

FEB 11 1999
WAYS AND MEANS

HOUSE FILE 259
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 technology and infrastructure funding
4 and including an effective date provision.

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

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HF 259

1 Section 1. Section 331.423, subsection 2, Code 1999, 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, 1999,
5 and ending prior to July 1, 2007, the maximum rural county
6 services levy rate shall be reduced, as provided in section
7 405B.3, subsection 2, paragraph "b", for moneys to be received
8 by the county for property tax relief under chapter 405B.

9 Sec. 2. Section 384.1, Code 1999, is amended by adding the
10 following new unnumbered paragraph:

11 NEW UNNUMBERED PARAGRAPH. However, for property taxes
12 payable in fiscal years beginning on or after July 1, 1999,
13 and ending prior to July 1, 2007, the maximum general fund
14 levy rate, except for levies authorized in section 384.12,
15 shall be reduced, as provided in section 405B.3, subsection 2,
16 paragraph "a", for moneys to be received by the city for
17 property tax relief under chapter 405B.

18 Sec. 3. NEW SECTION. 405B.1 LOCAL PROPERTY TAX RELIEF,
19 TECHNOLOGY, AND INFRASTRUCTURE FUND -- APPROPRIATIONS.

20 1. A local property tax relief, technology, and
21 infrastructure fund is created in the office of the treasurer
22 of state. The fund shall not be considered part of the
23 general fund of the state and any interest earned on moneys in
24 the fund shall be credited to the fund. The fund shall
25 consist of moneys appropriated to it pursuant to subsection 2,
26 interest earned on moneys in the fund, and other moneys
27 appropriated to or deposited into the fund.

28 2. For purposes of this subsection, "revenues generated by
29 the sales tax" means the estimated revenue from the sales tax,
30 imposed under chapter 422, division IV, made by the last
31 revenue estimating conference pursuant to section 8.22A
32 meeting prior to January 1 preceding the fiscal year for which
33 the appropriation in this subsection is to be made. There is
34 appropriated from the general fund of the state to the local
35 property tax relief, technology, and infrastructure fund the

1 following amounts for the designated fiscal years:

2 | a. For the fiscal year beginning July 1, 1999, an amount
3 equal to four percent of the revenues generated by the sales
4 tax.

5 | b. For the fiscal year beginning July 1, 2000, an amount
6 equal to four percent of the revenues generated by the sales
7 tax plus an additional four percent of the revenues generated
8 if subsection 3 is met.

9 | c. For the fiscal year beginning July 1, 2001, an amount
10 equal to a percentage of the revenues generated by the sales
11 tax, which percentage equals the percentage figure used under
12 paragraph "b", plus an additional four percent of the revenues
13 generated, if subsection 3 is met.

14 | d. For each fiscal year in the period beginning July 1,
15 2002, and ending June 30, 2007, an amount equal to a
16 percentage of the revenues generated by the sales tax, which
17 percentage equals the percentage figure used for the previous
18 fiscal year, plus an additional four percent of the revenues
19 generated, if subsection 3 is met. However, the amount
20 appropriated for a fiscal year shall not exceed a total of
21 twenty percent of revenues generated by the sales tax.

22 | 3. The additional four percent of revenues generated by
23 the sales tax, as specified in subsection 2, is appropriated
24 in any fiscal year only if the revenue estimate for the
25 general fund of the state for the fiscal year to which the
26 additional four percent would apply exceeds the revenue
27 estimate for the general fund of the state for the previous
28 fiscal year by four percent as both estimates are made by the
29 last revenue estimating conference pursuant to section 8.22A
30 meeting prior to January 1 preceding the fiscal year to which
31 the additional four percent would apply.

32 | Sec. 4. NEW SECTION. 405B.2 DISTRIBUTION TO LOCAL
33 GOVERNMENTS -- APPROPRIATIONS.

34 | Moneys in the local property tax relief, technology, and
35 infrastructure fund are appropriated quarterly no later than

1 July 15, October 15, January 15, and April 15, and shall be
2 distributed as follows:

3 1. Sixty percent of the moneys shall be distributed to
4 school districts with each school district receiving an amount
5 equal to the percentage of the district's actual enrollment,
6 as defined in section 257.6, for the previous year to the
7 total actual enrollment for all school districts for the
8 previous year.

9 2. Forty percent of the moneys shall be distributed to
10 counties with each county receiving a pro rata amount based
11 upon the population of the county to the population of all
12 counties. Moneys received by each county shall be allocated
13 as follows:

14 a. To each city a pro rata amount based upon the
15 population of the city residing in the county to the total
16 population of the county.

17 b. After distribution to all cities located in the county,
18 the remaining funds shall be retained by the county.

19 Sec. 5. NEW SECTION. 405B.3 USE OF MONEYS -- PROPERTY
20 TAX RELIEF -- TECHNOLOGY -- INFRASTRUCTURE.

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

23 a. Up to thirty percent in the case of cities and counties
24 and up to fifty percent in the case of school districts may be
25 used for the construction or repair of vertical or horizontal
26 infrastructure. "Vertical infrastructure" means facilities
27 that are predominately architectural in nature, have an
28 element of aesthetics, and are not merely functional in
29 nature. This specifically includes buildings and related site
30 improvements; the finishes, systems, equipment, and property
31 that service the building and site; and statues and monuments.
32 "Horizontal infrastructure" means facilities that are
33 predominately functional in nature and located at ground
34 level, under ground level, or parallel to and above ground
35 level. This specifically includes transportation facilities,

1 such as highways, bridges, streets, and bike trails; public
2 works utility distribution systems, such as sewer, water and
3 waste water pipes, and water retention facilities such as
4 dams; technological utility distribution systems, such as
5 telecommunication devices, transmission systems, and towers;
6 and utilitarian buildings directly related to the above
7 facilities, such as maintenance garages and water treatment
8 plants.

9 | If a school district, city, or county does not use the
10 maximum percentage of the moneys received for infrastructure,
11 the remaining moneys shall be used as otherwise provided in
12 this subsection.

13 | b. In the case of cities and counties, at least seventy
14 percent shall be used to reduce property taxes on a dollar-
15 for-dollar basis as computed pursuant to subsection 2.

16 | c. In the case of a school, at least fifty percent shall
17 be used for property tax relief by reducing the additional
18 levy under section 257.4 or for the acquisition, lease, lease-
19 purchase, installation, and maintenance of instructional
20 technology equipment, including hardware and software,
21 materials, and supplies related to instructional technology
22 and for teacher in-service development, or for a combination
23 of both purposes.

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

31 | b. Moneys to be received by each county in a fiscal year
32 which are to be used for property tax relief shall be used to
33 reduce the county's maximum levy rate for rural county
34 services under section 331.423, subsection 2. The maximum
35 rural county services levy rate for property taxes payable in

1 the fiscal year shall be reduced by the rate per one thousand
2 dollars that would raise the dollar amount to be received by
3 the county in the fiscal year.

4 c. Moneys to be received by a school district which the
5 school district will use for property tax relief shall be used
6 to reduce the district's additional levy pursuant to section
7 257.4. To provide the property tax relief, the district shall
8 notify the department of management of the approximate dollars
9 amount to be used for tax reduction in order for the
10 department to make its calculation under section 257.4,
11 subsection 1.

12 Sec. 6. NEW SECTION. 405B.4 CHAPTER APPLICATION AND
13 REPEAL.

14 This chapter applies to the fiscal years beginning on or
15 after July 1, 1999, and ending prior to July 1, 2007. This
16 chapter is repealed July 1, 2007, for fiscal years beginning
17 on or after July 1, 2007.

18 Sec. 7. EFFECTIVE DATE. This Act, being deemed of
19 immediate importance, takes effect upon enactment.

20 EXPLANATION

21 The bill provides for the sharing of state sales tax
22 revenue with school districts, cities, and counties beginning
23 with the 1999-2000 fiscal year and ending with the 2006-2007
24 fiscal year. The amount of the state sales tax revenue that
25 goes to local governments equals 4 percent of the sales tax
26 revenue. This is increased each of the next four years by an
27 additional 4 percent until the amount equals 20 percent, or
28 one cent, of the sales tax revenue. However, if the state
29 general fund revenue estimate for a fiscal year is not
30 expected to increase by 4 percent, then any scheduled increase
31 in revenue sharing is delayed.

32 Of moneys received by the cities and counties, at least 70
33 percent of the moneys are to be used for property tax relief
34 and up to 30 percent may be used for infrastructure needs.
35 The bill provides the method for providing property tax

1 relief. This involves reducing the maximum general fund levy
2 for cities, \$8.10, and the maximum rural county services levy
3 for counties, \$3.95.

4 For school districts, at least 50 percent of the moneys
5 must be used for providing specific property tax relief or for
6 acquiring instructional technology, including hardware,
7 software, and materials related to instructional technology
8 and for teacher in-service development, or for a combination
9 of the two. Up to 50 percent of the moneys may be used for
10 infrastructure needs.

11 The bill takes effect upon enactment. It applies to the
12 1999-2000 fiscal year through the 2006-2007 fiscal year.

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