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SENATE FILE

2192

BY KING

Passed Senate, Date _____ Passed House, 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 school infrastructure sales and services tax
3 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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SF 2192 WAYS & MEANS

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 and identified by school district by the department
17 of management based on the actual enrollment figures reported
18 by October 1 to the department of management by the department
19 of education pursuant to section 257.6, subsection 1. The
20 combined actual enrollment count shall be forwarded to the
21 director of ~~the department of management~~ revenue and finance
22 by March 1, annually, for purposes of supplying estimated tax
23 payment figures and making estimated tax payments pursuant to
24 this section for the 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 subsections:

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 revenue per student for the coming fiscal year.
33 The statewide tax revenue per student is determined by
34 estimating the total revenue 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 revenue 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 as provided in subsection 5B.

20 d. School districts that have issued bonds prior to
21 January 1, 2000, under authority of section 422E.4 that remain
22 outstanding, or have entered into construction contracts for
23 infrastructure projects prior to January 1, 2000, in
24 anticipation of the receipt of tax revenues under this
25 chapter, which projects are not completed and that are located
26 in a county that has had moneys transferred to the reserve
27 fund are entitled to additional funds from the reserve fund to
28 meet their bond or contractual obligations. These additional
29 funds shall be provided prior to any distributions pursuant to
30 subsection 5B from the reserve fund. The department of
31 revenue and finance shall establish procedures for school
32 districts to request the additional funds from the department,
33 including requirements regarding the provision of any
34 information, documents, and statistics needed to justify the
35 request.

1 NEW SUBSECTION. 5B. a. There is established in the
2 office of treasurer of state a reserve fund into which shall
3 be deposited excess local sales and services tax revenues as
4 determined pursuant to subsection 5A, paragraph "c". Moneys
5 in the reserve fund are available each fiscal year to the
6 school districts determined to be eligible school districts
7 for that fiscal year. A school district is an eligible school
8 district if both of the following apply:

9 (1) The school district is located wholly or partly within
10 a county which has not imposed and will not impose a local
11 sales and services tax during the fiscal year.

12 (2) The school district is ranked in the bottom one-fifth
13 of the taxable valuation per pupil list for the fiscal year.

14 b. The director of revenue and finance shall compile for
15 each fiscal year a taxable valuation per pupil list which will
16 rank each school district described in paragraph "a",
17 subparagraph (1), beginning with the highest taxable valuation
18 per pupil and ending with the lowest taxable valuation per
19 pupil. The taxable valuation per pupil for a school district
20 equals the quotient of the taxable valuation of all property
21 located in the school district upon which property taxes in
22 the fiscal year will be collected, divided by the actual
23 enrollment figure as compiled for the school district under
24 subsection 5, paragraph "d", subparagraph (2).

25 c. The amount of moneys available to an eligible school
26 district for a fiscal year shall be calculated as follows:

27 (1) Calculate the sum of the actual enrollment figure for
28 all eligible school districts as computed under subsection 5,
29 paragraph "d", subparagraph (2).

30 (2) Divide the amount of moneys estimated to be in the
31 reserve fund during the fiscal year by the number calculated
32 in subparagraph (1) and multiply the resulting quotient by the
33 actual enrollment for the school district residing in a county
34 that has not imposed or will not impose the local sales and
35 services tax during the fiscal year.

1 d. The moneys available to an eligible school district
2 shall be used solely for school infrastructure needs as
3 defined in section 422E.1, subsection 3. The eligible school
4 district shall apply for those moneys available to it
5 according to procedures established by the department of
6 revenue and finance in conjunction with the departments of
7 education and management. An eligible school district is
8 entitled to apply for the available money until December 31 of
9 the fiscal year. If an application is not filed by December
10 31, the school district ceases to be eligible for moneys in
11 the reserve fund for the fiscal year. To the extent
12 practicable, moneys shall be distributed in a manner which is
13 similar to the procedure in subsection 5, paragraphs "a"
14 through "c".

15 e. Determination of eligible school districts and other
16 calculations required in this subsection shall be done
17 annually. A school district eligible during a fiscal year
18 shall meet the requirements for the following fiscal year in
19 order to continue to be an eligible school district.

20 Sec. 3. EFFECTIVE AND APPLICABILITY DATES. This Act,
21 being deemed of immediate importance, takes effect upon
22 enactment and applies to fiscal years beginning after the
23 effective date.

24 EXPLANATION

25 The bill provides a limitation on the local option sales
26 and services tax revenues collected in a county which are to
27 be distributed to school districts in that county. The limit
28 is equal to the total tax revenue that would be generated by a
29 1 percent school sales and services tax if imposed by all 99
30 counties divided by the actual enrollment for all school
31 districts in the state for the previous school year. The per
32 student limit is decreased for those counties which impose the
33 local sales and services tax for school infrastructure
34 purposes at less than 1 percent or impose it for less than the
35 entire fiscal year. Counties that collect tax revenue in

1 excess of this per student limit will have the revenues
2 transferred to a reserve fund. The moneys in the reserve fund
3 will be used to provide revenues to those certain school
4 districts located in counties which have not imposed the tax.
5 School districts that are eligible to receive moneys in the
6 reserve fund are those school districts whose taxable
7 valuation for property tax purposes per pupil are in the
8 lowest 20 percent of the school districts located in counties
9 without a local sales and services tax. The moneys available
10 to these eligible school districts are only available for one
11 fiscal year and the school districts must then requalify for
12 eligibility for the ensuing fiscal year.

13 School districts in a county that have reached their per
14 student limit and have issued bonds or entered into capital
15 projects prior to January 1, 2000, are entitled to receive
16 reserve moneys from the reserve fund to meet their bond
17 obligations or contractual obligations prior to the
18 distribution of the reserve fund moneys to any other school
19 district.

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

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