HOUSE FILE *2024*

BY   GIPP

Passed House,   Date _____   Passed Senate, Date _____

Vote: Ayes _____ Nays _____   Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the distribution of tax revenues from the
2   local option sales and services tax for school infrastructure
3   purposes collected in a county and providing an effective and
4   applicability date provision.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1   Section 1. Section 422E.3, subsection 5, paragraph c,
2 unnumbered paragraph 2, Code Supplement 1999, is amended to
3 read as follows:
4   d. (1) If more than one school district, or a portion of
5 a school district, is located within the county, tax receipts
6 shall be remitted to each school district or portion of a
7 school district in which the county tax is imposed in a pro
8 rata share based upon the ratio which the percentage of actual
9 enrollment for the school district that attends school in the
10 county bears to the percentage of the total combined actual
11 enrollments for all school districts that attend school in the
12 county.
13   (2) The combined actual enrollment for a county, for
14 purposes of this section, shall be determined for each county
15 imposing-a-sales-and-services-tax-for-school-infrastructure
16 purposes by the department of management based on the actual
17 enrollment figures reported by October 1 to the department of
18 management by the department of education pursuant to section
19 257.6, subsection 1. The combined actual enrollment count
20 shall be forwarded to the director of the-department-of
21 management revenue and finance by March 1, annually, for
22 purposes of supplying estimated tax payment figures and making
23 estimated tax payments pursuant to this section for the
24 following fiscal year.
25   e. The actual tax receipts which a school district shall
26 receive shall not exceed the limitation provided in subsection
27 5A.
28   Sec. 2. Section 422E.3, Code Supplement 1999, is amended
29 by adding the following new subsection:
30   NEW SUBSECTION. 5A. a. The director of revenue and
31 finance by June 1 preceding each fiscal year shall compute the
32 statewide tax revenues per student for the coming fiscal year.
33 The statewide tax revenues per student is determined by
34 estimating the total revenues that would be generated by a one
35 percent local option sales and services tax for school

1 infrastructure purposes if imposed by all the counties during
2 the entire fiscal year and dividing this estimated revenue
3 amount by the sum of the combined actual enrollment for all
4 counties as described in subsection 5, paragraph "d",
5 subparagraph (2).
6   b. The maximum amount that may be paid per student
7 pursuant to subsection 5 from tax receipts credited for the
8 fiscal year under subsection 4 to the local sales and services
9 tax account of a county equals the statewide tax revenues per
10 student, estimated in paragraph "a", multiplied by the
11 quotient of the tax rate percent divided by one percent and
12 multiplied by the quotient of the number of quarters the tax
13 is imposed during the fiscal year divided by four quarters.
14   c. If the amount of the receipts credited for the fiscal
15 year under subsection 4 to the local sales and services tax
16 account of a county is in excess of the maximum amount for
17 that account as calculated under paragraph "b", the excess
18 shall be transferred by the director of revenue and finance to
19 a reserve fund to be distributed to each county which imposed
20 the tax during the previous quarter that has not reached the
21 maximum amount for that county as calculated under paragraph
22 "b". The moneys in the reserve fund shall be distributed
23 quarterly to the eligible counties with each county receiving
24 the same dollar amount per student until the county reaches
25 the maximum amount calculated in paragraph "b". However, for
26 a county that has imposed the tax at a rate of less than one
27 percent, the amount that county shall receive per student
28 shall be a fraction of the amount the other counties received.
29 The fraction equals the tax rate percent divided by one
30 percent.
31   Notwithstanding the limitation in paragraph "b", if any
32 moneys remain in the reserve fund after all counties which
33 have imposed the tax during the previous quarter have reached
34 the limitation in paragraph "b", the remaining moneys shall be
35 distributed to each county at the same dollar amount per

1 student. However, for a county that has imposed the tax at a
2 rate of less than one percent, the amount that county shall
3 receive per student shall be a fraction of the amount the
4 other counties received. The fraction equals the tax rate
5 percent divided by one percent.
6   d. School districts that have issued bonds prior to
7 January 1, 2000, under authority of section 422E.4 that remain
8 outstanding, or have entered into construction contracts for
9 infrastructure projects prior to January 1, 2000, in
10 anticipation of the receipt of tax revenues under this
11 chapter, which projects are not completed and that are located
12 in a county that has had moneys transferred to the reserve
13 fund are entitled to additional funds from the reserve fund to
14 meet their bond or contractual obligations. These additional
15 funds shall be provided prior to any transfers under paragraph
16 "c" from the reserve fund. The department of revenue and
17 finance shall establish procedures for school districts to
18 request the additional funds from the department, including
19 requirements regarding the provision of any information,
20 documents, and statistics needed to justify the request.
21   Sec. 3. EFFECTIVE AND APPLICABILITY DATES. This Act,
22 being deemed of immediate importance, takes effect upon
23 enactment and applies to fiscal years beginning after the
24 effective date.
25   EXPLANATION
26   The bill provides a limitation on the local option sales
27 and services tax revenues collected in a county which are to
28 be distributed to school districts in that county. The limit
29 is equal to the total tax revenue that would be generated by a
30 1 percent school sales and services tax if imposed by all 99
31 counties divided by the actual enrollment for school districts
32 in the state for the previous school year. Counties that
33 collect tax revenue in excess of this per student limit will
34 have the revenues transferred to a reserve fund. The moneys
35 in the reserve fund will be used to provide additional

1 revenues to those counties which have imposed the tax but have
2 not reached their per student limit.
3   The per student limit is decreased for those counties which
4 impose the local sales and services tax for school
5 infrastructure purposes at less than 1 percent or impose it
6 for less than the entire fiscal year.
7   School districts in a county that have reached their per
8 student limit and have issued bonds or entered into capital
9 projects prior to January 1, 2000, are entitled to receive
10 reserve moneys from the reserve fund to meet their bond
11 obligations or contractual obligations prior to the
12 distribution of the reserve fund moneys to any other school
13 district.
14   The bill takes effect upon enactment and applies to fiscal
15 years beginning after the effective date.
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