 imposition of the local sales and services tax shall  
10 be used in determining if the city qualifies under  
11 paragraph "a", subparagraph (1) to impose its own tax  
12 and in determining the area where the city tax may be  
13 imposed under paragraph "b", subparagraph (1).

14 e. A city is not authorized to impose a local  
15 sales and services tax under this subsection after  
16 January 1, 1998. A city that has imposed a local  
17 sales and services tax under this subsection on or  
18 before January 1, 1998, may continue to collect the  
19 tax until such time as the tax is repealed by the city  
20 and the fact that that area acquires residents after  
21 the tax is imposed shall not affect the imposition or  
22 collection of the tax.

23 Sec. \_\_\_\_\_. Section 422B.1, subsection 5, paragraph  
24 a, unnumbered paragraph 1, Code 1995, is amended to  
25 read as follows:

26 If a majority of those voting on the question of  
27 imposition of a local option tax favor imposition of a  
28 local option tax, the governing body of that county  
29 shall impose the tax at the rate specified for an  
30 unlimited period. However, in the case of a local  
31 sales and services tax, the county shall not impose  
32 the tax in any incorporated area or the unincorporated  
33 area if the majority of those voting on the tax in  
34 that area did not favor its imposition. For purposes  
35 of the local sales and services tax, all cities  
36 contiguous to each other shall be treated as part of  
37 one incorporated area and the tax shall be imposed in  
38 each of those contiguous cities only if the majority  
39 of those voting on the tax in the total area covered  
40 by the contiguous cities favored its imposition. The  
41 local option tax may be repealed or the rate increased  
42 or decreased or the use thereof changed after an  
43 election at which a majority of those voting on the  
44 question of repeal or rate or use change favored the  
45 repeal or rate or use change. The election at which  
46 the question of repeal or rate or use change is  
47 offered shall be called and held in the same manner  
48 and under the same conditions as provided in  
49 subsections 3 and 4 for the election on the imposition  
50 of the local option tax. However, in the case of a

**H-4098**

H-4098

Page 3

1 local sales and services tax where the tax has not  
2 been imposed countywide, the question of repeal or  
3 imposition or rate or use change shall be voted on  
4 only by the qualified electors of the areas of the  
5 county where the tax has been imposed or has not been  
6 imposed, as appropriate. However, the governing body  
7 of the incorporated area or unincorporated area where  
8 the local sales and services tax is imposed may, upon  
9 its own motion, request the county commissioner of  
10 elections to hold an election in the incorporated or  
11 unincorporated area, as appropriate, on the question  
12 of the change in use of local sales and services tax  
13 revenues. The election may be held at any time but  
14 not sooner than sixty days following publication of  
15 the ballot proposition. If a majority of those voting  
16 in the incorporated or unincorporated area on the  
17 change in use favor the change, the governing body of  
18 that area shall change the use to which the revenues  
19 shall be used. The ballot proposition shall list the  
20 present use of the revenues, the proposed use, and the  
21 date after which revenues received will be used for  
22 the new use."

23 2. Page 1, by inserting after line 10 the  
24 following:

25 "Sec. \_\_\_\_ . Section 422B.10, subsection 1, Code  
26 1995, is amended to read as follows:

27 1. The director shall credit the local sales and  
28 services tax receipts and interest and penalties from  
29 a county imposed tax to the county's account in the  
30 local sales and services tax fund and from a city  
31 imposed tax under section 422B.1, subsection 1A, to  
32 the city's account in the local sales and services tax  
33 fund. If the director is unable to determine from  
34 which county any of the receipts were collected, those  
35 receipts shall be allocated amongst among the possible  
36 counties based on allocation rules adopted by the  
37 director.

38 Sec. \_\_\_\_ . Section 422B.10, Code 1995, is amended  
39 by adding the following new subsection:

40 NEW SUBSECTION. 4A. From each city's account, the  
41 percent of revenues agreed to be distributed to the  
42 county in the agreement entered into as provided in  
43 section 422B.1, subsection 1A, paragraph "a",  
44 subparagraph (3) and paragraph "c", shall be deposited  
45 into the appropriate county's account to be remitted  
46 as provided in subsections 3 and 4. The remaining  
47 revenues in the city's account shall be remitted to  
48 the city council. If a county does not have an  
49 account, its percent of the revenues shall be remitted  
50 directly to the county board of supervisors."

H-4098



**H-4098**

Page 4

1 3. Page 2, line 4, by striking the words "a city"  
2 and inserting the following: "an issuer".

3 4. Page 2, by striking lines 6 through 9 and  
4 inserting the following: "revenues of the local  
5 option sales and services tax, and not from property  
6 tax, by following the authorization procedures set  
7 forth for cities in section 384.83. Bonds may be  
8 issued for the purpose of".

9 5. Page 2, by striking lines 20 and 21 and  
10 inserting the following: "the bonds are to bear, and  
11 the right to petition for an election, to be published  
12 at least once in a".

13 6. Page 2, by striking lines 26 through 32 and  
14 inserting the following:

15 "If at any time before the date fixed for taking  
16 action for the issuance of the bonds, a petition  
17 signed by three percent of the registered voters of  
18 the bond issuer is filed, asking that the question of  
19 issuing the bonds be submitted to the registered  
20 voters, the governing body shall either by resolution  
21 declare the proposal to issue the bonds to have been  
22 abandoned or shall direct the county commissioner of  
23 elections to call a special election upon the question  
24 of issuing the bonds. The proposition of issuing  
25 bonds under this subsection is not approved unless the  
26 vote in favor of the proposition is equal to at least  
27 sixty percent of the vote cast. If a petition is not  
28 filed, or if a petition is filed and the proposition  
29 of issuing the bonds is approved at an election, the  
30 governing body acting on behalf of the issuer may  
31 proceed with the authorization and issuance of the  
32 bonds. Bonds may".

33 7. Page 3, line 22, by striking the word "used"  
34 and inserting the following: "issued".

35 8. Title page, line 4, by inserting after the  
36 word "revenues" the following: ", by authorizing the  
37 imposition of the tax in certain cities located in two  
38 counties, and by setting the procedure for changing  
39 the use of revenues from the tax,".

By COMMITTEE ON WAYS AND MEANS  
HALVORSON of Clayton, Chairperson

**H-4098** FILED APRIL 26, 1995

*Adopted 4/27/95 (p. 1986)*

HOUSE AMENDMENT TO  
SENATE FILE 472

S-3604

1 Amend Senate File 472, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the  
4 following:

5 "Section 1. Section 422B.1, subsection 1, Code  
6 1995, is amended to read as follows:

7 1. A county may impose by ordinance of the board  
8 of supervisors local option taxes authorized by this  
9 chapter, subject to this section and subject to the  
10 exception provided in subsection 1A.

11 Sec. \_\_\_\_ . Section 422B.1, Code 1995, is amended by  
12 adding the following new subsection:

13 NEW SUBSECTION. 1A. a. A city whose corporate  
14 boundaries include areas of two counties may impose by  
15 ordinance of its city council a local sales and  
16 services tax if all of the following apply:

17 (1) All the residents of the city live in one  
18 county.

19 (2) The county in which the city residents reside  
20 has held an election on the question of the imposition  
21 of a local sales and services tax and a majority of  
22 those voting on the question in the city favored its  
23 imposition.

24 (3) The city has entered into an agreement on the  
25 distribution of the sales and services tax revenues  
26 collected from the area where the city tax is imposed  
27 with the county where such area is located.

28 b. The city council of a city authorized to impose  
29 a local sales and services tax pursuant to paragraph  
30 "a" shall only do so subject to all of the following  
31 restrictions:

32 (1) The tax shall only be imposed in the area of  
33 the city located in the county where none of its  
34 residents reside.

35 (2) The tax shall be at the same rate and become  
36 effective at the same time as the county tax imposed  
37 in the other area of the city.

38 (3) The tax once imposed shall continue to be  
39 imposed until the county imposed tax is reduced or  
40 increased in rate or repealed, and then the city  
41 imposed tax shall also be reduced or increased in rate  
42 or repealed in the same amount and be effective on the  
43 same date.

44 (4) The tax shall be imposed on the same basis as  
45 provided in section 422B.8 and notification  
46 requirements in section 422B.9 apply.

47 (5) The city shall assist the department of  
48 revenue and finance to identify the businesses in the  
49 area which are to collect the city imposed tax. The  
50 process shall be ongoing as long as the city tax is

S-3604

S-3604

Page 2

1 imposed.

2 c. The agreement on the distribution of the  
3 revenues collected from the city imposed tax shall  
4 provide that fifty percent of such revenues shall be  
5 remitted to the county in which the part of the city  
6 where the city tax is imposed is located.

7 d. The latest certified federal census preceding  
8 the election held by the county on the question of  
9 imposition of the local sales and services tax shall  
10 be used in determining if the city qualifies under  
11 paragraph "a", subparagraph (1) to impose its own tax  
12 and in determining the area where the city tax may be  
13 imposed under paragraph "b", subparagraph (1).

14 e. A city is not authorized to impose a local  
15 sales and services tax under this subsection after  
16 January 1, 1998. A city that has imposed a local  
17 sales and services tax under this subsection on or  
18 before January 1, 1998, may continue to collect the  
19 tax until such time as the tax is repealed by the city  
20 and the fact that that area acquires residents after  
21 the tax is imposed shall not affect the imposition or  
22 collection of the tax.

23 Sec. \_\_\_\_ . Section 422B.1, subsection 5, paragraph  
24 a, unnumbered paragraph 1, Code 1995, is amended to  
25 read as follows:

26 If a majority of those voting on the question of  
27 imposition of a local option tax favor imposition of a  
28 local option tax, the governing body of that county  
29 shall impose the tax at the rate specified for an  
30 unlimited period. However, in the case of a local  
31 sales and services tax, the county shall not impose  
32 the tax in any incorporated area or the unincorporated  
33 area if the majority of those voting on the tax in  
34 that area did not favor its imposition. For purposes  
35 of the local sales and services tax, all cities  
36 contiguous to each other shall be treated as part of  
37 one incorporated area and the tax shall be imposed in  
38 each of those contiguous cities only if the majority  
39 of those voting on the tax in the total area covered  
40 by the contiguous cities favored its imposition. The  
41 local option tax may be repealed or the rate increased  
42 or decreased or the use thereof changed after an  
43 election at which a majority of those voting on the  
44 question of repeal or rate or use change favored the  
45 repeal or rate or use change. The election at which  
46 the question of repeal or rate or use change is  
47 offered shall be called and held in the same manner  
48 and under the same conditions as provided in  
49 subsections 3 and 4 for the election on the imposition  
50 of the local option tax. However, in the case of a

S-3604

-2-

S-3604

Page 3

1 local sales and services tax where the tax has not  
2 been imposed countywide, the question of repeal or  
3 imposition or rate or use change shall be voted on  
4 only by the qualified electors of the areas of the  
5 county where the tax has been imposed or has not been  
6 imposed, as appropriate. However, the governing body  
7 of the incorporated area or unincorporated area where  
8 the local sales and services tax is imposed may, upon  
9 its own motion, request the county commissioner of  
10 elections to hold an election in the incorporated or  
11 unincorporated area, as appropriate, on the question  
12 of the change in use of local sales and services tax  
13 revenues. The election may be held at any time but  
14 not sooner than sixty days following publication of  
15 the ballot proposition. If a majority of those voting  
16 in the incorporated or unincorporated area on the  
17 change in use favor the change, the governing body of  
18 that area shall change the use to which the revenues  
19 shall be used. The ballot proposition shall list the  
20 present use of the revenues, the proposed use, and the  
21 date after which revenues received will be used for  
22 the new use."

23 2. Page 1, by inserting after line 10 the  
24 following:

25 "Sec. \_\_\_\_ . Section 422B.10, subsection 1, Code  
26 1995, is amended to read as follows:

27 1. The director shall credit the local sales and  
28 services tax receipts and interest and penalties from  
29 a county imposed tax to the county's account in the  
30 local sales and services tax fund and from a city  
31 imposed tax under section 422B.1, subsection 1A, to  
32 the city's account in the local sales and services tax  
33 fund. If the director is unable to determine from  
34 which county any of the receipts were collected, those  
35 receipts shall be allocated amongst among the possible  
36 counties based on allocation rules adopted by the  
37 director.

38 Sec. \_\_\_\_ . Section 422B.10, Code 1995, is amended  
39 by adding the following new subsection:

40 NEW SUBSECTION. 4A. From each city's account, the  
41 percent of revenues agreed to be distributed to the  
42 county in the agreement entered into as provided in  
43 section 422B.1, subsection 1A, paragraph "a",  
44 subparagraph (3) and paragraph "c", shall be deposited  
45 into the appropriate county's account to be remitted  
46 as provided in subsections 3 and 4. The remaining  
47 revenues in the city's account shall be remitted to  
48 the city council. If a county does not have an  
49 account, its percent of the revenues shall be remitted  
50 directly to the county board of supervisors."

S-3604

-3-

S-3604

Page 4

1 3. Page 2, line 4, by striking the words "a city"  
2 and inserting the following: "an issuer".

3 4. Page 2, by striking lines 6 through 9 and  
4 inserting the following: "revenues of the local  
5 option sales and services tax, and not from property  
6 tax, by following the authorization procedures set  
7 forth for cities in section 384.83. Bonds may be  
8 issued for the purpose of".

9 5. Page 2, by striking lines 20 and 21 and  
10 inserting the following: "the bonds are to bear, and  
11 the right to petition for an election, to be published  
12 at least once in a".

13 6. Page 2, by striking lines 26 through 32 and  
14 inserting the following:  
15 "If at any time before the date fixed for taking  
16 action for the issuance of the bonds, a petition  
17 signed by three percent of the registered voters of  
18 the bond issuer is filed, asking that the question of  
19 issuing the bonds be submitted to the registered  
20 voters, the governing body shall either by resolution  
21 declare the proposal to issue the bonds to have been  
22 abandoned or shall direct the county commissioner of  
23 elections to call a special election upon the question  
24 of issuing the bonds. The proposition of issuing  
25 bonds under this subsection is not approved unless the  
26 vote in favor of the proposition is equal to at least  
27 sixty percent of the vote cast. If a petition is not  
28 filed, or if a petition is filed and the proposition  
29 of issuing the bonds is approved at an election, the  
30 governing body acting on behalf of the issuer may  
31 proceed with the authorization and issuance of the  
32 bonds. Bonds may".

33 7. Page 3, line 22, by striking the word "used"  
34 and inserting the following: "issued".

35 8. Title page, line 4, by inserting after the  
36 word "revenues" the following: ", by authorizing the  
37 imposition of the tax in certain cities located in two  
38 counties, and by setting the procedure for changing  
39 the use of revenues from the tax,".

RECEIVED FROM THE HOUSE

S-3604 FILED APRIL 27, 1995

*Senate concurred 4/28/95 (p. 1497)*

Szymoniak  
Bennett  
Heubauer  
Iverson  
Vilsack

SSB-353

Ways & Means

Succeeded By  
SF/HF 472

SENATE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON PALMER)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the local option sales and services tax by  
2 authorizing political subdivisions that will receive revenues  
3 from the tax to issue bonds in anticipation of the receipt of  
4 the revenues and providing an effective date.

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

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28/11/95  
Succeeded By

1 Section 1. Section 422B.1, Code 1995, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 9. Notwithstanding subsection 8 or any  
4 other contrary provision of this chapter, a local option sales  
5 and services tax shall not be repealed or reduced in rate if  
6 obligations are outstanding which are payable as provided in  
7 section 422B.12, unless funds sufficient to pay the principal,  
8 interest, and premium, if any, on the outstanding obligations  
9 at and prior to maturity have been properly set aside and  
10 pledged for that purpose.

11 Sec. 2. NEW SECTION. 422B.12 ISSUANCE OF BONDS.

12 1. For purposes of this section unless the context  
13 otherwise requires:

14 a. "Bond issuer" or "issuer" means a city, a county, or a  
15 secondary recipient.

16 b. "Designated portion" means the portion of the local  
17 option sales and services tax revenues which is authorized to  
18 be expended for one or a combination of purposes under an  
19 adopted public measure.

20 c. "Secondary recipient" means a political subdivision of  
21 the state which is to receive revenues from a local option  
22 sales and services tax over a period of years pursuant to the  
23 terms of a chapter 28E agreement with one or more cities or  
24 counties.

25 2. An issuer of public bonds which is a recipient of  
26 revenues from a local option sales and services tax imposed  
27 pursuant to this chapter may issue bonds in anticipation of  
28 the collection of one or more designated portions of the local  
29 option sales and services tax and may pledge irrevocably an  
30 amount of the revenue derived from the designated portions for  
31 each of the years the bonds remain outstanding to the payment  
32 of the bonds. Bonds may be issued only for one or more of the  
33 purposes set forth on the ballot proposition concerning the  
34 imposition of the local option sales and services tax, except  
35 bonds shall not be issued payable from that portion of tax

1 revenues designated for property tax relief. The bonds may be  
2 issued in accordance with the procedures set forth in either  
3 subsection 3 or 4.

4 3. The governing body of a city may authorize the issuance  
5 of bonds which are payable from the designated portion of the  
6 revenues of the local option sales and services tax by  
7 following the authorization procedures of section 384.83, the  
8 governing body of a county may authorize the issuance of bonds  
9 which are payable from the designated portion of the revenues  
10 of the local option sales and services tax by following the  
11 authorization procedures of section 331.464, and the governing  
12 body of a secondary recipient may authorize the issuance of  
13 bonds which are payable from the designated portion of the  
14 revenues of the local option sales and services tax by  
15 following the authorization procedures set out for the  
16 issuance of revenue bonds by cities in section 384.83. Bonds  
17 may be issued for the purpose of refunding outstanding and  
18 previously issued bonds under this subsection without  
19 otherwise complying with the provisions of this subsection.

20 4. To authorize the issuance of bonds payable as provided  
21 in this subsection, the governing body of an issuer shall  
22 comply with all of the procedures as follows:

23 a. A bond issuer may institute proceedings for the  
24 issuance of bonds by causing a notice of the proposal to issue  
25 the bonds, including a statement of the amount and purpose of  
26 the bonds, together with the maximum rate of interest which  
27 the bonds are to bear, and the right to petition for an  
28 election, to be published at least once in a newspaper of  
29 general circulation within the political subdivision or  
30 unincorporated area at least ten days prior to the meeting at  
31 which it is proposed to take action for the issuance of the  
32 bonds.

33 If at any time before the date fixed for taking action for  
34 the issuance of the bonds, a petition signed by three percent  
35 of the qualified electors of the city, secondary recipients,



1 or unincorporated area, as appropriate, is filed, asking that  
2 the question of issuing the bonds be submitted to such  
3 qualified electors, the governing body shall either by  
4 resolution declare the proposal to issue the bonds to have  
5 been abandoned or shall direct the county commissioner of  
6 elections to call a special election upon the question of  
7 issuing the bonds. The proposition of issuing bonds under  
8 this subsection is not approved unless the vote in favor of  
9 the proposition is equal to a majority of the vote cast. If a  
10 petition is not filed, or if a petition is filed and the  
11 proposition of issuing the bonds is approved at an election,  
12 the governing body acting on behalf of the issuer may proceed  
13 with the authorization and issuance of the bonds. Bonds may  
14 be issued for the purpose of refunding outstanding and  
15 previously issued bonds under this subsection without  
16 otherwise complying with the provisions of this subsection.

17 b. The provisions of chapter 76 apply to the bonds payable  
18 as provided in this subsection, except that the mandatory levy  
19 to be assessed pursuant to section 76.2 shall be at a rate to  
20 generate an amount which together with the receipts from the  
21 pledged designated portion of the local option sales and  
22 services tax is sufficient to pay the interest and principal  
23 on the bonds. All amounts collected as a result of the levy  
24 assessed pursuant to section 76.2 and paid out in the first  
25 instance for bond principal and interest shall be repaid to  
26 the bond issuer which levied the tax from the first available  
27 designated portion of local option sales and services tax  
28 collections received in excess of the requirement for the  
29 payment of the principal and interest of the bonds and when  
30 repaid shall be applied in reduction of property taxes. The  
31 amount of bonds which may be issued under section 76.3 shall  
32 be the amount which could be retired from the actual  
33 collections of the designated portions of the local option  
34 sales and services tax for the last four calendar quarters, as  
35 certified by the director of revenue and finance. The amount

1 of tax revenues pledged jointly by other cities or counties  
2 may be considered for the purpose of determining the amount of  
3 bonds which may be used. If the local option sales and  
4 services tax has been in effect for less than four calendar  
5 quarters, the tax collected within the shorter period may be  
6 adjusted to project the collections of the designated portion  
7 for the full year for the purpose of determining the amount of  
8 the bonds which may be issued. The provisions of this section  
9 constitute separate authorization for the issuance of bonds  
10 and shall prevail in the event of conflict with any other  
11 provision of the Code limiting the amount of bonds which may  
12 be issued or the source of payment of the bonds. Bonds issued  
13 under this section shall not limit or restrict the authority  
14 of the bond issuer to issue bonds under other provisions of  
15 the Code.

16 5. A city or county, jointly with one or more other  
17 political subdivisions as provided in chapter 28E, may pledge  
18 irrevocably any amount derived from the designated portions of  
19 the revenues of the local option sales and services tax to the  
20 support or payment of bonds of an issuer, issued for one or  
21 more purposes set forth on the ballot proposition concerning  
22 the imposition of the local option sales and services tax or a  
23 political subdivision may apply the proceeds of its bonds to  
24 the support of any such purpose.

25 6. Bonds issued pursuant to this section shall not  
26 constitute an indebtedness within the meaning of any  
27 constitutional or statutory debt limitation or restriction,  
28 and shall not be subject to the provisions of any other law or  
29 charter relating to the authorization, issuance, or sale of  
30 bonds. Bonds issued pursuant to this section are declared to  
31 be issued for an essential public and governmental purpose.  
32 Bonds issued pursuant to this section shall be authorized by  
33 resolution of the governing body and may be issued in one or  
34 more series and shall bear the date or dates, be payable on  
35 demand or mature at the time or times, bear interest at the

1 rate or rates not exceeding that permitted by chapter 74A, be  
2 in the denomination or denominations, be in the form, have the  
3 rank or priority, be executed in the manner, be payable in the  
4 medium of payment, at the place or places, be subject to the  
5 terms of redemption, with or without premium, be secured in  
6 the manner, and have the other characteristics, as may be  
7 provided by the resolution authorizing their issuance. The  
8 bonds may be sold at public or private sale at a price as may  
9 be determined by the governing body.

10 Sec. 3. EFFECTIVE DATE. This Act, being deemed of  
11 immediate importance, takes effect upon enactment.

12 EXPLANATION

13 The bill amends chapter 422B, the local option tax chapter,  
14 to allow cities, counties, or other political subdivisions of  
15 the state to issue bonds in anticipation of the collection of  
16 the local option sales and services tax. The bill provides  
17 powers to issue bonds payable from local option sales and  
18 services tax comparable to current law with respect to hotel  
19 and motel tax bonds. In order for a political subdivision  
20 other than a city or county to issue bonds, the political  
21 subdivision will be required to enter into a chapter 28E  
22 agreement with a city or county to receive part of the local  
23 sales and services tax revenues that the city or county  
24 reserves.

25 The political subdivision would either issue revenue bonds  
26 which are payable solely from the local sales and services tax  
27 revenues received or issue regular bonds also backed by the  
28 tax revenues but with a property tax levy also available in  
29 case the tax revenues are insufficient. If the political  
30 subdivision is to issue the regular bonds with the tax levy,  
31 provisions are provided to allow citizens to vote on the  
32 imposition of the bonds.

33 The bill takes effect upon enactment.

34  
35

SENATE FILE 472

AN ACT

RELATING TO THE LOCAL OPTION SALES AND SERVICES TAX BY AUTHORIZING POLITICAL SUBDIVISIONS THAT WILL RECEIVE REVENUES FROM THE TAX TO ISSUE BONDS IN ANTICIPATION OF THE RECEIPT OF THE REVENUES, BY AUTHORIZING THE IMPOSITION OF THE TAX IN CERTAIN CITIES LOCATED IN TWO COUNTIES, AND BY SETTING THE PROCEDURE FOR CHANGING THE USE OF REVENUES FROM THE TAX, AND PROVIDING AN EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

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

Section 1. Section 422B.1, subsection 1, Code 1995, is amended to read as follows:

1. A county may impose by ordinance of the board of supervisors local option taxes authorized by this chapter, subject to this section and subject to the exception provided in subsection 1A.

Sec. 2. Section 422B.1, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. a. A city whose corporate boundaries include areas of two counties may impose by ordinance of its city council a local sales and services tax if all of the following apply:

- (1) All the residents of the city live in one county.
- (2) The county in which the city residents reside has held an election on the question of the imposition of a local sales and services tax and a majority of those voting on the question in the city favored its imposition.
- (3) The city has entered into an agreement on the distribution of the sales and services tax revenues collected from the area where the city tax is imposed with the county where such area is located.

b. The city council of a city authorized to impose a local sales and services tax pursuant to paragraph "a" shall only do so subject to all of the following restrictions:

- (1) The tax shall only be imposed in the area of the city located in the county where none of its residents reside.
- (2) The tax shall be at the same rate and become effective at the same time as the county tax imposed in the other area of the city.
- (3) The tax once imposed shall continue to be imposed until the county imposed tax is reduced or increased in rate or repealed, and then the city imposed tax shall also be reduced or increased in rate or repealed in the same amount and be effective on the same date.
- (4) The tax shall be imposed on the same basis as provided in section 422B.8 and notification requirements in section 422B.9 apply.

(5) The city shall assist the department of revenue and finance to identify the businesses in the area which are to collect the city imposed tax. The process shall be ongoing as long as the city tax is imposed.

c. The agreement on the distribution of the revenues collected from the city imposed tax shall provide that fifty percent of such revenues shall be remitted to the county in which the part of the city where the city tax is imposed is located.

d. The latest certified federal census preceding the election held by the county on the question of imposition of the local sales and services tax shall be used in determining if the city qualifies under paragraph "a", subparagraph (1) to impose its own tax and in determining the area where the city tax may be imposed under paragraph "b", subparagraph (1).

e. A city is not authorized to impose a local sales and services tax under this subsection after January 1, 1998. A city that has imposed a local sales and services tax under this subsection on or before January 1, 1998, may continue to collect the tax until such time as the tax is repealed by the

city and the fact that that area acquires residents after the tax is imposed shall not affect the imposition or collection of the tax.

Sec. 3. Section 422B.1, subsection 5, paragraph a, unnumbered paragraph 1, Code 1995, is amended to read as follows:

If a majority of those voting on the question of imposition of a local option tax favor imposition of a local option tax, the governing body of that county shall impose the tax at the rate specified for an unlimited period. However, in the case of a local sales and services tax, the county shall not impose the tax in any incorporated area or the unincorporated area if the majority of those voting on the tax in that area did not favor its imposition. For purposes of the local sales and services tax, all cities contiguous to each other shall be treated as part of one incorporated area and the tax shall be imposed in each of those contiguous cities only if the majority of those voting on the tax in the total area covered by the contiguous cities favored its imposition. The local option tax may be repealed or the rate increased or decreased or the use thereof changed after an election at which a majority of those voting on the question of repeal or rate or use change favored the repeal or rate or use change. The election at which the question of repeal or rate or use change is offered shall be called and held in the same manner and under the same conditions as provided in subsections 3 and 4 for the election on the imposition of the local option tax. However, in the case of a local sales and services tax where the tax has not been imposed countywide, the question of repeal or imposition or rate or use change shall be voted on only by the qualified electors of the areas of the county where the tax has been imposed or has not been imposed, as appropriate. However, the governing body of the incorporated area or unincorporated area where the local sales and services tax is imposed may, upon its own motion, request the county commissioner of elections to hold an election in the

incorporated or unincorporated area, as appropriate, on the question of the change in use of local sales and services tax revenues. The election may be held at any time but not sooner than sixty days following publication of the ballot proposition. If a majority of those voting in the incorporated or unincorporated area on the change in use favor the change, the governing body of that area shall change the use to which the revenues shall be used. The ballot proposition shall list the present use of the revenues, the proposed use, and the date after which revenues received will be used for the new use.

Sec. 4. Section 422B.1, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 9. Notwithstanding subsection 8 or any other contrary provision of this chapter, a local option sales and services tax shall not be repealed or reduced in rate if obligations are outstanding which are payable as provided in section 422B.12, unless funds sufficient to pay the principal, interest, and premium, if any, on the outstanding obligations at and prior to maturity have been properly set aside and pledged for that purpose.

Sec. 5. Section 422B.10, subsection 1, Code 1995, is amended to read as follows:

1. The director shall credit the local sales and services tax receipts and interest and penalties from a county imposed tax to the county's account in the local sales and services tax fund and from a city imposed tax under section 422B.1, subsection 1A, to the city's account in the local sales and services tax fund. If the director is unable to determine from which county any of the receipts were collected, those receipts shall be allocated amongst among the possible counties based on allocation rules adopted by the director.

Sec. 6. Section 422B.10, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. From each city's account, the percent of revenues agreed to be distributed to the county in the

agreement entered into as provided in section 422B.1, subsection 1A, paragraph "a", subparagraph (3) and paragraph "c", shall be deposited into the appropriate county's account to be remitted as provided in subsections 3 and 4. The remaining revenues in the city's account shall be remitted to the city council. If a county does not have an account, its percent of the revenues shall be remitted directly to the county board of supervisors.

Sec. 7. NEW SECTION. 422B.12 ISSUANCE OF BONDS.

1. For purposes of this section unless the context otherwise requires:

a. "Bond issuer" or "issuer" means a city, a county, or a secondary recipient.

b. "Designated portion" means the portion of the local option sales and services tax revenues which is authorized to be expended for one or a combination of purposes under an adopted public measure.

c. "Secondary recipient" means a political subdivision of the state which is to receive revenues from a local option sales and services tax over a period of years pursuant to the terms of a chapter 28E agreement with one or more cities or counties.

2. An issuer of public bonds which is a recipient of revenues from a local option sales and services tax imposed pursuant to this chapter may issue bonds in anticipation of the collection of one or more designated portions of the local option sales and services tax and may pledge irrevocably an amount of the revenue derived from the designated portions for each of the years the bonds remain outstanding to the payment of the bonds. Bonds may be issued only for one or more of the purposes set forth on the ballot proposition concerning the imposition of the local option sales and services tax, except bonds shall not be issued which are payable from that portion of tax revenues designated for property tax relief. The bonds may be issued in accordance with the procedures set forth in either subsection 3 or 4.

3. The governing body of an issuer may authorize the issuance of bonds which are payable from the designated portion of the revenues of the local option sales and services tax, and not from property tax, by following the authorization procedures set forth for cities in section 384.83. Bonds may be issued for the purpose of refunding outstanding and previously issued bonds under this subsection without otherwise complying with the provisions of this subsection.

4. To authorize the issuance of bonds payable as provided in this subsection, the governing body of an issuer shall comply with all of the procedures as follows:

a. A bond issuer may institute proceedings for the issuance of bonds by causing a notice of the proposal to issue the bonds, including a statement of the amount and purpose of the bonds, together with the maximum rate of interest which the bonds are to bear, and the right to petition for an election, to be published at least once in a newspaper of general circulation within the political subdivision or unincorporated area at least ten days prior to the meeting at which it is proposed to take action for the issuance of the bonds.

If at any time before the date fixed for taking action for the issuance of the bonds, a petition signed by three percent of the registered voters of the bond issuer is filed, asking that the question of issuing the bonds be submitted to the registered voters, the governing body shall either by resolution declare the proposal to issue the bonds to have been abandoned or shall direct the county commissioner of elections to call a special election upon the question of issuing the bonds. The proposition of issuing bonds under this subsection is not approved unless the vote in favor of the proposition is equal to at least sixty percent of the vote cast. If a petition is not filed, or if a petition is filed and the proposition of issuing the bonds is approved at an election, the governing body acting on behalf of the issuer may proceed with the authorization and issuance of the bonds.

Bonds may be issued for the purpose of refunding outstanding and previously issued bonds under this subsection without otherwise complying with the provisions of this subsection.

b. The provisions of chapter 76 apply to the bonds payable as provided in this subsection, except that the mandatory levy to be assessed pursuant to section 76.2 shall be at a rate to generate an amount which together with the receipts from the pledged designated portion of the local option sales and services tax is sufficient to pay the interest and principal on the bonds. All amounts collected as a result of the levy assessed pursuant to section 76.2 and paid out in the first instance for bond principal and interest shall be repaid to the bond issuer which levied the tax from the first available designated portion of local option sales and services tax collections received in excess of the requirement for the payment of the principal and interest of the bonds and when repaid shall be applied in reduction of property taxes. The amount of bonds which may be issued under section 76.3 shall be the amount which could be retired from the actual collections of the designated portions of the local option sales and services tax for the last four calendar quarters, as certified by the director of revenue and finance. The amount of tax revenues pledged jointly by other cities or counties may be considered for the purpose of determining the amount of bonds which may be issued. If the local option sales and services tax has been in effect for less than four calendar quarters, the tax collected within the shorter period may be adjusted to project the collections of the designated portion for the full year for the purpose of determining the amount of the bonds which may be issued. The provisions of this section constitute separate authorization for the issuance of bonds and shall prevail in the event of conflict with any other provision of the Code limiting the amount of bonds which may be issued or the source of payment of the bonds. Bonds issued under this section shall not limit or restrict the authority of the bond issuer to issue bonds under other provisions of the Code.

5. A city or county, jointly with one or more other political subdivisions as provided in chapter 28E, may pledge irrevocably any amount derived from the designated portions of the revenues of the local option sales and services tax to the support or payment of bonds of an issuer, issued for one or more purposes set forth on the ballot proposition concerning the imposition of the local option sales and services tax or a political subdivision may apply the proceeds of its bonds to the support of any such purpose.

6. Bonds issued pursuant to this section shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and shall not be subject to the provisions of any other law or charter relating to the authorization, issuance, or sale of bonds. Bonds issued pursuant to this section are declared to be issued for an essential public and governmental purpose. Bonds issued pursuant to this section shall be authorized by resolution of the governing body and may be issued in one or more series and shall bear the date or dates, be payable on demand or mature at the time or times, bear interest at the rate or rates not exceeding that permitted by chapter 74A, be in the denomination or denominations, be in the form, have the rank or priority, be executed in the manner, be payable in the medium of payment, at the place or places, be subject to the terms of redemption, with or without premium, be secured in the manner, and have the other characteristics, as may be provided by the resolution authorizing their issuance. The bonds may be sold at public or private sale at a price as may be determined by the governing body.

Sec. 8. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 9. RETROACTIVE APPLICABILITY DATE. This Act applies retroactively to local option sales and services taxes approved on or after July 1, 1994. Statutory procedures required for local option sales and services tax elections held on or after July 1, 1994, and before the effective date

of this Act shall be deemed to fulfill the notice,  
proceedings, and election requirements contained in section 7  
of this Act.

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LEONARD L. BOSWELL  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and  
is known as Senate File 472, Seventy-sixth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved May 22, 1995

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TERRY E. BRANSTAD  
Governor