

SENATE FILE **505**  
BY FREEMAN

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

**A BILL FOR**

1 An Act relating to the allocation of the state franchise tax  
2 revenues and providing an applicability date provision.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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**SF. 505**

1 Section 1. Section 422.65, unnumbered paragraph 1, Code  
2 1997, is amended by striking the unnumbered paragraph and  
3 inserting in lieu thereof the following:

4 Fifty-five percent of the total moneys received from the  
5 franchise tax shall be deposited in the general fund of the  
6 state. The remaining moneys received from the franchise tax  
7 shall be deposited in a franchise tax fund established in the  
8 office of the treasurer of state, and shall be paid quarterly  
9 on warrants by the director, after certification by the  
10 director, as follows:

11 Sec. 2. Section 422.65, unnumbered paragraph 3, Code 1997,  
12 is amended to read as follows:

13 Quarterly, the director shall certify to the treasurer of  
14 state the amounts to be paid to each city and county from the  
15 ~~state-general~~ franchise tax fund. All moneys received from  
16 the franchise tax are appropriated according to the provisions  
17 of this section.

18 Sec. 3. APPLICABILITY. This Act applies to franchise tax  
19 revenues received on or after July 1, 1997.

20 EXPLANATION

21 Present law provides that all franchise tax revenues are to  
22 be deposited into the general fund of the state. There is  
23 appropriated \$8.8 million to be paid quarterly to cities and  
24 counties based upon the amount of franchise tax collected in  
25 the city or county. This bill returns the allocation  
26 provisions to what they were in 1987. That law and this bill  
27 provide that 55 percent of franchise tax revenues are  
28 deposited into the general fund of the state and the remaining  
29 45 percent are deposited into a franchise tax fund. The  
30 moneys in the franchise tax fund are appropriated and  
31 distributed quarterly to cities and counties based upon the  
32 amount of franchise tax collected in the city or county.

33 The bill applies to franchise tax revenues received on or  
34 after July 1, 1997.

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