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WAYS AND MEANS

HOUSE FILE 2076  
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(COMPANION TO LSB 3112SS  
BY REDWINE)

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

**A BILL FOR**

1 An Act authorizing the imposition of a local option sales and  
2 services tax for school infrastructure projects and the  
3 issuance of bonds, and providing an effective date.

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

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HF 2076

1 Section 1. NEW SECTION. 422E.1 AUTHORIZATION -- RATE OF  
2 TAX -- USE OF REVENUES.

3 1. A local sales and services tax for school  
4 infrastructure purposes may be imposed by a county on behalf  
5 of school districts or by individual school districts as  
6 provided in this chapter.

7 2. The maximum rate of tax shall be one percent. The tax  
8 shall be imposed without regard to any other local sales and  
9 services tax authorized in chapter 422B, and is repealed at  
10 the expiration of a period of ten years of imposition or a  
11 shorter period as provided in the ballot proposition.

12 3. Local sales and services tax moneys received by a  
13 county or a school district for school infrastructure purposes  
14 pursuant to this chapter shall be utilized solely for school  
15 infrastructure needs. For purposes of this chapter, "school  
16 infrastructure" means those activities for which a school  
17 district is authorized to contract indebtedness and issue  
18 general obligation bonds under section 296.1, except those  
19 activities related to a teacher's or superintendent's home or  
20 homes. These activities include the construction,  
21 reconstruction, repair, purchasing, or remodeling of  
22 schoolhouses, stadiums, gyms, fieldhouses, and bus garages and  
23 the procurement of schoolhouse construction sites and the  
24 making of site improvements. Additionally, "school  
25 infrastructure" includes the payment or retirement of  
26 outstanding bonds previously issued for school infrastructure  
27 purposes as defined in this subsection, and the payment or  
28 retirement of bonds issued under section 422E.5.

29 Sec. 2. NEW SECTION. 422E.2 IMPOSITION BY COUNTY.

30 1. A local sales and services tax shall be imposed by a  
31 county only after an election at which a majority of those  
32 voting on the question favors imposition. A local sales and  
33 services tax approved by a majority vote shall apply to all  
34 incorporated and unincorporated areas of that county.

35 2. a. Upon receipt by a county board of supervisors of a

1 petition requesting imposition of a local sales and services  
2 tax for infrastructure purposes, signed by eligible electors  
3 of the whole county equal in number to five percent of the  
4 persons in the whole county who voted at the last preceding  
5 state general election, the board shall within thirty days  
6 direct the county commissioner of elections to submit the  
7 question of imposition of the tax to the registered voters of  
8 the whole county.

9 b. Alternatively, the question of imposition of a local  
10 sales and services tax for school infrastructure purposes may  
11 be proposed by motion or motions, requesting such submission,  
12 adopted by the governing body of a school district located  
13 within the county containing at least one-half of the  
14 population of the county, or by the county board of  
15 supervisors. Upon adoption of such motion, the governing body  
16 of a school district shall notify the board of supervisors of  
17 the adoption of the motion. The county board of supervisors  
18 shall submit the motion to the county commissioner of  
19 elections, who shall publish notice of the ballot proposition  
20 concerning the imposition of the local sales and services tax.  
21 A motion ceases to be valid at the time of the holding of the  
22 regular election for the election of members of the governing  
23 body which adopted the motion.

24 3. The county commissioner of elections shall submit the  
25 question of imposition of a local sales and services tax for  
26 school infrastructure purposes at a state general election or  
27 at a special election held at any time other than the time of  
28 a city regular election. The election shall not be held  
29 sooner than sixty days after publication of notice of the  
30 ballot proposition. The ballot proposition shall specify the  
31 rate of tax, the date the tax will be imposed and repealed,  
32 and shall contain a statement as to the specific purpose or  
33 purposes for which the revenues shall be expended. The rate  
34 of tax shall not be more than one percent as set by the county  
35 board of supervisors. The state commissioner of elections

1 shall establish by rule the form for the ballot proposition  
2 which form shall be uniform throughout the state.

3 4. a. The tax may be repealed or the rate increased, but  
4 not above one percent, or decreased after an election at which  
5 a majority of those voting on the question of repeal or rate  
6 change favored the repeal or rate change. The election at  
7 which the question of repeal or rate change is offered shall  
8 be called and held in the same manner and under the same  
9 conditions as provided in this section for the election on the  
10 imposition of the tax. The election may be held at any time  
11 but not sooner than sixty days following publication of the  
12 ballot proposition. However, the tax shall not be repealed  
13 before it has been in effect for one year.

14 b. Within ten days of the election at which a majority of  
15 those voting on the question favors the imposition, repeal, or  
16 change in the rate of the tax, the county board of supervisors  
17 shall give written notice to the director of revenue and  
18 finance of the result of the election. Election costs shall  
19 be apportioned among school districts within the county on a  
20 pro rata basis in proportion to the number of registered  
21 voters in each school district and the total number of  
22 registered voters in all of the school districts within the  
23 county.

24 A local option sales and services tax shall not be repealed  
25 or reduced in rate if obligations are outstanding which are  
26 payable as provided in section 422E.5, unless funds sufficient  
27 to pay the principal, interest, and premium, if any, on the  
28 outstanding obligations at and prior to maturity have been  
29 properly set aside and pledged for that purpose.

30 Sec. 3. NEW SECTION. 422E.3 IMPOSITION BY SCHOOL  
31 DISTRICT.

32 1. A local sales and services tax for school  
33 infrastructure purposes may be imposed by a school district as  
34 an alternative to imposition of the tax under section 422E.2.

35 2. The board of directors of the school district may, and

1 upon the written request of not less than one hundred eligible  
2 electors or thirty percent of the number of eligible electors  
3 voting at the last regular school election, whichever is  
4 greater, shall, direct the county commissioner of elections in  
5 each county within which the school district is located to  
6 submit the question of imposition of a local sales and  
7 services tax for school infrastructure purposes in the notice  
8 of the regular school election, or at a special election  
9 called for that purpose. The proposition to impose the tax  
10 shall be adopted if a majority of those voting on the  
11 proposition at the election approves it.

12 3. The tax may be repealed or the rate increased, but not  
13 above one percent, or decreased after an election at which a  
14 majority of those voting on the question of repeal or rate  
15 change favored the repeal or rate change. The election at  
16 which the question of repeal or rate change is offered shall  
17 be called and held in the same manner as provided in  
18 subsection 2 regarding an initial vote to impose the tax. The  
19 provisions of section 422E.2, subsection 4, shall apply  
20 regarding notification of the director of revenue and finance,  
21 apportionment of election costs, repeal of the tax only after  
22 one year, and the restrictions on repeal regarding outstanding  
23 obligations pursuant to section 422E.5.

24 4. If each school district involved in a school  
25 reorganization under chapter 275 has imposed a local sales and  
26 services tax for school infrastructure purposes, and if the  
27 voters have not voted upon imposition of the tax in the  
28 reorganized district, the existing local sales and services  
29 tax for school infrastructure purposes shall be in effect for  
30 the reorganized district for the least amount and the shortest  
31 time for which it is in effect in any of the districts prior  
32 to reorganization.

33 Sec. 4. NEW SECTION. 422E.4 COLLECTION OF TAX.

34 1. If a majority of those voting on the question of  
35 imposition of a local sales and services tax for school

1 infrastructure purposes favors imposition of the tax, the tax  
2 shall be imposed by the county board of supervisors within the  
3 county pursuant to section 422E.2, or by the school board  
4 within a school district pursuant to section 422E.3, as  
5 applicable, at the rate specified for a ten-year duration on  
6 the gross receipts taxed by the state under chapter 422,  
7 division IV.

8 2. If a sales and services tax for school infrastructure  
9 purposes is imposed by a county, and an area within the county  
10 is already subject to a sales and services tax for school  
11 infrastructure purposes imposed by a school district pursuant  
12 to section 422E.3, the county-imposed tax shall take  
13 precedence and apply throughout the county. In this event,  
14 the previously imposed tax by a school district shall be  
15 repealed for all school districts within the county having  
16 imposed the tax, effective on the date that the county-imposed  
17 tax takes effect. Alternatively, if a sales and services tax  
18 for school infrastructure purposes is imposed by a school  
19 district, and a portion of the school district is already  
20 subject to a sales and services tax for school infrastructure  
21 purposes imposed by a county pursuant to section 422E.2, the  
22 tax shall not be imposed by the school district within the  
23 area already subject to the preexisting county-imposed tax  
24 until the county-imposed tax is repealed.

25 3. The tax shall be imposed on the same basis as the state  
26 sales and services tax and shall not be imposed on the sale of  
27 any property or on any service not taxed by the state, except  
28 the tax shall not be imposed on the gross receipts from the  
29 sale of motor fuel or special fuel as defined in chapter 452A,  
30 on the gross receipts from the rental of rooms, apartments, or  
31 sleeping quarters which are taxed under chapter 422A during  
32 the period the hotel and motel tax is imposed, on the gross  
33 receipts from the sale of equipment by the state department of  
34 transportation, and on the gross receipts from the sale of a  
35 lottery ticket or share in a lottery game conducted pursuant

1 to chapter 99E.

2 4. The tax is applicable to transactions within the county  
3 or the school district where it is imposed and shall be  
4 collected by all persons required to collect state gross  
5 receipts taxes. The amount of the sale, for purposes of  
6 determining the amount of the tax, does not include the amount  
7 of any state gross receipts taxes or other local option sales  
8 taxes. A tax permit other than the state tax permit required  
9 under section 422.53 shall not be required by local  
10 authorities.

11 5. The director of revenue and finance shall credit tax  
12 receipts and interest and penalties from the local sales and  
13 services tax for school infrastructure purposes to an account  
14 within the county's local sales and services tax fund, as  
15 created in section 422B.10, subsection 1, maintained in the  
16 name of the school district or school districts located within  
17 the county, if the tax is imposed pursuant to section 422E.2,  
18 or to a sales and services infrastructure tax fund established  
19 for the school district imposing the tax pursuant to section  
20 422E.3. If the director is unable to determine from which  
21 county or school district any of the receipts were collected,  
22 those receipts shall be allocated among the possible counties  
23 or school districts based on allocation rules adopted by the  
24 director.

25 6. a. The director of revenue and finance within fifteen  
26 days of the beginning of each fiscal year shall send to each  
27 school district where the tax is imposed an estimate of the  
28 amount of tax moneys each school district will receive for the  
29 year and for each month of the year. At the end of each  
30 month, the director may revise the estimates for the year and  
31 remaining months.

32 b. The director shall remit ninety-five percent of the  
33 estimated tax receipts for the school district to the school  
34 district on or before August 31 of the fiscal year and on or  
35 before the last day of each following month.

1 c. The director shall remit a final payment of the  
2 remainder of tax moneys due for the fiscal year before  
3 November 10 of the next fiscal year. If an overpayment has  
4 resulted during the previous fiscal year, the first payment of  
5 the new fiscal year shall be adjusted to reflect any  
6 overpayment.

7 d. In the case of a tax imposed by a county pursuant to  
8 section 422E.2, if more than one school district, or a portion  
9 of a school district, is located within the county, tax  
10 receipts shall be remitted to each school district or portion  
11 of a school district in which the county tax is imposed in a  
12 pro rata share based upon the ratio which the actual  
13 enrollment of public school pupils enrolled in each school  
14 district, determined pursuant to section 257.6 for the prior  
15 fiscal year, bears to the combined actual enrollments of all  
16 school districts located within the county in which the county  
17 tax is imposed. The combined actual enrollment for a county,  
18 for purposes of this section, shall be determined for each  
19 county imposing a sales and services tax for school  
20 infrastructure purposes by the department of management based  
21 on the actual enrollment figures reported by October 1 to the  
22 department of management by the department of education  
23 pursuant to section 257.6, subsection 1. The combined actual  
24 enrollment count shall be forwarded to the director of the  
25 department of management by March 1, annually, for purposes of  
26 supplying estimated tax payment figures and making estimated  
27 tax payments pursuant to this section for the following fiscal  
28 year.

29 7. The local sales and services tax for school  
30 infrastructure purposes shall be administered as provided in  
31 section 422B.9.

32 Sec. 5. NEW SECTION. 422E.5 BONDING.

33 The board of directors of a school district shall be  
34 authorized to issue negotiable, interest-bearing school bonds,  
35 without election, and utilize tax receipts derived from the



1 sales and services tax for school infrastructure purposes for  
2 principal and interest repayment. Proceeds of the bonds  
3 issued pursuant to this section shall be utilized solely for  
4 school infrastructure needs as school infrastructure is  
5 defined in section 422E.1, subsection 3. Issuance of bonds  
6 pursuant to this section shall be permitted only in a district  
7 which has imposed a local sales and services tax for school  
8 infrastructure purposes pursuant to section 422E.2 or 422E.3.  
9 The provisions of sections 298.22 through 298.24 shall apply  
10 regarding the form, rate of interest, registration,  
11 redemption, and recording of bond issues pursuant to this  
12 section, with the exception that the maximum period during  
13 which principal on the bonds is payable shall not exceed a  
14 ten-year period, or the date of repeal stated on the ballot  
15 proposition.

16 Sec. 6. EFFECTIVE DATE. This Act, being deemed of  
17 immediate importance, takes effect upon enactment.

18 EXPLANATION

19 This bill provides for the imposition of a local sales and  
20 services tax by a county or a school district to be utilized  
21 for school infrastructure purposes, separate and distinct from  
22 any other local sales and services tax otherwise imposed by a  
23 city or county pursuant to chapter 422B. The tax would be  
24 subject to a one percent maximum rate, and be authorized for a  
25 maximum duration of 10 years. If imposed by a county, the tax  
26 would be imposed countywide. Imposition of the tax could be  
27 requested by a petition signed by 5 percent of the eligible  
28 electors of the whole county who voted at the last preceding  
29 state general election, or by a motion received by the county  
30 commissioner of elections adopted by the governing body of the  
31 county or of a school district located within the county  
32 containing at least one-half of the population of the county.  
33 The tax would be imposed if approved by a majority vote of  
34 those persons voting on the question within the county at a  
35 state general election or a special election called for

1 imposition of the tax. If imposed by a school district,  
2 imposition of the tax can be requested by the school district  
3 board of directors by motion, or upon receipt of the written  
4 request of not less than 100 eligible electors or 30 percent  
5 of the number of eligible electors voting at the last regular  
6 school election, whichever is greater. The tax would be  
7 imposed if approved by a majority vote of those persons voting  
8 at a regular school election, or at a special election. The  
9 bill provides for the crediting of tax receipts from a county-  
10 imposed tax to an account within the county's local sales and  
11 services tax fund, as created in section 422B.10, subsection  
12 1, and from a tax imposed by a school district to a sales and  
13 services infrastructure tax fund established for the school  
14 district, and specifies procedures for remittance of receipts  
15 by the director of revenue and finance to a school district.  
16 The bill authorizes the issuance of bonds payable from the  
17 local sales and services tax receipts. The bill defines  
18 "school infrastructure" as those activities for which a school  
19 district is authorized to contract indebtedness and to issue  
20 general obligation bonds under section 296.1, except  
21 activities related to a teacher's or superintendent's home or  
22 homes. These activities include the construction,  
23 reconstruction, repair, purchasing, or remodeling of  
24 schoolhouses, stadiums, gyms, fieldhouses, and bus garages and  
25 schoolhouse site procurement and the making of site  
26 improvements. Additionally, "school infrastructure" includes  
27 the payment or retirement of outstanding bonds previously  
28 issued for school infrastructure purposes, and the maintenance  
29 of schoolhouses and school district property.

30 The bill takes effect upon enactment.

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