

WAYS & MEANS

SENATE FILE 2303

BY KING

Passed Senate, Date \_\_\_\_\_ Passed House, 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, income surtax, and property tax for school  
3 infrastructure projects and the issuance of bonds, and  
4 providing an effective date.

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

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S.F. 2303

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

3 1. A local school infrastructure tax for school  
4 infrastructure purposes may be imposed by a county on behalf  
5 of school districts as provided in this chapter. A local  
6 school infrastructure tax may be a local sales and services  
7 tax, a local income surtax, or a county property tax or a  
8 combination of these taxes.

9 2. a. The maximum rate of a local sales and services tax  
10 shall be one percent. The tax shall be imposed without regard  
11 to any other local sales and services tax authorized in  
12 chapter 422B.

13 b. The rate of a local income surtax is the rate specified  
14 on the ballot proposition.

15 c. The rate of a county property tax is the rate specified  
16 on the ballot proposition.

17 d. Any local school infrastructure tax imposed is repealed  
18 at the expiration of a period of ten years of imposition or a  
19 shorter period as provided in the ballot proposition.

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

1 under section 422E.7.

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

3 1. A local school infrastructure tax or combination of  
4 local school infrastructure taxes shall be imposed by a county  
5 only after an election at which at least sixty percent of  
6 those voting on the question favors imposition. A local  
7 school infrastructure tax or combination of taxes approved by  
8 at least a sixty percent vote shall apply to all incorporated  
9 and unincorporated areas of that county.

10 2. a. Upon receipt by a county board of supervisors of a  
11 petition requesting imposition of any local school  
12 infrastructure tax for infrastructure purposes, signed by  
13 eligible electors of the whole county equal in number to five  
14 percent of the persons in the whole county who voted at the  
15 last preceding state general election, the board shall within  
16 thirty days direct the county commissioner of elections to  
17 submit the question of imposition of the tax or combination of  
18 taxes, as specified by the county board of supervisors, to the  
19 registered voters of the whole county.

20 b. Alternatively, the question of imposition of any local  
21 school infrastructure tax for school infrastructure purposes  
22 may be proposed by motion or motions, requesting such  
23 submission, adopted by the governing body of a school district  
24 or school districts located within the county containing a  
25 total, or a combined total in the case of more than one school  
26 district, of at least sixty percent of the population of the  
27 county, or by the county board of supervisors. Upon adoption  
28 of such motion, the governing body of a school district shall  
29 notify the board of supervisors of the adoption of the motion.  
30 The motion may specify the board's preference as to the tax or  
31 taxes to be imposed. However, the listing of the taxes is not  
32 binding on the county. The county board of supervisors shall  
33 submit the motion to the county commissioner of elections, who  
34 shall publish notice of the ballot proposition concerning the  
35 imposition of the local school infrastructure tax or

1 combination of taxes, as specified by the county board. A  
2 motion ceases to be valid at the time of the holding of the  
3 regular election for the election of members of the governing  
4 body which adopted the motion.

5 3. The county commissioner of elections shall submit the  
6 question of imposition of any local school infrastructure tax  
7 for school infrastructure purposes at a state general election  
8 or at a special election held at any time other than the time  
9 of a city regular election. The election shall not be held  
10 sooner than sixty days after publication of notice of the  
11 ballot proposition. The ballot proposition shall specify the  
12 type of tax or taxes, rate or rates of tax, and the date the  
13 tax or taxes will be imposed and repealed, and shall contain a  
14 statement as to the specific purpose or purposes for which the  
15 revenues shall be expended. The rate or rates of tax shall  
16 not be more than specified in section 422E.1, subsection 2, as  
17 set by the county board of supervisors. The state  
18 commissioner of elections shall establish by rule the form for  
19 the ballot proposition which form shall be uniform throughout  
20 the state.

21 4. a. The tax or taxes may be repealed or the rate or  
22 rates increased, but not the maximum set in section 422E.1,  
23 subsection 2, or decreased after an election at which at least  
24 sixty percent of those voting on the question of repeal or  
25 rate change favored the repeal or rate change. The election  
26 at which the question of repeal or rate change is offered  
27 shall be called and held in the same manner and under the same  
28 conditions as provided in this section for the election on the  
29 imposition of the tax. The election may be held at any time  
30 but not sooner than sixty days following publication of the  
31 ballot proposition. However, the tax shall not be repealed  
32 before it has been in effect for one year.

33 b. Within ten days of the election at which at least sixty  
34 percent of those voting on the question favors the imposition,  
35 repeal, or change in the rate of the tax, the county board of

1 supervisors shall give written notice to the director of  
2 revenue and finance of the result of the election. Election  
3 costs shall be apportioned among school districts within the  
4 county on a pro rata basis in proportion to the number of  
5 registered voters in each school district and the total number  
6 of registered voters in all of the school districts within the  
7 county.

8 A local school infrastructure tax shall not be repealed or  
9 reduced in rate if obligations are outstanding which are  
10 payable as provided in section 422E.7, unless funds sufficient  
11 to pay the principal, interest, and premium, if any, on the  
12 outstanding obligations at and prior to maturity have been  
13 properly set aside and pledged for that purpose.

14 Sec. 3. NEW SECTION. 422E.3 COLLECTION OF TAX.

15 If at least sixty percent of those voting on the question  
16 of imposition of a local school infrastructure tax or  
17 combination of taxes for school infrastructure purposes favors  
18 imposition of the tax or taxes, the tax or taxes shall be  
19 imposed by the county board of supervisors within the county  
20 pursuant to section 422E.2, at the rate specified for not  
21 longer than a ten-year duration.

22 Sec. 4. NEW SECTION. 422E.4 LOCAL SALES AND SERVICES  
23 TAX.

24 1. A sales and services tax shall be imposed on the same  
25 basis as the state sales and services tax and shall not be  
26 imposed on the sale of any property or on any service not  
27 taxed by the state, except the tax shall not be imposed on the  
28 gross receipts from the sale of motor fuel or special fuel as  
29 defined in chapter 452A, on the gross receipts from the rental  
30 of rooms, apartments, or sleeping quarters which are taxed  
31 under chapter 422A during the period the hotel and motel tax  
32 is imposed, on the gross receipts from the sale of equipment  
33 by the state department of transportation, and on the gross  
34 receipts from the sale of a lottery ticket or share in a  
35 lottery game conducted pursuant to chapter 99E.

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

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

19     4. a. The director of revenue and finance within fifteen  
20 days of the beginning of each fiscal year shall send to each  
21 school district where the tax is imposed an estimate of the  
22 amount of tax moneys each school district will receive for the  
23 year and for each month of the year. At the end of each  
24 month, the director may revise the estimates for the year and  
25 remaining months.

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

30     c. The director shall remit a final payment of the  
31 remainder of tax moneys due for the fiscal year before  
32 November 10 of the next fiscal year. If an overpayment has  
33 resulted during the previous fiscal year, the first payment of  
34 the new fiscal year shall be adjusted to reflect any  
35 overpayment.

1 If more than one school district, or a portion of a school  
2 district, is located within the county, tax receipts shall be  
3 remitted to each school district or portion of a school  
4 district in which the county tax is imposed in a pro rata  
5 share based upon the ratio which the percentage of actual  
6 enrollment for the school district that attends school in the  
7 county bears to the percentage of the total combined actual  
8 enrollments for all school districts that attend school in the  
9 county. The combined actual enrollment for a county, for  
10 purposes of this section, shall be determined for each county  
11 imposing a sales and services tax for school infrastructure  
12 purposes by the department of management based on the actual  
13 enrollment figures reported to the department of management by  
14 the department of education pursuant to section 257.6,  
15 subsection 1. The combined actual enrollment count shall be  
16 forwarded to the director of the department of management by  
17 March 1, annually, for purposes of supplying estimated tax  
18 payment figures and making estimated tax payments pursuant to  
19 this section for the following fiscal year.

20 5. The local sales and services tax for school  
21 infrastructure purposes shall be administered as provided in  
22 section 422B.9.

23 Sec. 5. NEW SECTION. 422E.5 LOCAL INCOME SURTAX.

24 1. The local income surtax shall be imposed on the state  
25 individual income tax for the calendar year beginning  
26 immediately following the election and shall be imposed on all  
27 individuals residing in the county on the last day of the  
28 applicable tax year. As used in this section, "state  
29 individual income tax" means the taxes computed under section  
30 422.5, less the credits allowed in sections 422.11A, 422.11B,  
31 422.12, and 422.12B.

32 2. The director of revenue and finance shall administer  
33 the local income surtax imposed under this chapter, and  
34 sections 422.20, 422.22 to 422.31, 422.68, and 422.72 to  
35 422.75 shall apply with respect to administration of the

1 income surtax.

2 3. The income surtax shall be made a part of the Iowa  
3 individual income tax return subject to the conditions and  
4 restrictions set forth in section 422.21.

5 4. The director of revenue and finance shall deposit all  
6 moneys received as local income surtax to the credit of each  
7 county from which the moneys are received, in the county  
8 income surtax fund which is established in the office of the  
9 treasurer of state.

10 The director of revenue and finance shall deposit local  
11 income surtax moneys received on or before November 1 of the  
12 year following the close of the calendar year for which the  
13 surtax is imposed to the credit of each county from which the  
14 moneys are received in the county income surtax fund.

15 Income surtax moneys received or refunded after November 1  
16 of the year following the close of the calendar year for which  
17 the surtax is imposed shall be deposited in or withdrawn from  
18 the general fund of the state and shall be considered part of  
19 the cost of administering the income surtax.

20 5. On or before October 20 of each year, the director of  
21 revenue and finance shall make an accounting of the income  
22 surtax collected under this chapter applicable to tax returns  
23 for the last preceding calendar year from taxpayers in each  
24 county in the state which has approved the income surtax, and  
25 shall certify to the department of management and the  
26 department of education the amount of total income surtax  
27 credited from the taxpayers of the county.

28 6. a. A county income surtax fund is created in the  
29 office of treasurer of state. Income surtaxes collected by  
30 the department of revenue and finance under this chapter shall  
31 be deposited in the county income surtax fund to the credit of  
32 each school district located in the county. A separate  
33 accounting of the surtax, by school district, shall be  
34 maintained.

35 b. The director of revenue and finance shall draw warrants

1 in payment of the surtaxes collected and credited to special  
2 accounts for each school district. Warrants shall be payable  
3 in two installments to be paid on approximately the first day  
4 of December and the first day of February following collection  
5 of the taxes and shall be delivered to the respective school  
6 districts.

7 If more than one school district, or a portion of a school  
8 district, is located within the county, income surtax receipts  
9 shall be remitted to each school district or portion of a  
10 school district in which the county tax is imposed in a pro  
11 rata share based upon the ratio which the percentage of actual  
12 enrollment for the school district that attends school in the  
13 county bears to the percentage of the total combined actual  
14 enrollments for all school districts that attend school in the  
15 county. The combined actual enrollment for a county, for  
16 purposes of this section, shall be determined for each county  
17 imposing an income surtax for school infrastructure purposes  
18 by the department of management based on the actual enrollment  
19 figures reported to the department of management by the  
20 department of education pursuant to section 257.6, subsection  
21 1. The combined actual enrollment count shall be forwarded to  
22 the director of the department of management by March 1,  
23 annually, for purposes of making surtax payments pursuant to  
24 this section.

25 Sec. 6. NEW SECTION. 422E.6 PROPERTY TAX.

26 The board of supervisors of the county imposing a property  
27 tax for school infrastructure purposes shall certify for levy  
28 by April 15 following the favorable election and each year  
29 thereafter until the tax is repealed the amount of the tax as  
30 stated on the ballot proposition. Property tax receipts shall  
31 be distributed by the county treasurer to the school district  
32 located in the county.

33 If more than one school district, or a portion of a school  
34 district, is located within the county, property tax receipts  
35 shall be remitted to each school district or portion of a

1 school district in which the county tax is imposed in a pro  
2 rata share based upon the ratio which the percentage of actual  
3 enrollment for the school district that attends school in the  
4 county bears to the percentage of the total combined actual  
5 enrollments for all school districts that attend school in the  
6 county. The combined actual enrollment for a county, for  
7 purposes of this section, shall be determined for each county  
8 imposing a property tax for school infrastructure purposes by  
9 the department of management based on the actual enrollment  
10 figures reported to the department of management by the  
11 department of education pursuant to section 257.6, subsection  
12 1. The combined actual enrollment count shall be forwarded to  
13 the director of the department of management by March 1,  
14 annually, for purposes of making tax payments pursuant to this  
15 section for the fiscal year.

16 Sec. 7. NEW SECTION. 422E.7 BONDING.

17 The board of directors of a school district shall be  
18 authorized to issue negotiable, interest-bearing school bonds,  
19 without election, and utilize tax receipts derived from the  
20 local school infrastructure tax or taxes for school  
21 infrastructure purposes for principal and interest repayment.  
22 Proceeds of the bonds issued pursuant to this section shall be  
23 utilized solely for school infrastructure needs as school  
24 infrastructure is defined in section 422E.1, subsection 3.  
25 Issuance of bonds pursuant to this section shall be permitted  
26 only in a district in which a local school infrastructure tax  
27 for school infrastructure purposes has been imposed pursuant  
28 to section 422E.2. The provisions of sections 298.22 through  
29 298.24 shall apply regarding the form, rate of interest,  
30 registration, redemption, and recording of bond issues  
31 pursuant to this section, with the exception that the maximum  
32 period during which principal on the bonds is payable shall  
33 not exceed a ten-year period, or the date of repeal stated on  
34 the ballot proposition.

35 Sec. 8. EFFECTIVE DATE. This Act, being deemed of

1 immediate importance, takes effect upon enactment.

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EXPLANATION

3 This bill provides for the imposition of a local sales and  
4 services tax, income surtax, or property tax, or combination  
5 of the three by a county to be utilized for school  
6 infrastructure purposes. The taxes would be separate and  
7 distinct from any other such tax as otherwise imposed. The  
8 sales and services tax would be subject to a 1 percent maximum  
9 rate, be authorized for a maximum duration of 10 years, and be  
10 imposed countywide. The income surtax and property tax may be  
11 imposed at any rate specified on the ballot proposition.

12 Imposition of any tax could be requested by a petition signed  
13 by 5 percent of the eligible electors of the whole county who  
14 voted at the last preceding state general election, or by a  
15 motion received by the county commissioner of elections  
16 adopted by the governing body of the county or of a school  
17 district or school districts located within the county  
18 containing a total, or combined total, of at least 60 percent  
19 of the population of the county. The tax would be imposed if  
20 approved by at least 60 percent of those persons voting on the  
21 question within the county at a state general election or a  
22 special election called for imposition of the tax.

23 The bill provides for the crediting of tax receipts from a  
24 county-imposed tax to special funds and specifies procedures  
25 for remittance of receipts by the director of revenue and  
26 finance in the case of the sales and services tax and income  
27 surtax to a school district and by the county treasurer in  
28 case of the property tax. The bill authorizes the issuance of  
29 bonds payable from the tax receipts.

30 The bill defines "school infrastructure" as those  
31 activities for which a school district is authorized to  
32 contract indebtedness and to issue general obligation bonds  
33 under Code section 296.1, except activities related to a  
34 teacher's or superintendent's home or homes. These activities  
35 include the construction, reconstruction, repair, purchasing,

1 or remodeling of schoolhouses, stadiums, gyms, fieldhouses,  
2 and bus garages and schoolhouse site procurement and the  
3 making of site improvements. Additionally, "school  
4 infrastructure" includes the payment or retirement of  
5 outstanding bonds previously and newly issued for school  
6 infrastructure purposes.

7 The bill takes effect upon enactment.

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