

FEB 17 2000  
WAYS AND MEANS

HOUSE FILE 2326  
BY RICHARDSON, BAUDLER, KETTERING, LORD,  
O'BRIEN, JOHNSON, BODDICKER, DAVIS,  
CARROLL, HOFFMAN, HOUSER, BRAUNS,  
VAN ENGELHOFEN, WEIDMAN, DRAKE, SUKUP,  
SCHRADER, THOMAS, JAGER, DIX, BELL,  
FALCK, FREVERT, HUSEMAN, EDDIE, WELTER,  
WEIGEL, MUNDIE, MERTZ, HORBACH, KUHN,  
HAHN, REYNOLDS, KREIMAN, MAY, ALONS,  
HEATON, BRUNKHORST, MYERS, DREES,  
MURPHY, DODERER, and RAYHONS

*Sponsor withdraw - Juveit 2/11/00*

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

A BILL FOR

1 An Act relating to the distribution of local school  
2 infrastructure sales and use tax revenues to contiguous  
3 counties and including an effective and applicability date  
4 provision.

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

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16

*HF 2326*

1 Section 1. Section 422E.3, subsection 4, Code Supplement  
2 1999, is amended to read as follows:

3 4. The director of revenue and finance shall credit tax  
4 receipts and interest and penalties from the local sales and  
5 services tax for school infrastructure purposes to an account  
6 within the county's local sales and services tax fund, as  
7 created in section 422B.10, subsection 1, maintained in the  
8 name of the school district or school districts located within  
9 the county except as provided in subsection 4A. If the  
10 director is unable to determine from which county any of the  
11 receipts were collected, those receipts shall be allocated  
12 among the possible counties based on allocation rules adopted  
13 by the director.

14 Sec. 2. Section 422E.3, Code Supplement 1999, is amended  
15 by adding the following new subsection:

16 NEW SUBSECTION. 4A. Counties that have imposed local  
17 sales and services taxes for school infrastructure purposes  
18 and are contiguous to each other are subject to this  
19 subsection as follows:

20 a. The tax receipts and interest and penalties from all  
21 local sales and services taxes collected in the area made up  
22 of these contiguous counties shall be deposited into a  
23 separate account in a local school infrastructure sales and  
24 services tax fund established in the office of the treasurer  
25 of state.

26 b. Moneys collected from the tax imposed during the fiscal  
27 year in the group of contiguous counties, which are deposited  
28 into a separate fund as provided in paragraph "a", shall be  
29 distributed to school districts located in those counties on a  
30 per student basis determined by the director of revenue and  
31 finance as follows:

32 (1) Calculate a preliminary per student amount by dividing  
33 the moneys collected in the area made up of these contiguous  
34 counties during the fiscal year by the sum of the combined  
35 actual enrollment for all counties in the group as described

1 in subsection 5, paragraph "d", subparagraph (2).

2 (2) For school districts located in a county where the  
3 rate of tax imposed is less than one percent or the tax is  
4 imposed for less than the entire fiscal year, reduce the per  
5 student amount calculated in subparagraph (1) by multiplying  
6 that amount by the quotient of the tax rate percent divided by  
7 one percent and multiplied by the quotient of the number of  
8 quarters the tax is imposed during the fiscal year divided by  
9 four quarters. This is the per student amount that the school  
10 districts shall receive for each student residing in that  
11 county.

12 (3) If an adjustment to the preliminary per student amount  
13 calculated under subparagraph (1) for any school district was  
14 made pursuant to subparagraph (2), the resulting leftover  
15 moneys shall be used to increase the preliminary per student  
16 amount calculated in subparagraph (1) for students residing in  
17 the other counties in the group of contiguous counties that  
18 have imposed the tax at the rate of one percent for the entire  
19 fiscal year. This increased per student amount is the amount  
20 each school district shall receive for each student residing  
21 in those counties. If an adjustment is not made under  
22 subparagraph (2), the per student amount each school district  
23 shall receive equals the preliminary per student amount  
24 calculated in subparagraph (1).

25 c. The remitting of the appropriate per student amounts to  
26 the eligible school districts shall be done in the manner  
27 provided in subsection 5, paragraphs "a", "b", and "c".

28 d. School districts that have issued bonds, prior to the  
29 effective date of this Act under the authority of section  
30 422E.4, which remain outstanding, or have entered into  
31 construction contracts for infrastructure projects prior to  
32 the effective date of this Act, in anticipation of the receipt  
33 of tax revenues under this chapter, which projects are not  
34 completed and are located in a county that is included in the  
35 group of contiguous counties, are entitled to additional funds

1 from the group of counties' separate fund. These additional  
2 funds shall be provided prior to computations under paragraph  
3 "b". The department of revenue and finance shall establish  
4 procedures for school districts to request the additional  
5 funds from the department, including requirements regarding  
6 the provision of any information, documents, and statistics  
7 needed to justify the request.

8 e. For purposes of this subsection, a county which is  
9 contiguous to another county which is contiguous to a third  
10 county is contiguous to that third county, and the counties  
11 shall be considered as a group.

12 Sec. 3. Section 422E.3, subsection 5, paragraph c,  
13 unnumbered paragraph 2, Code Supplement 1999, is amended to  
14 read as follows:

15 d. (1) If more than one school district, or a portion of  
16 a school district, is located within the county, tax receipts  
17 shall be remitted to each school district or portion of a  
18 school district in which the county tax is imposed in a pro  
19 rata share based upon the ratio which the percentage of actual  
20 enrollment for the school district that attends school in the  
21 county bears to the percentage of the total combined actual  
22 enrollments for all school districts that attend school in the  
23 county.

24 (2) The combined actual enrollment for a county, for  
25 purposes of this section, is the actual number of students who  
26 are residents of the county and shall be determined for each  
27 county imposing a sales and services tax for school  
28 infrastructure purposes by the department of management based  
29 on the actual enrollment figures reported by October 1 to the  
30 department of management by the department of education  
31 pursuant to section 257.6, subsection 1. The combined actual  
32 enrollment count shall be forwarded to the director of the  
33 department-of-management revenue and finance by March 1,  
34 annually, for purposes of calculating the preliminary and  
35 final per student amounts pursuant to subsection 4A and for

1 purposes of supplying estimated tax payment figures and making  
2 estimated tax payments pursuant to this section for the  
3 following fiscal year.

4 Sec. 4. EFFECTIVE AND APPLICABILITY DATES. This Act,  
5 being deemed of immediate importance, takes effect upon  
6 enactment and applies to fiscal years beginning after the  
7 effective date.

8

#### EXPLANATION

9 This bill provides that for counties that impose a local  
10 option school infrastructure sales and services tax and that  
11 are contiguous to each other, all tax revenues would go into a  
12 joint fund to be distributed on an equal per student basis to  
13 the school districts located in the contiguous counties that  
14 have imposed the tax. The per student amount is reduced for  
15 school districts in those counties that have imposed the tax  
16 at less than one percent or imposed it for less than the  
17 entire fiscal year.

18 School districts that have issued bonds or entered into  
19 contractual obligations in anticipation of the receipt of the  
20 tax revenues are entitled to additional funds to meet these  
21 obligations. These funds are from the tax revenues collected  
22 in the entire area of the contiguous counties and are provided  
23 prior to computing the per student amount to be remitted to  
24 all of the school districts in the contiguous area.

25 The bill also makes a corrective change. The correction  
26 provides that the combined actual enrollment count is to be  
27 forwarded to the director of revenue and finance instead of  
28 the director of the department of management since the  
29 department of management already has the combined actual  
30 enrollment count which it calculates.

31 The bill takes effect upon enactment and applies to fiscal  
32 years beginning after the effective date.

33

34

35