

FEB 28 1997

WAYS AND MEANS

HOUSE FILE 393
BY RICHARDSON

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

A BILL FOR

1 An Act relating to the sharing of state sales tax revenues with
2 school districts, cities, and counties and providing for
3 property tax relief and including an effective date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 393

1 Section 1. Section 257.4, subsection 1, Code 1997, is
2 amended by adding the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. However, for property taxes
4 payable in fiscal years beginning on or after July 1, 1997,
5 and ending prior to July 1, 2005, the additional property tax
6 levy rate shall be reduced, as provided in section 405B.3,
7 subsection 2, paragraph "c", for moneys to be received by the
8 school district for property tax relief under chapter 405B.

9 Sec. 2. Section 331.423, subsection 1, Code 1997, is
10 amended by adding the following new unnumbered paragraph:

11 NEW UNNUMBERED PARAGRAPH. However, for property taxes
12 payable in fiscal years beginning on or after July 1, 1997,
13 and ending prior to July 1, 2005, the maximum general county
14 services levy rate shall be reduced, as provided in section
15 405B.3, subsection 2, paragraph "b", for moneys to be received
16 by the county for property tax relief under chapter 405B.

17 Sec. 3. Section 384.1, Code 1997, is amended by adding the
18 following new unnumbered paragraph:

19 NEW UNNUMBERED PARAGRAPH. However, for property taxes
20 payable in fiscal years beginning on or after July 1, 1997,
21 and ending prior to July 1, 2005, the maximum general fund
22 levy rate, except for levies authorized in section 384.12,
23 shall be reduced, as provided in section 405B.3, subsection 2,
24 paragraph "a", for moneys to be received by the city for
25 property tax relief under chapter 405B.

26 Sec. 4. NEW SECTION. 405B.1 LOCAL PROPERTY TAX RELIEF
27 AND INFRASTRUCTURE FUND -- APPROPRIATIONS.

28 1. A local property tax relief and infrastructure fund is
29 created in the office of the treasurer of state. The fund
30 shall not be considered part of the general fund of the state
31 and any interest earned on moneys in the fund shall be
32 credited to the fund. The fund shall consist of moneys
33 appropriated to it pursuant to subsection 2, interest earned
34 on moneys in the fund, and other moneys appropriated to or
35 deposited into the fund.

1 2. For purposes of this subsection, "revenues generated by
2 the sales tax" means the estimated revenue from the sales tax,
3 imposed under chapter 422, division IV, made by the revenue
4 estimating conference pursuant to section 8.22A in December
5 preceding the fiscal year for which the appropriation in this
6 subsection is to be made. There is appropriated from the
7 general fund of the state to the local property tax relief and
8 infrastructure fund the following amounts for the designated
9 fiscal years:

10 a. For the fiscal year beginning July 1, 1997, an amount
11 equal to five percent of the revenues generated by the sales
12 tax.

13 b. For the fiscal year beginning July 1, 1998, an amount
14 equal to five percent of the revenues generated by the sales
15 tax plus an additional five percent of the revenues generated
16 if subsection 3 is met.

17 c. For the fiscal year beginning July 1, 1999, an amount
18 equal to a percent of the revenues generated by the sales tax,
19 which percent equals the percentage figure used under
20 paragraph "b", plus an additional five percent of the revenues
21 generated, if subsection 3 is met.

22 d. For each fiscal year in the period beginning July 1,
23 2000, and ending June 30, 2005, an amount equal to a percent
24 of the revenues generated by the sales tax, which percent
25 equals the percentage figure used for the previous fiscal
26 year, plus an additional five percent of the revenues
27 generated, if subsection 3 is met. However, the amount
28 appropriated for a fiscal year shall not exceed a total of
29 twenty percent of revenues generated by the sales tax.

30 3. The additional five percent of revenues generated by
31 the sales tax, as specified in subsection 2, is appropriated
32 in any fiscal year only if the revenue estimate for the
33 general fund of the state for the fiscal year to which the
34 additional five percent would apply exceeds the revenue
35 estimate for the general fund of the state for the previous

1 fiscal year by four percent as both estimates are made by the
2 revenue estimating conference pursuant to section 8.22A in
3 December preceding the fiscal year to which the additional
4 five percent would apply.

5 Sec. 5. NEW SECTION. 405B.2 DISTRIBUTION TO LOCAL
6 GOVERNMENTS -- APPROPRIATIONS.

7 Moneys in the local property tax relief and infrastructure
8 fund are appropriated quarterly no later than July 15, October
9 15, January 15, and April 15, and shall be distributed as
10 follows:

11 1. Sixty percent of the moneys shall be distributed to
12 school districts with each school district receiving an amount
13 equal to the percentage of the district's actual enrollment,
14 as defined in section 257.6, for the previous year to the
15 total actual enrollment for all school districts for the
16 previous year.

17 2. Twenty percent of the moneys shall be distributed to
18 cities with each city receiving a pro rata amount based upon
19 the population of the city to the population of all cities.

20 3. Twenty percent of the moneys shall be distributed to
21 counties with each county receiving a pro rata amount based
22 upon the population of the county to the population of all
23 counties.

24 Sec. 6. NEW SECTION. 405B.3 USE OF MONEYS -- PROPERTY
25 TAX RELIEF -- INFRASTRUCTURE.

26 1. Moneys received by school districts, cities, and
27 counties shall be used as follows:

28 a. At least seventy percent shall be used to reduce
29 property taxes on a dollar-for-dollar basis as computed
30 pursuant to subsection 2.

31 b. Up to thirty percent may be used for the construction
32 or repair of vertical or horizontal infrastructure. "Vertical
33 infrastructure" means facilities that are predominately
34 architectural in nature, have an element of aesthetics, and
35 are not merely functional in nature. This specifically

1 includes buildings and related site improvements; the
2 finishes, systems, equipment, and property that service the
3 building and site; and statues and monuments. "Horizontal
4 infrastructure" means facilities that are predominately
5 functional in nature and located at ground level, under ground
6 level, or parallel to and above ground level. This
7 specifically includes transportation facilities, such as
8 highways, bridges, streets, and bike trails; public works
9 utility distribution systems, such as sewer, water and waste
10 water pipes, and water retention facilities such as dams;
11 technological utility distribution systems, such as
12 telecommunication devices, transmission systems, and towers;
13 and utilitarian buildings directly related to the above
14 facilities, such as maintenance garages and water treatment
15 plants.

16 If a school district, city, or county does not use thirty
17 percent of the moneys received for infrastructure, the
18 remaining moneys shall be used for property tax relief under
19 paragraph "a".

20 2. a. Moneys to be received by each city in a fiscal year
21 which are to be used for property tax relief shall be used to
22 reduce the city's maximum levy rate for the general fund under
23 section 384.1. The maximum general fund levy rate for
24 property taxes payable in the fiscal year shall be reduced by
25 the rate per one thousand dollars that would raise the dollar
26 amount to be received by the city in the fiscal year.

27 b. Moneys to be received by each county in a fiscal year
28 which are to be used for property tax relief shall be used to
29 reduce the county's maximum levy rate for general county
30 services under section 331.423, subsection 1. The maximum
31 general county services levy rate for property taxes payable
32 in the fiscal year shall be reduced by the rate per one
33 thousand dollars that would raise the dollar amount to be
34 received by the county in the fiscal year.

35 c. Moneys to be received by each school district in a

1 budget year which are to be used for property tax relief shall
2 be used to reduce the additional property tax to be levied
3 pursuant to section 257.4. The additional property tax for
4 taxes payable in the budget year shall be reduced by the rate
5 per one thousand dollars that would raise the dollar amount to
6 be received by the school district in the budget year.

7 Sec. 7. NEW SECTION. 405B.4 CHAPTER APPLICATION AND
8 REPEAL.

9 This chapter applies to the fiscal years beginning on or
10 after July 1, 1997, and ending prior to July 1, 2005. This
11 chapter is repealed July 1, 2005, for fiscal years beginning
12 on or after July 1, 2005.

13 Sec. 8. This Act, being deemed of immediate importance,
14 takes effect upon enactment.

15 EXPLANATION

16 The bill provides for the sharing of state sales tax
17 revenue with school districts, cities, and counties beginning
18 with the 1997-1998 fiscal year and ending with the 2004-2005
19 fiscal year. The amount of the state sales tax revenue that
20 goes to local governments equals 5 percent of the sales tax
21 revenue. This is increased each of the next three years by an
22 additional 5 percent until the amount equals 20 percent, or
23 one cent, of the sales tax revenue. However, if the state
24 general fund revenue estimate for a fiscal year is not
25 expected to increase by 4 percent, then any scheduled increase
26 in revenue sharing is delayed.

27 Of moneys received by the local governments, at least 70
28 percent of the moneys are to be used for property tax relief
29 and up to 30 percent may be used for infrastructure needs.
30 The bill provides the method for providing property tax
31 relief. This involves reducing the maximum general fund levy
32 for cities, \$8.10, the maximum general county services levy
33 for counties, \$3.50, and the additional property tax levy for
34 school districts by the rate needed to raise the amount of
35 moneys received from the state which is to be used for

1 property tax relief.

2 The bill takes effect upon enactment. It applies to the
3 1997-1998 fiscal year through the 2004-2005 fiscal year.

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