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SENATE FILE 417

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

**A BILL FOR**

1 An Act relating to the distribution to school districts of the  
2 tax receipts from the local sales and services tax for school  
3 infrastructure purposes and including an effective and  
4 applicability date provision.

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

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WAYS & MEANS

1 Section 1. Section 422E.3, subsection 4, Code 1999, is  
2 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 entitled to receive moneys from the receipts collected in the  
10 county. If the director is unable to determine from which  
11 county any of the receipts were collected, those receipts  
12 shall be allocated among the possible counties based on  
13 allocation rules adopted by the director.

14 Sec. 2. Section 422E.3, subsection 5, Code 1999, is  
15 amended by striking the subsection and inserting in lieu  
16 thereof the following:

17 5. a. Tax receipts collected on or after January 1, 2000,  
18 shall be distributed on a quarterly basis as follows:

19 (1) The county percentage of total tax receipts collected  
20 during the calendar quarter in the county shall be distributed  
21 to school districts located in the county as provided in  
22 subparagraph (3).

23 (2) The noncounty percentage of total tax receipts  
24 collected during the calendar quarter in the county shall be  
25 distributed to school districts located outside of the county  
26 as provided in subparagraph (3).

27 (3) Each school district shall receive a portion of the  
28 tax receipts to be distributed in the county or outside of the  
29 county, as the case may be, equal to the quotient of the  
30 credit card sales attributed to the school district divided by  
31 the total credit card sales in the county or outside of the  
32 county, as the case may be. "Credit card sales attributed to  
33 the school district" is the sum of the credit card sales from  
34 cards which identify the cardholder by the school district  
35 number plus the credit card sales from cards which do not

1 identify the cardholder by school district number but which  
2 identify the cardholder by a zip code number of a zip code  
3 area located within the school district. A zip code area  
4 which contains parts of more than one school district is  
5 considered to be located within the school district which  
6 contains a larger area of the zip code area than any of the  
7 other school districts.

8 b. Tax receipts collected in a calendar quarter shall be  
9 distributed to the appropriate school district by the  
10 fifteenth of the second month following the end of the  
11 calendar quarter.

12 Any tax receipts which have not been designated to be  
13 distributed to a school district in the state shall be  
14 available to cover the administrative expenses incurred by the  
15 department of revenue and finance.

16 c. For purposes of this subsection:

17 (1) "County percentage" means the percentage of all  
18 taxable purchases in the county paid for with credit cards by  
19 purchasers with zip code addresses located in the county.

20 (2) "Noncounty percentage" means the percentage of all  
21 taxable purchases in the county paid for with credit cards by  
22 purchasers with zip code addresses located outside of the  
23 county.

24 d. The percentages in paragraph "c" shall be determined  
25 for the designated calendar quarters as follows:

26 (1) For the calendar quarter beginning January 1, 2000,  
27 the appropriate percentages shall be based on such percentages  
28 computed for the entire previous calendar quarter.

29 (2) For the calendar quarter beginning April 1, 2000, the  
30 appropriate percentages shall be based on the average of such  
31 percentages computed for each of the entire previous two  
32 calendar quarters.

33 (3) For the calendar quarter beginning July 1, 2000, the  
34 appropriate percentages shall be based on the average of such  
35 percentages computed for each of the entire previous three

1 calendar quarters.

2 (4) For the calendar quarter beginning October 1, 2000,  
3 and succeeding calendar quarters, the appropriate percentages  
4 shall be based on the average of such percentages computed for  
5 each of the entire previous four calendar quarters.

6 Sec. 3. Section 422E.3, Code 1999, is amended by adding  
7 the following new subsections:

8 NEW SUBSECTION. 5A. Credit card issuers with credit  
9 cardholders in this state shall assist the department of  
10 revenue and finance in the distribution of tax receipts by  
11 tabulating or providing tabulation through retailers or  
12 database intermediaries that provide tabulation to retailers  
13 of the total amount of taxable credit card sales made in the  
14 county that has imposed a local sales and services tax under  
15 this chapter. The figures shall be broken down by the zip  
16 code numbers of the purchasers and by the school district  
17 numbers, to the extent available.

18 When renewing credit cards after January 1, 2000, credit  
19 card issuers shall provide as part of the identification of  
20 the credit cardholder the school district number of the school  
21 district where the holder resides. By October 1, 2002, credit  
22 cardholders with residences in this state shall be identified  
23 not only by zip code numbers as part of their addresses but  
24 also by the school district number of the school district in  
25 which they reside.

26 NEW SUBSECTION. 5B. Beginning January 1, 2003, for  
27 distributions made after that date, the department of revenue  
28 and finance shall adjust the distribution formula under  
29 subsection 5 to reflect the general use of school district  
30 numbers as part of the credit cardholders' addresses. The  
31 department shall continue to make use of zip code numbers to  
32 the extent those addresses do not contain school district  
33 numbers.

34 Sec. 4. This Act takes effect January 1, 2000, for tax  
35 receipts collected on or after January 1, 2000, and for

1 distributions of those tax receipts made on or after April 1,  
2 2000.

3 EXPLANATION

4 This bill provides for the distribution of the local sales  
5 and services tax for school infrastructure purposes to be made  
6 based upon the zip code number of the addresses of the  
7 purchasers of taxable goods in counties that have imposed the  
8 tax. This is done by determining the total amount of taxable  
9 sales in a county with the local tax which is paid for by  
10 credit cards. This amount is divided into the amount of such  
11 sales which are made by purchasers with zip codes located in  
12 the county. The resulting percentage multiplied by the total  
13 sales made in the county equals the amount of the tax receipts  
14 to be distributed to schools located in the county. The total  
15 taxable sales in the county divided into the taxable credit  
16 card sales made by purchasers with zip codes located outside  
17 of the county determines the percentage of total sales in the  
18 county which will be distributed to school districts located  
19 outside of the county. Any excess tax receipts may be used  
20 for administration expenses. Within three years, the above  
21 distribution formula will be based upon school district  
22 numbers.

23 The bill takes effect January 1, 2000, for the distribution  
24 of tax receipts made on or after April 1, 2000.

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