

House Study Bill 702

Bill Text

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1 1 Section 1. Section 75.1, Code 1999, is amended to read as
1 2 follows:

1 3 75.1 BONDS ELECTION VOTE REQUIRED.

1 4 1. When a proposition to authorize an issuance of bonds by
1 5 a county, township, school corporation, city, or by any local
1 6 board or commission, is submitted to the electors,

~~such~~

~~the~~

1 7 proposition

~~shall not be deemed carried or adopted, anything~~

~~in~~

1 8

~~in the statutes to the contrary notwithstanding, unless~~

~~is~~

1 9 adopted if the vote in favor of

~~such authorization~~

~~the~~

1 10 proposition is equal to at least sixty percent of the total
1 11 vote cast for and against

~~said~~

~~the~~ proposition at

~~said~~

~~the~~

1 12 election.

1 13 2. Principal and interest on bonds issued by a county,
1 14 school corporation, or city may be paid in part with revenue
1 15 from a local income surtax imposed under section 76.19. If
1 16 the bonds are to be paid in part with revenue from a local
1 17 income surtax, the proposition shall so state and the
1 18 proposition is adopted if the vote in favor of the proposition
1 19 is equal to at least sixty percent of the total vote cast for
1 20 and against the proposition at the election. However, a bond
1 21 issuance proposition proposing imposition of an income surtax
1 22 shall not be presented to the electors if in the first year
1 23 the income surtax is imposed the total of all income surtaxes
1 24 authorized by law and imposed in that year on any taxpayer in
1 25 the political subdivision imposing the surtax would exceed
1 26 twenty percent. Upon request of the governing authority, the
1 27 department of management shall certify the cumulative rate of
1 28 income surtax being imposed in the political subdivision.

1 29 3. All ballots cast and not counted as a vote for or
1 30 against the proposition shall not be used in computing the
1 31 total vote cast for and against

~~said~~

~~the~~ proposition.

1 32 4. When a proposition to authorize an issuance of bonds
1 33 has been submitted to the electors under this section and the
1 34 proposal fails to gain approval by the required percentage of
1 35 votes, such proposal, or any proposal which incorporates any

2 1 portion of the defeated proposal, shall not be submitted to
2 2 the electors for a period of six months from the date of such
2 3 regular or special election.
2 4 Sec. 2. Section 76.1, Code 1999, is amended to read as
2 5 follows:
2 6 76.1 MANDATORY RETIREMENT.
2 7

~~Hereafter issues~~

- Issues of bonds

~~of every kind and~~

-
2 8

~~character~~

- by counties, cities, and school corporations shall
2 9 be consecutively numbered. The annual levy of property tax,
2 10 or combination of property tax levy and income surtax imposed
2 11 as provided in section 76.19, shall be sufficient to pay the
2 12 interest and approximately

~~such~~

- that portion of the principal
2 13 of the bonds as will retire them in a period not exceeding
2 14

~~twenty~~

- twenty-two years from date of issue. Each issue of
2 15 bonds shall be scheduled to mature serially in the same order
2 16 as numbered.

2 17 Sec. 3. Section 76.2, Code 1999, is amended to read as
2 18 follows:

2 19 76.2 MANDATORY LEVY OBLIGATIONS IN ANTICIPATION OF
2 20 LEVY.

2 21 The governing authority of these political subdivisions
2 22 before issuing bonds shall, by resolution, provide for the
2 23 assessment of an annual levy upon all the taxable property in
2 24 the political subdivision, or the assessment of an annual
2 25 property tax levy and imposition of a local income surtax
2 26 under section 76.19, sufficient to pay the

~~interest and~~

-
2 27 principal and interest of the bonds within a period named not
2 28 exceeding

~~twenty years~~

- that provided in section 76.1. A

2 29 certified copy of this resolution shall be filed with the
2 30 county auditor or the auditors of the counties in which the
2 31 political subdivision is located; and the filing shall make it
2 32 a duty of the auditors to enter annually this levy for
2 33 collection from the taxable property within the boundaries of
2 34 the political subdivision until funds are realized to pay the
2 35 bonds in full. The property tax levy shall continue to be

3 1 made against property that is severed from the political
3 2 subdivision and the income surtax shall continue to be imposed
3 3 upon the residents of any area severed from the political
3 4 subdivision after the filing of the resolution until funds are
3 5 realized to pay the bonds in full.

3 6 If

~~the~~

- a resolution which does not include imposition of an
3 7 income surtax is filed prior to April 1, or May 1

~~7~~
- if the
3 8 political subdivision is a school district, the annual levy
3 9 shall begin with the tax levy for collection commencing July 1
3 10 of that year. If the resolution is filed after April 1, or
3 11 May 1

~~7~~
- in the case of a school district, or if the resolution
3 12 includes imposition of an income surtax, the annual property
3 13 tax levy shall begin with the tax levy for collection in the
3 14 next succeeding fiscal year. If the resolution includes the
3 15 imposition of a local income surtax and it is filed with the
3 16 department of revenue and finance prior to August 1, the
3 17 imposition of the surtax is retroactive to January 1 of that
3 18 calendar year. If the resolution is filed with the department
3 19 of revenue and finance on or after August 1, the imposition of
3 20 the income surtax begins on January 1 of the next calendar
3 21 year. However, the governing authority of a political
3 22 subdivision may adjust a levy of taxes made under this section
3 23 for the purpose of adjusting the annual levies and collections
3 24 and income surtax rate for property severed from the political
3 25 subdivision, subject to the approval of the director of the
3 26 department of management.
3 27 If funds, including reserves and amounts available for
3 28 temporary transfer, are

~~found to be~~
- insufficient to pay in
3 29 full any installment of principal or interest, a public issuer
3 30 of bonds may anticipate the next levy of property taxes
3 31 pursuant to this section or the imposition of an income surtax
3 32 under section 76.19 in the manner provided in chapter 74,
3 33 whether the taxes so anticipated are to be collected in the
3 34 same or a future fiscal year.
3 35 To further secure the payment of the bonds, the governing
4 1 authority shall, by resolution, provide for the assessment of
4 2 an annual levy of a standby tax upon all taxable property
4 3 within the political subdivision. A copy of the resolution
4 4 shall be sent to the county auditor of each county in which
4 5 the political subdivision is located. The revenues from the
4 6 standby tax shall be deposited in a special fund and shall be
4 7 expended only for the payment of principal and interest on the
4 8 bonds issued as provided in this section, when the revenue
4 9 from an income surtax as provided in section 76.19 is
4 10 insufficient. Reserves shall not be built up in this fund in
4 11 anticipation of a projected default. The governing authority
4 12 shall adjust the annual standby property tax levy for each
4 13 year to reflect the amount of revenues in the special fund and
4 14 the amount of principal and interest which is due in that
4 15 year.
4 16 Sec. 4. Section [76.4](#), Code 1999, is amended to read as
4 17 follows:
4 18 76.4 PERMISSIVE APPLICATION OF FUNDS.
4 19

~~Whenever~~
- If the governing authority of

~~such~~
- a political
4 20 subdivision

~~shall have~~
- has on hand funds derived from

~~any~~

-
4 21
.
~~other~~
- a source other than taxation which may be appropriated
4 22 to the payment either of
.
~~interest or~~
- principal or interest, or
4 23 both principal and interest of such bonds,
.
~~such~~
- the funds may
4 24 be
.
~~so~~
- appropriated and used and the property tax levy and
4 25 income surtax, if imposed, for the payment of the bonds
4 26 correspondingly reduced.
4 27 Sec. 5. Section 76.7, Code 1999, is amended to read as
4 28 follows:
4 29 76.7 PARTICULAR BONDS AFFECTED PAYMENT.
4 30 Counties, cities, and school corporations may at any time
4 31
.
~~or times~~
- extend or renew any legal indebtedness or any part
4 32
.
~~thereof~~
- of the indebtedness they
.
~~may~~
- have represented by bonds
4 33 or certificates where
.
~~such~~
- the indebtedness is payable from a
4 34 limited annual property tax or from a voted annual property
4 35 tax or from an annual property tax and income surtax imposed
5 1 under section 76.19, and may by resolution fund or refund the
5 2
.
~~same~~
- legal indebtedness and issue bonds
.
~~therefor~~
- running not
5 3 more than twenty years to be known as funding or refunding
5 4 bonds, and make provision for the payment of the principal and
5 5 interest
.
~~thereof~~
- from the proceeds of an annual property tax,
5 6 or annual property tax and income surtax, for the period
5 7 covered by
.
~~such~~
- the bonds similar to the tax authorized by law
5 8 or by the electors for the payment of the indebtedness
.
~~so~~
-
5 9 extended or renewed.
5 10 Sec. 6. NEW SECTION. 76.19 INCOME SURTAX.
5 11 1. An income surtax may be imposed by a political
5 12 subdivision as provided in this section, but only if

5 13 authorized by the electors as provided in section 75.1.

5 14 2. The income surtax shall be imposed upon state income
5 15 taxes computed under section 422.5, less credits allowed in
5 16 sections 422.11A, 422.11B, 422.12, 422.12B, and 422.12C and
5 17 shall be imposed upon the state income tax for each calendar
5 18 year, or for a taxpayer's fiscal year beginning during the
5 19 second half of that calendar year or the first half of the
5 20 succeeding calendar year, and shall be imposed on all
5 21 taxpayers residing in the political subdivision on the last
5 22 day of the applicable tax year, and on taxpayers residing in
5 23 areas severed from the political subdivision as provided in
5 24 section 76.2.

5 25 3. The income surtax shall be imposed to collect an amount
5 26 that is equivalent to no more than fifty percent of the sum of
5 27 the principal and interest of the bonds over the life of the
5 28 bonds. The rate of the income surtax may be adjusted in any
5 29 year for the sole purpose of ensuring that an amount
5 30 equivalent to no more than fifty percent of the principal and
5 31 interest over the life of the bonds is collected.

5 32 4. At the time of the annual levy under section 76.2, the
5 33 governing authority of the political subdivision shall also
5 34 provide in the resolution for the imposition of the income
5 35 surtax and shall certify to the department of management such
6 1 sum expressed in dollars. The department shall determine the
6 2 rate of income surtax to be imposed based upon the most recent
6 3 available figures from state income taxes paid by taxpayers
6 4 residing in the political subdivision. The department shall
6 5 continue to make such calculations and certify the income
6 6 surtax rate to the county auditor or the auditors of the
6 7 counties in which the political subdivision is located with
6 8 adjustments as provided in this section until the principal
6 9 and interest on the bonds are paid in full. On or before
6 10 November 1 of each year in which the income surtax is
6 11 collected the director of revenue and finance shall deposit
6 12 with the treasurer of the political subdivision the entire
6 13 amount of income surtax collected from taxpayers residing in
6 14 the political subdivision.

6 15 5. The costs of administration shall be determined by the
6 16 department of revenue and finance, and shall be based on a
6 17 share of the total cost of administering the department, in
6 18 the same proportion as the amount of income surtax collected
6 19 is to the amount of state income taxes collected.

6 20 6. The director of revenue and finance shall administer
6 21 the income surtax imposed under this chapter and sections
6 22 422.4, 422.20 to 422.31, 422.68, and 422.72 to 422.75 shall
6 23 apply with respect to administration of the income surtax.

6 24 Sec. 7. NEW SECTION. 76.20 INCOME TAX RETURNS.

6 25 An income surtax imposed under section 76.19 shall be made
6 26 a part of the Iowa individual income tax return subject to the
6 27 conditions and restrictions set forth in section 422.21. The
6 28 director of revenue and finance shall provide on income tax
6 29 returns a requirement that each person required to file a
6 30 return numerically identify the city of residence of the
6 31 taxpayer and the merged area in which the taxpayer resides.

6 32 Sec. 8. NEW SECTION. 76.21 DESIGNATION OF TAX.

6 33 An income surtax imposed under section 76.19 by a school
6 34 district shall be designated as a school debt service income
6 35 surtax, and income surtax imposed by a merged area shall be
7 1 designated as a merged area debt service income surtax, and
7 2 income surtax imposed under section 76.19 by a city shall be
7 3 designated a city debt service income surtax, and an income
7 4 surtax imposed under section 76.19 by a county shall be
7 5 designated a county debt service income surtax.

7 6 Sec. 9. Section [260C.21](#), Code 1999, is amended to read as
7 7 follows:

7 8 260C.21 ELECTION TO INCUR INDEBTEDNESS.

7 9 1. No indebtedness shall be incurred under section 260C.19

7 10 until authorized by an election. A proposition to incur
7 11 indebtedness and issue bonds for community college purposes
7 12 shall be deemed

~~carried~~

- ~~adopted~~ in a merged area if approved

7 13 by a sixty percent majority of all voters voting on the
7 14 proposition in the area.

~~However, if~~

- ~~If the board elects to~~

7 15 partially fund the bonds with revenues from a local income
7 16 surtax, in addition to property tax revenues, the ballot
7 17 proposition to authorize the issuance of the bonds shall be
7 18 submitted to the electorate pursuant to section 75.1,
7 19 subsection 2.

7 20 2. Notwithstanding subsection 1, if the costs of utilities
7 21 are paid by a community college with funds derived from the
7 22 levy authorized under section 260C.22, the community college
7 23 may use the general fund moneys that would have been used to
7 24 pay the costs of utilities for capital expenditures, may
7 25 invest the funds, or may incur indebtedness without an
7 26 election, provided that the payments on the indebtedness
7 27 incurred, and any interest on the indebtedness, can be made
7 28 using general funds of the community college and the total
7 29 payments on the principal and interest on the indebtedness do
7 30 not exceed the amount of the costs of the utilities.

7 31 Sec. 10. Section 296.1, Code 1999, is amended to read as
7 32 follows:

7 33 296.1 INDEBTEDNESS AUTHORIZED.

7 34 Subject to the approval of the voters thereof, school
7 35 districts are

~~hereby~~

- authorized to contract indebtedness and

8 1 to issue general obligation bonds to provide funds to defray
8 2 the cost of purchasing, building, furnishing, reconstructing,
8 3 repairing, improving or remodeling a schoolhouse or
8 4 schoolhouses and additions thereto, gymnasium, stadium, field
8 5 house, school bus garage, teachers' or superintendent's home
8 6 or homes, and procuring a site or sites therefor, or
8 7 purchasing land to add to a site already owned, or procuring
8 8 and improving a site for an athletic field, or improving a
8 9 site already owned for an athletic field, and for any one or
8 10 more of such purposes. Taxes for the payment of

~~said~~

- ~~the~~

8 11 bonds shall be levied or imposed in accordance with chapter
8 12 76, and

~~said~~

- ~~the~~ bonds shall mature within

~~a period not~~

-

8 13

~~exceeding twenty years from date of issue~~

- ~~the period provided~~

8 14 in section 76.1, shall bear interest at a rate or rates not
8 15 exceeding that permitted by chapter 74A, and shall be of such
8 16 form as the board of directors of

~~such~~

- ~~the~~ school district

8 17 shall by resolution provide, but the aggregate indebtedness of

8 18 any school district shall not exceed five percent of the
8 19 actual value of the taxable property within

~~—said~~

- ~~the~~ school

8 20 district, as ascertained by the last preceding state and
8 21 county tax lists.

8 22 Sec. 11. Section [296.6](#), Code 1999, is amended to read as
8 23 follows:

8 24 296.6 BONDS.

8 25 If the vote in favor of the issuance of such bonds is equal
8 26 to at least sixty percent of the total vote cast for and
8 27 against

~~—said~~

- ~~the~~ proposition at

~~—said~~

- election, the board of

8 28 directors shall issue the

~~—same~~

- ~~bonds~~ and make provision for

8 29 payment

~~—thereof~~

- ~~of the bonds.~~ If the board of directors of a

8 30 school district elects to partially fund the bonds with
8 31 revenues from an income surtax, in addition to property tax
8 32 revenues, the ballot proposition to authorize the issuance of
8 33 the bonds shall be submitted to the electorate pursuant to
8 34 section 75.1, subsection 2.

8 35 Sec. 12. Section [298.14](#), unnumbered paragraph 1, Code
9 1 1999, is amended to read as follows:

9 2 For each fiscal year, the cumulative total of the percents
9 3 of surtax approved by the board of directors of a school
9 4 district and collected by the department of revenue and
9 5 finance under sections [76.19](#), 257.21, 257.29, 279.54, and
9 6 298.2, and the enrichment surtax under section 442.15, Code
9 7 1989, and an income surtax collected by a political
9 8 subdivision under chapter 422D, shall not exceed twenty
9 9 percent.

9 10 Sec. 13. Section [298.18](#), unnumbered paragraph 2, Code
9 11 1999, is amended to read as follows:

9 12 The amount estimated

~~—and certified to apply on~~

- ~~to pay~~

9 13 principal and interest for any one year shall not exceed an
9 14 amount that could be raised by a property tax levy equal to
9 15 two dollars and seventy cents per thousand dollars of the
9 16 assessed valuation of the taxable property of the school
9 17 corporation except as hereinafter provided.

9 18 Sec. 14. Section [298.18](#), unnumbered paragraph 4, Code
9 19 1999, is amended to read as follows:

9 20 The amount estimated

~~—and certified to apply on~~

- ~~to pay~~

9 21 principal and interest for any one year may exceed an amount
9 22 that could be raised by a property tax levy equal to two
9 23 dollars and seventy cents per thousand dollars of assessed
9 24 value by the amount approved by the voters of the school
9 25 corporation, but not exceeding four dollars and five cents per
9 26 thousand of the assessed value of the taxable property within
9 27 any school corporation, provided that the

~~qualified~~

- registered

9 28 voters of such school corporation have first approved such
9 29 increased amount at a special election, which may be held at
9 30 the same time as the regular school election. The proposition
9 31 submitted to the voters at such special election shall be in
9 32 substantially the following form:

9 33 Sec. 15. Section 298.18, unnumbered paragraph 6, Code
9 34 1999, is amended to read as follows:

9 35 Notice of the election shall be given by the county
10 1 commissioner of elections according to section 49.53. The
10 2 election shall be held on a date not less than four nor more
10 3 than twenty days after the last publication of the notice. At
10 4

~~such~~

- the election, the ballot used for the submission of

~~said~~

-
10 5 the proposition shall be in substantially the form for
10 6 submitting special questions at general elections. The county
10 7 commissioner of elections shall conduct the election pursuant
10 8 to the provisions of chapters 39 to 53 and certify the results
10 9 to the board of directors.

~~Such~~

- The proposition shall not be
10 10 deemed

~~carried or~~

- adopted unless the vote in favor of

~~such~~

- the

10 11 proposition is equal to at least sixty percent of the total
10 12 vote cast for and against

~~said~~

- the proposition at

~~said~~

- the

10 13 election.

~~Whenever such~~

- If the board of directors of a school

10 14 district elects to partially fund the bonds with revenues from
10 15 a local income surtax, in addition to property tax revenues,
10 16 the ballot proposition to authorize the issuance of the bonds
10 17 shall be submitted to the electorate pursuant to section 75.1,
10 18 subsection 2. If a proposition has been approved by the
10 19 voters of a school corporation as hereinbefore provided, no
10 20 further approval of the voters of

~~such~~

- the school corporation

10 21 shall be required as a result of any subsequent change in the
10 22 boundaries of

~~such~~

- the school corporation.

10 23 Sec. 16. Section 298.22, unnumbered paragraph 1, Code
10 24 1999, is amended to read as follows:

10 25

~~All of said~~

- The bonds shall be substantially in the form
10 26 provided for county bonds, but subject to changes that will
10 27 conform them to the action of the board

~~providing therefor~~

-;
10 28 shall

~~run not more than twenty years~~

- mature within the period

10 29 provided in section 76.1, and may be sooner paid if so
10 30 nominated in the bond; bear a rate of interest not exceeding
10 31 that permitted by chapter 74A, payable semiannually; be signed
10 32 by the president and countersigned by the secretary of the
10 33 board of directors; and shall not be disposed of for less than
10 34 par value, nor issued for other purposes than this chapter
10 35 provides.

11 1 Sec. 17. Section [331.442](#), subsection 4, Code 1999, is
11 2 amended to read as follows:

11 3 4. The proposition of issuing bonds for a general county
11 4 purpose is not

~~carried or~~

- adopted unless the vote in favor of

11 5 the proposition is equal to at least sixty percent of the
11 6 total vote cast for and against the proposition at the
11 7 election. If the board elects to partially fund the bonds
11 8 with revenues from a local income surtax, in addition to
11 9 property tax revenues, the ballot proposition to authorize the
11 10 issuance of the bonds shall be submitted to the electorate
11 11 pursuant to section 75.1, subsection 2. If the proposition of
11 12 issuing the general county purpose bonds is approved by the
11 13 voters, the board may proceed with the issuance of the bonds.

11 14 Sec. 18. Section [331.442](#), subsection 5, paragraph a,
11 15 unnumbered paragraph 1, Code 1999, is amended to read as
11 16 follows:

11 17 Notwithstanding subsection 2, a board, in lieu of calling
11 18 an election, may institute proceedings for the issuance of
11 19 bonds for a general county purpose by causing a notice of the
11 20 proposal to issue the bonds, the type or types of debt service
11 21 tax to be levied or imposed to pay principal and interest on
11 22 the bonds, including a statement of the amount and purpose of
11 23 the bonds

- and the right to petition for an election, to be

11 24 published as provided in section 331.305 at least ten days
11 25 prior to the meeting at which it is proposed to take action
11 26 for the issuance of the bonds subject to the following
11 27 limitations:

11 28 Sec. 19. Section [331.447](#), subsection 1, Code 1999, is
11 29 amended to read as follows:

11 30 1. Taxes for the payment of general obligation bonds shall
11 31 be levied in accordance with chapter 76, and the bonds are
11 32 payable from

~~the levy of unlimited ad valorem taxes on all the~~

11 33

~~taxable property within the county through its debt service~~

11 34

~~fund required by section 331.430~~

- a debt service property tax

11 35 or combination of a debt service property tax and debt service

12 1 local income surtax, unlimited as to amount, except that:
12 2 a. The amount estimated

~~and certified to apply on~~
~~to pay~~

12 3 principal and interest for any one year shall not exceed an
12 4 amount that could be raised by a debt service property tax
12 5 levy equal to the maximum rate of tax, if any, provided by
12 6 this division for the purpose for which the bonds were issued.
12 7 If general obligation bonds are issued for different
12 8 categories, as provided in section 331.445, the maximum rate
12 9 of levies, if any, for each purpose shall apply separately to
12 10 that portion of the bond issue for that category and the
12 11 resolution authorizing the bond issue shall clearly set forth
12 12 the annual debt service requirements with respect to each
12 13 purpose in sufficient detail to indicate compliance with the
12 14 rate of tax levy, if any.
12 15 b. The amount estimated

~~and certified to apply on~~
~~to pay~~

12 16 principal and interest for any one year may only exceed an
12 17 amount that could be raised by a debt service property tax
12 18 levy equal to the statutory rate of levy limit, if any, by the
12 19 amount that the registered voters of the county have approved
12 20 at a special election, which may be held at the same time as
12 21 the general election and may be included in the proposition
12 22 authorizing the issuance of bonds, if an election on the
12 23 proposition is necessary, or may be submitted as a separate
12 24 proposition at the same election or at a different election.
12 25 Notice of the election shall be given as specified in section
12 26 331.305. If the proposition includes issuing bonds and
12 27 increasing the levy limit, it shall be in substantially the
12 28 following form:

12 29 Shall the county of, state of Iowa, be authorized
12 30 to (here state purpose of project) at a total cost
12 31 not exceeding \$.... and issue its general obligation bonds in
12 32 an amount not exceeding \$.... for that purpose, and be
12 33 authorized to levy annually a debt service property tax (or
12 34 debt service property tax and income surtax, if applicable),
12 35 which will produce an amount not exceeding ... dollars and ...
13 1 cents per thousand dollars of the assessed value of the
13 2 taxable property within the county to pay the principal of and
13 3 interest on the bonds?

13 4 If the proposition includes only increasing the levy limit
13 5 it shall be in substantially the following form:

13 6 Shall the county of, state of Iowa, be authorized
13 7 to levy annually a debt service property tax (or debt service
13 8 property tax and income surtax, if applicable), which will
13 9 produce an amount not exceeding ... dollars and ... cents per
13 10 thousand dollars of the assessed value of the taxable property
13 11 within the county to pay principal and interest on the bonded
13 12 indebtedness of the county for the purpose of

13 13 Sec. 20. Section 331.490, Code 1999, is amended to read as
13 14 follows:

13 15 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY RATES.

13 16 1. If a county and city have entered into an agreement to
13 17 create a joint special assessment district and issue county
13 18 general obligation bonds to fund the costs of a public
13 19 improvement benefiting that district, the county's debt
13 20 service property tax levy for the county general obligation
13 21 bonds shall not be levied against property located in any city
13 22 except a city which has entered into the agreement, and, if
13 23 applicable, the county's debt service income surtax for the
13 24 county general obligation bonds shall not be imposed on
13 25 taxpayers who reside in any city except a city which has
13 26 entered into the agreement.

13 27 2. Counties and cities entering into an agreement for a
13 28 joint special assessment district may provide in the agreement
13 29 for a different rate of the county's debt service property tax
13 30 levy against property in areas of the county outside a city
13 31 and property within the cities, and, if applicable, for a
13 32 different rate of the county's debt service income surtax to
13 33 be imposed on taxpayers residing outside the cities and those
13 34 residing within each city.

13 35 Sec. 21. Section 384.26, subsection 2, Code 1999, is
14 1 amended to read as follows:

14 2 2. Before the council may institute proceedings for the
14 3 issuance of bonds for a general corporate purpose, it shall
14 4 call a special city election to vote upon the question of
14 5 issuing the bonds. At the election the proposition must be
14 6 submitted in substantially the following form:

14 7 Shall the (insert the name of the city) issue
14 8 its bonds in an amount not exceeding the amount of \$.... for
14 9 the purpose of, such bonds to be payable from a
14 10 property tax levied on all taxable property within the city
14 11 (and income surtax to be imposed on the state income tax of
14 12 each income taxpayer residing in the city)?

14 13 Sec. 22. Section 384.26, subsection 4, Code 1999, is
14 14 amended to read as follows:

14 15 4. The proposition of issuing general corporate purpose
14 16 bonds is not

~~carried or~~

~~adopted unless the vote in favor of~~

14 17 the proposition is equal to at least sixty percent of the
14 18 total vote cast for and against the proposition at the
14 19 election. If the city council elects to partially fund the
14 20 bonds with revenues from a local income surtax, in addition to
14 21 property tax revenues, the ballot proposition to authorize the
14 22 issuance of the bonds shall be submitted to the electorate
14 23 pursuant to section 75.1, subsection 2. If the proposition of
14 24 issuing the general corporate purpose bonds is approved by the
14 25 voters, the city may proceed with the issuance of the bonds.

14 26 Sec. 23. Section 384.26, subsection 5, paragraph a,
14 27 unnumbered paragraph 1, Code 1999, is amended to read as
14 28 follows:

14 29 Notwithstanding the provisions of subsection 2, a council
14 30 may, in lieu of calling an election, institute proceedings for
14 31 the issuance of bonds for a general corporate purpose by
14 32 causing a notice of the proposal to issue the bonds, including
14 33 a statement of the amount and purpose of the bonds, the type
14 34 or types of debt service tax to be levied or imposed to pay
14 35 principal and interest of the bonds, together with the maximum
15 1 rate of interest which the bonds are to bear, and the right to
15 2 petition for an election, to be published at least once in a
15 3 newspaper of general circulation within the city at least ten
15 4 days prior to the meeting at which it is proposed to take
15 5 action for the issuance of the bonds subject to the following
15 6 limitations:

15 7 Sec. 24. Section 384.32, Code 1999, is amended to read as
15 8 follows:

15 9 384.32 TAX TO PAY.

15 10 Taxes for the payment of general obligation bonds must be
15 11 levied in accordance with chapter 76, and the bonds are
15 12 payable from the levy of

~~unlimited ad valorem taxes on all the~~

~~15 13~~

~~taxable property within the city through its debt service fund~~

~~15 14~~

~~authorized by section 384.4~~

~~- a debt service property tax or a~~

~~15 15 combination of a debt service property tax and a debt service
15 16 income surtax, unlimited as to amount.~~

15 17 Sec. 25. APPLICABILITY DATE. This Act applies to bond
15 18 issuances approved at elections held on or after the effective
15 19 date of this Act.

15 20 EXPLANATION

15 21 This bill authorizes general obligation bonds to be issued
15 22 by certain political subdivisions which will be partially
15 23 funded by a local income surtax imposed on individuals, in
15 24 addition to property taxes. No more than 50 percent of the
15 25 principal and interest of the bonds shall be funded by income
15 26 surtax. The bill provides that the question of whether to
15 27 impose a local income surtax to partially fund the bonds shall
15 28 be included in the bond issuance ballot proposition. If
15 29 principal and interest on the bonds are to be funded by
15 30 property tax and income surtax, the required percentage of
15 31 votes needed to authorize issuance of the bonds remains at 60
15 32 percent.

15 33 The bill provides that a bond proposition which includes an
15 34 income surtax may not be presented to the electorate if, in
15 35 the first year the surtax is imposed, the total surtax imposed
16 1 on any taxpayer in the political subdivision would exceed 20
16 2 percent. The property tax levied or income surtax imposed is
16 3 to be designated as debt service taxes for the payment of
16 4 principal and interest on general obligation bonds.

16 5 The bill applies to bond issuances approved at elections
16 6 held on or after the effective date of the bill.

16 7 The bill applies to bonds issued by a county, a city,
16 8 school districts, and community colleges.

16 9 LSB 6592HC 78

16 10 sc/cf24