

FILED FEB 6 1995

SENATE FILE
BY IVERSON

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Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act authorizing a political subdivision to impose an income
2 surtax to partially fund certain bonds and providing for the
3 Act's applicability.

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

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S.F. 97

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. If the board of supervisors of a county, board of
14 directors of a school corporation, or city council of a city
15 propose that principal and interest on bonds issued by a
16 county, school corporation, or city are to be paid in part
17 with revenue from a local income surtax imposed under section
18 76.19, the proposition shall so state. However, a bond
19 issuance proposition proposing imposition of an income surtax
20 shall not be presented to the electors if in the first year
21 the income surtax is imposed the total of all income surtaxes
22 authorized by law and imposed in that year on any taxpayer in
23 the political subdivision seeking to impose the surtax would
24 exceed twenty percent. Upon request of the governing
25 authority, the department of management shall certify the
26 cumulative rate of income surtax being imposed in the
27 political subdivision.

28 3. All ballots cast and not counted as a vote for or
29 against the proposition shall not be used in computing the
30 total vote cast for and against said the proposition.

31 4. When a proposition to authorize an issuance of bonds
32 has been submitted to the electors under this section and the
33 proposal fails to gain approval by the required percentage of
34 votes, such proposal, or any proposal which incorporates any
35 portion of the defeated proposal, shall not be submitted to

1 the electors for a period of six months from the date of such
2 regular or special election.

3 Sec. 2. Section 76.1, Code 1995, is amended to read as
4 follows:

5 76.1 MANDATORY RETIREMENT.

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

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

19 76.2 MANDATORY LEVY -- OBLIGATIONS IN ANTICIPATION OF
20 LEVY.

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

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

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

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

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

1 on or after August 1, the imposition of the income surtax
2 begins on January 1 of the next calendar year.

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

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

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

29 76.4 PERMISSIVE APPLICATION OF FUNDS.

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

1 income surtax rate, if imposed, for the payment of the bonds
2 correspondingly reduced.

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

5 76.7 PARTICULAR BONDS AFFECTED -- PAYMENT.

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

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

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

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

35 3. The income surtax shall be imposed to collect an amount

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

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

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

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

33 Sec. 7. NEW SECTION. 76.20 INCOME TAX RETURNS.

34 An income surtax imposed under section 76.19 shall be made
35 a part of the Iowa individual income tax return subject to the

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

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

7 An income surtax imposed under section 76.19 by a school
8 district shall be designated as a school debt service income
9 surtax, an income surtax imposed by a merged area under
10 section 76.19 shall be designated as a merged area debt
11 service income surtax, an income surtax imposed by a city
12 under section 76.19 shall be designated a city debt service
13 income surtax, and an income surtax imposed by a county under
14 section 76.19 shall be designated a county debt service income
15 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 2. Notwithstanding subsection 1, if the costs of utilities
26 are paid by a community college with funds derived from the
27 levy authorized under section 260C.22, the community college
28 may use the general fund moneys that would have been used to
29 pay the costs of utilities for capital expenditures, may
30 invest the funds, or may incur indebtedness without an
31 election, provided that the payments on the indebtedness
32 incurred, and any interest on the indebtedness, can be made
33 using general funds of the community college and the total
34 payments on the principal and interest on the indebtedness do
35 not exceed the amount of the costs of the utilities.

1 Sec. 10. Section 296.1, Code 1995, is amended to read as
2 follows:

3 296.1 INDEBTEDNESS AUTHORIZED.

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

27 Sec. 11. Section 296.6, Code 1995, is amended to read as
28 follows:

29 296.6 BONDS.

30 If the vote in favor of the issuance of such bonds is equal
31 to at least sixty percent of the total vote cast for and
32 against said the proposition at said the election as required
33 in section 75.1, the board of directors shall issue the same
34 bonds and make provision for payment thereof of the bonds.

35 Sec. 12. Section 298.14, unnumbered paragraph 1, Code

1 1995, is amended to read as follows:

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

15 Sec. 13. Section 298.18, unnumbered paragraph 2, Code
16 1995, is amended to read as follows:

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

23 Sec. 14. Section 298.18, unnumbered paragraph 4, Code
24 1995, is amended to read as follows:

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

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

3 Sec. 15. Section 298.18, unnumbered paragraph 6, Code
4 1995, is amended to read as follows:

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

23 Sec. 16. Section 298.22, unnumbered paragraph 1, Code
24 1995, is amended to read as follows:

25 ~~All-of-said~~ The bonds shall be substantially in the form
26 provided for county bonds, but subject to changes that will
27 conform them to the action of the board ~~providing-therefor~~;
28 shall ~~run-not-more-than-twenty-years~~ mature within the period
29 provided in section 76.1, and may be sooner paid if so
30 nominated in the bond; bear a rate of interest not exceeding
31 that permitted by chapter 74A, payable semiannually; be signed
32 by the president and countersigned by the secretary of the
33 board of directors; and shall not be disposed of for less than
34 par value, nor issued for other purposes than this chapter
35 provides.

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

3 4. The proposition of issuing bonds for a general county
4 purpose is not ~~carried-or~~ adopted unless the vote in favor of
5 the proposition is equal to at least sixty percent of the
6 total vote cast for and against the proposition at the
7 election as required in section 75.1. If the proposition of
8 issuing the general county purpose bonds is approved by the
9 voters, the board may proceed with the issuance of the bonds.

10 Sec. 18. Section 331.442, subsection 5, paragraph a,
11 unnumbered paragraph 1, Code 1995, is amended to read as
12 follows:

13 Notwithstanding subsection 2, a board, in lieu of calling
14 an election, may institute proceedings for the issuance of
15 bonds for a general county purpose by causing a notice of the
16 proposal to issue the bonds, including a statement of the
17 amount and purpose of the bonds, the type or types of debt
18 service tax to be levied or imposed to pay principal and
19 interest on the bonds, and the right to petition for an
20 election, to be published as provided in section 331.305 at
21 least ten days prior to the meeting at which it is proposed to
22 take action for the issuance of the bonds subject to the
23 following limitations:

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

26 1. Taxes for the payment of general obligation bonds shall
27 be levied or imposed in accordance with chapter 76, and the
28 bonds are payable from ~~the levy of unlimited ad valorem taxes~~
29 ~~on all the taxable property within the county through its debt~~
30 ~~service fund required by section 331.430~~ a debt service
31 property tax or a combination of a debt service property tax
32 and a debt service income surtax, unlimited as to amount,
33 except that:

34 a. The amount estimated ~~and certified to apply to pay~~ on
35 principal and interest for any one year shall not exceed an

1 amount that could be raised by a debt service property tax
2 levy equal to the maximum rate of tax, if any, provided by
3 this division for the purpose for which the bonds were issued.
4 If general obligation bonds are issued for different
5 categories, as provided in section 331.445, the maximum rate
6 of levies, if any, for each purpose shall apply separately to
7 that portion of the bond issue for that category and the
8 resolution authorizing the bond issue shall clearly set forth
9 the annual debt service requirements with respect to each
10 purpose in sufficient detail to indicate compliance with the
11 rate of tax levy, if any.

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

26 Shall the county of, state of Iowa, be authorized
27 to (here state purpose of project) at a total cost
28 not exceeding \$.... and issue its general obligation bonds in
29 an amount not exceeding \$.... for that purpose, and be
30 authorized to levy annually a debt service property tax (or
31 debt service property tax and income surtax, if applicable),
32 which will produce an amount not exceeding ... dollars and ...
33 cents per thousand dollars of the assessed value of the
34 taxable property within the county to pay the principal of and
35 interest on the bonds?

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

3 Shall the county of, state of Iowa, be authorized
4 to levy annually a debt service property tax (or debt service
5 property tax and income surtax, if applicable), which will
6 produce an amount not exceeding ... dollars and ... cents per
7 thousand dollars of the assessed value of the taxable property
8 within the county to pay principal and interest on the bonded
9 indebtedness of the county for the purpose of?

10 Sec. 20. Section 331.490, Code 1995, is amended to read as
11 follows:

12 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY -- RATES.

13 1. If a county and city have entered into an agreement to
14 create a joint special assessment district and issue county
15 general obligation bonds to fund the costs of a public
16 improvement benefiting that district, the county's debt
17 service property tax levy for the county general obligation
18 bonds shall not be levied against property located in any city
19 except a city which has entered into the agreement, and, if
20 applicable, the county's debt service income surtax for the
21 county general obligation bonds shall not be imposed on
22 taxpayers who reside in any city except a city which has
23 entered into the agreement.

24 2. Counties and cities entering into an agreement for a
25 joint special assessment district may provide in the agreement
26 for a different rate of the county's debt service tax levy
27 against property in areas of the county outside a city and
28 property within the cities, and, if applicable, for a
29 different rate of the county's debt service income surtax to
30 be imposed on taxpayers residing outside the cities and those
31 residing within each city.

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

34 2. Before the council may institute proceedings for the
35 issuance of bonds for a general corporate purpose, it shall

1 call a special city election to vote upon the question of
2 issuing the bonds. At the election the proposition must be
3 submitted in substantially the following form:

4 Shall the (insert the name of the city) issue
5 its bonds in an amount not exceeding the amount of \$.... for
6 the purpose of, such bonds to be payable from a
7 property tax levied on all taxable property within the city
8 (and income surtax to be imposed on the state income tax of
9 each income taxpayer residing in the city)?

10 4. The proposition of issuing general corporate purpose
11 bonds is not ~~carried-or~~ adopted unless the vote in favor of
12 the proposition is equal to at least sixty percent of the
13 total vote cast for and against the proposition at the
14 election as required in section 75.1. If the proposition of
15 issuing the general corporate purpose bonds is approved by the
16 voters, the city may proceed with the issuance of the bonds.

17 Sec. 22. Section 384.26, subsection 5, paragraph a,
18 unnumbered paragraph 1, Code 1995, is amended to read as
19 follows:

20 Notwithstanding the provisions of subsection 2, a council
21 may, in lieu of calling an election, institute proceedings for
22 the issuance of bonds for a general corporate purpose by
23 causing a notice of the proposal to issue the bonds, including
24 a statement of the amount and purpose of the bonds, the type
25 or types of debt service tax to be levied or imposed to pay
26 principal and interest of the bonds, together with the maximum
27 rate of interest which the bonds are to bear, and the right to
28 petition for an election, to be published at least once in a
29 newspaper of general circulation within the city at least ten
30 days prior to the meeting at which it is proposed to take
31 action for the issuance of the bonds subject to the following
32 limitations:

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

35 384.32 TAX TO PAY.

1 Taxes for the payment of general obligation bonds must be
2 levied in accordance with chapter 76, and the bonds are
3 payable from the levy of ~~unlimited-ad-valorem-taxes-on-all-the~~
4 ~~taxable-property-within-the-city-through-its-debt-service-fund~~
5 authorized-by-section-384.4 a debt service property tax or a
6 combination of a debt service property tax and a debt service
7 income surtax, unlimited as to amount.

8 Sec. 24. APPLICABILITY DATE. This Act applies to bond
9 issuances approved at elections held on or after the effective
10 date of this Act.

11 EXPLANATION

12 This bill authorizes general obligation bonds to be issued
13 by certain political subdivisions which will be partially
14 funded by a local income surtax imposed on individuals, in
15 addition to property taxes. Fifty percent of the principal
16 and interest of the bonds shall be funded by income surtax.
17 The question of whether to impose a local income surtax to
18 partially fund the bonds shall be included in the bond
19 issuance ballot proposition. If principal and interest on the
20 bonds are to be funded by property tax and income surtax, the
21 required percentage of votes needed to authorize issuance of
22 the bonds remains at 60 percent as required by current law.

23 The bill provides that a bond proposition which includes an
24 income surtax may not be presented to the electorate if, in
25 the first year the surtax is imposed, the total surtax imposed
26 on any taxpayer in the political subdivision would exceed 20
27 percent. The property tax levied or income surtax imposed are
28 to be designated as debt service taxes for the payment of
29 principal and interest on general obligation bonds.

30 This bill applies to bonds issued by a county, city, school
31 districts, and community colleges.

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

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35