

MAR 1 1999

EDUCATION

HOUSE FILE
BY RANTS

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Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the local option sales tax for school
2 infrastructure, and including an effective date and
3 retroactive applicability provision.

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

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1 Section 1. Section 422E.2, subsection 2, Code 1999, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. c. The rate and duration of tax, and text
4 of the ballot proposition, shall be determined as follows:

5 (1) For a tax requested by the governing body or bodies of
6 a school district or districts pursuant to paragraph "b", the
7 rate and duration of tax shall be established by the governing
8 body of each school district which adopted a motion requesting
9 imposition of the tax within the county. If the governing
10 body of more than one school district adopts a motion, and the
11 rate or duration established in the motions differs, the
12 county board of supervisors shall establish the rate, the
13 duration, or both if applicable, in consultation with the
14 governing bodies of the school districts which adopted a
15 motion requesting imposition of the tax. For a tax imposed by
16 petition pursuant to paragraph "a", or by the county board of
17 supervisors pursuant to paragraph "b", the rate and duration
18 of tax shall be established by the county board of supervisors
19 in consultation with the governing bodies of all the school
20 districts located in the county.

21 (2) For a tax requested by the governing body or bodies of
22 a school district or districts pursuant to paragraph "b", the
23 purpose or purposes for which the revenues shall be expended
24 shall be determined by the governing body of each school
25 district located within the county. The school district shall
26 notify the county board of supervisors of the purposes
27 identified. The county commissioner of elections shall
28 determine the text of the ballot proposition, which shall be
29 uniform throughout the county, and which shall separately list
30 the specific purposes for which revenues shall be expended for
31 each school district. Revenue shall not be expended for a
32 purpose authorized in this chapter unless that purpose was
33 identified by a school district prior to the election and
34 listed by the county commissioner of elections on the ballot
35 proposition. For a tax requested by petition pursuant to

1 paragraph "a", or by the county board of supervisors pursuant
2 to paragraph "b", the purpose or purposes for which the
3 revenues shall be expended shall be established by the county
4 board of supervisors in consultation with the governing bodies
5 of all the school districts located in the county.

6 (3) The county board of supervisors shall file the rate
7 and duration of tax, and statements of purposes for revenue
8 expenditure, with the commissioner of elections no later than
9 fourteen days prior to the publication of notice of the ballot
10 proposition.

11 Sec. 2. Section 422E.2, subsection 3, Code 1999, is
12 amended to read as follows:

13 3. The county commissioner of elections shall submit the
14 question of imposition of a local sales and services tax for
15 school infrastructure purposes at a state general election or
16 at a special election ~~held-at-any-time-other-than-the-time-of~~
17 ~~a-city-regular-election.~~ The special election shall not be
18 held in conjunction with any city or school election. The
19 election shall not be held sooner than sixty days after
20 publication of notice of the ballot proposition by the county
21 commissioner of elections. The ballot proposition shall
22 specify the rate of tax, the date the tax will be imposed and
23 repealed, and shall contain a statement as to the specific
24 purpose or purposes for which the revenues shall be expended.
25 ~~The-rate-of-tax-shall-not-be-more-than-one-percent-as-set-by~~
26 ~~the-county-board-of-supervisors.~~ The state commissioner of
27 elections shall establish by rule the form for the ballot
28 proposition which form shall be uniform throughout the state.

29 Sec. 3. Section 422E.2, subsection 4, paragraph a, Code
30 1999, is amended to read as follows:

31 a. The tax may be repealed or the rate increased, but not
32 above one percent, or decreased after an election at which a
33 majority of those voting on the question of repeal or rate
34 change favored the repeal or rate change. The election at
35 which the question of repeal or rate change is offered shall

1 be called and held in the same manner and under the same
2 conditions as provided in this section for the election on the
3 imposition of the tax. ~~The election may be held at any time~~
4 ~~but not sooner than sixty days following publication of the~~
5 ~~ballot proposition.~~ However, the tax shall not be
6 repealed before it has been in effect for one year.

7 Sec. 4. Section 422E.2, subsection 4, paragraph b,
8 unnumbered paragraph 1, Code 1999, is amended to read as
9 follows:

10 | Within ten days of the election at which a majority of
11 those voting on the question favors the imposition, repeal, or
12 change in the rate of the tax, the county board of supervisors
13 shall give written notice to the director of revenue and
14 finance of the result of the election. Election costs shall
15 be apportioned among school districts within the county on a
16 pro rata basis in proportion to the number of registered
17 voters in each school district who reside in the county and
18 the total number of registered voters in all of the school
19 districts within the county who reside in the county.

20 Sec. 5. Section 422E.3, subsection 2, Code 1999, is
21 amended to read as follows:

22 | 2. The tax shall be imposed on the same basis as the state
23 sales and services tax and shall not be imposed on the sale of
24 any property or on any service not taxed by the state, except
25 the tax shall not be imposed on the gross receipts from the
26 sale of natural gas or electric energy in a city or county
27 where the gross receipts are subject to a franchise fee or
28 user fee during the period the franchise or user fee is
29 imposed, on the gross receipts from the sale of motor fuel or
30 special fuel as defined in chapter 452A, on the gross receipts
31 from the rental of rooms, apartments, or sleeping quarters
32 which are taxed under chapter 422A during the period the hotel
33 and motel tax is imposed, on the gross receipts from the sale
34 of equipment by the state department of transportation, and on
35 the gross receipts from the sale of a lottery ticket or share

1 in a lottery game conducted pursuant to chapter 99E.

2 Sec. 6. Section 422E.3, subsection 5, paragraph c, Code
3 1999, is amended to read as follows:

4 c. The director shall remit a final payment of the
5 remainder of tax moneys due for the fiscal year before
6 November 10 of the next fiscal year. If an overpayment has
7 resulted during the previous fiscal year, the first November
8 ~~payment of the new fiscal year~~ shall be adjusted to reflect
9 any overpayment.

10 Sec. 7. Section 422E.3, Code 1999, is amended by adding
11 the following new subsection:

12 NEW SUBSECTION. 7. Construction contractors may make
13 application to the department for a refund of the additional
14 local sales and services tax paid under this chapter by reason
15 of taxes paid on goods, wares, or merchandise under the
16 conditions specified in section 422B.11. The refund shall be
17 paid by the department from the appropriate school district's
18 account in the local sales and services tax fund. The penalty
19 provisions contained in section 422B.11, subsection 3, shall
20 apply regarding an erroneous application for refund of local
21 sales and services tax paid under this chapter.

22 Sec. 8. EFFECTIVE DATE. This Act, being deemed of
23 immediate importance, takes effect upon enactment. Sections
24 4, 5, and 7 of this Act are retroactively applicable to July
25 1, 1998, for apportionment of election costs for elections
26 held on or after that date, for exemption of the tax on gross
27 receipts from the sale of natural gas or electric energy
28 subject to a franchise fee or user fee, and for refunds of tax
29 payable to construction contractors, respectively.

30 EXPLANATION

31 This bill amends certain Code provisions relating to the
32 local option sales tax for school infrastructure.

33 The bill contains provisions relating to the determination
34 of, and contents of, ballot propositions for imposition of the
35 tax. The bill provides that the rate and duration of tax will

1 be established by the governing bodies of the school districts
2 located within the county. The bill provides, however, that
3 the county board of supervisors shall establish the rate of
4 tax, duration of tax, or both in consultation with the school
5 districts if the governing bodies of the school districts
6 establish different rates or durations of tax.

7 The bill provides that the text of the ballot proposition,
8 determined by the county commissioner of elections, will be
9 uniform throughout a county, and will separately list the
10 specific purposes for which the revenues shall be expended for
11 each school district located within the county. The
12 respective purposes for which the revenues shall be expended
13 shall be determined by each school district, conveyed to the
14 county board of supervisors, and filed with the commissioner
15 for incorporation onto the ballot. The bill provides that
16 revenue cannot be expended for a purpose authorized by Code
17 chapter 422E if not listed on the ballot proposition. The
18 bill also provides that the rate and duration of tax, and
19 statements of purposes for revenue expenditure, shall be filed
20 with the commissioner of elections by the county board of
21 supervisors no later than 14 days prior to the publication of
22 notice of the ballot proposition.

23 The bill provides that the county board of supervisors will
24 establish the rate, duration, and text of the ballot
25 proposition in the event of a request to impose the tax by
26 petition or by the county board of supervisors.

27 The bill provides that regarding the apportionment of
28 election costs among school districts within the county on a
29 pro rata basis, the pro rata allocation shall be determined
30 strictly with regard to registered voters residing in the
31 county.

32 The bill provides that a special election held on the
33 question of imposition of the tax, or with regard to repeal,
34 rate, or duration change, shall not be held in conjunction
35 with any city or school election.

1 The bill also provides that the gross receipts from the
 2 sale of natural gas or electric energy, in a city or county
 3 where the gross receipts are subject to a franchise fee or
 4 user fee during the period the franchise or user fee is
 5 imposed, will be exempt from the local option sales tax for
 6 school infrastructure.

7 In addition, the bill provides that construction
 8 contractors can apply for a refund of additional local sales
 9 and services tax paid pursuant to the provisions of Code
 10 section 422B.11, with the refund paid out of the appropriate
 11 school district's account in the local sales and services tax
 12 fund. The bill provides that the director of revenue and
 13 finance will adjust the payment due in November with regard to
 14 any overpayment for the previous fiscal year.

15 The bill takes effect upon enactment, and applies
 16 retroactively to July 1, 1998, with regard to apportionment of
 17 election costs for elections held on or after that date,
 18 exemption of the tax on gross receipts from the sale of
 19 natural gas or electric energy subject to a franchise fee or
 20 user fee, and refunds of tax payable to construction
 21 contractors.

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