

FEB 8 2001

LOCAL GOVERNMENT

HOUSE FILE 197
BY KETTERING and JOHNSON

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

A BILL FOR

1 An Act relating to the distribution of revenues collected from
2 the imposition of the local option school infrastructure sales
3 and services tax by counties and including an effective date.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 197

1 Section 1. Section 422E.3, subsection 4, Code 2001, 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 the county except as provided in subsection 4A. If the
10 director is unable to determine from which county any of the
11 receipts were collected, those receipts shall be allocated
12 among the possible counties based on allocation rules adopted
13 by the director.

14 Sec. 2. Section 422E.3, Code 2001, is amended by adding
15 the following new subsection:

16 NEW SUBSECTION. 4A. Counties that vote to impose local
17 sales and services taxes for school infrastructure purposes
18 first effective on or after April 1, 2001, and counties that
19 had in effect local sales and services taxes for school
20 infrastructure purposes on March 31, 2001, and that voted
21 specifically to continue the tax beyond March 31, 2001, are
22 subject to this subsection as follows:

23 a. The tax receipts and interest and penalties from all
24 such local sales and services taxes shall be deposited into a
25 local school infrastructure sales and services tax fund
26 established in the office of the treasurer of state.

27 b. Moneys collected from the tax imposed during the fiscal
28 year which are deposited as provided in paragraph "a" shall be
29 distributed to school districts located in those counties
30 subject to this subsection on a per student basis determined
31 by the director of revenue and finance in accordance with the
32 following calculations:

33 (1) Calculate a preliminary per student amount by dividing
34 the moneys collected during the fiscal year by the sum of the
35 combined actual enrollment for all counties subject to this

1 subsection as described in subsection 5, paragraph "d",
2 subparagraph (2).

3 (2) For school districts located in a county where the
4 rate of tax imposed is less than one percent or the tax is
5 imposed for less than the entire fiscal year, reduce the per
6 student amount calculated in subparagraph (1) by multiplying
7 that amount by the quotient of the tax rate percent divided by
8 one percent and multiplied by the quotient of the number of
9 quarters the tax is imposed during the fiscal year divided by
10 four quarters. This resulting amount is the per student
11 amount for that county that the school districts shall
12 receive.

13 (3) If an adjustment to the per student amount calculated
14 under subparagraph (2) by any school district was made
15 pursuant to subparagraph (2), the resulting leftover moneys
16 shall be used to increase the per student amount calculated in
17 subparagraph (1) in counties that have imposed the tax at the
18 rate of one percent for the entire fiscal year. This
19 increased per student amount is the amount each school
20 district shall receive in those counties. If an adjustment is
21 not made under subparagraph (2), the per student amount each
22 school district shall receive equals the preliminary per
23 student amount calculated in subparagraph (1).

24 c. The remitting of the appropriate per student amounts to
25 the eligible school districts shall be done in the manner
26 provided in subsection 5, paragraphs "a", "b", and "c".

27 Sec. 3. Section 422E.3, subsection 5, paragraph c,
28 unnumbered paragraph 2, Code 2001, is amended to read as
29 follows:

30 d. (1) If more than one school district, or a portion of
31 a school district, is located within the county, tax receipts
32 shall be remitted to each school district or portion of a
33 school district in which the county tax is imposed in a pro
34 rata share based upon the ratio which the percentage of actual
35 enrollment for the school district that attends school in the

1 county bears to the percentage of the total combined actual
2 enrollments for all school districts that attend school in the
3 county.

4 (2) The combined actual enrollment for a county, for
5 purposes of this section, shall be determined for each county
6 imposing a sales and services tax for school infrastructure
7 purposes by the department of management based on the actual
8 enrollment figures reported by October 1 to the department of
9 management by the department of education pursuant to section
10 257.6, subsection 1. The combined actual enrollment count
11 shall be forwarded to the director of ~~the department of~~
12 management revenue and finance by March 1, annually, for
13 purposes of calculating the preliminary and final per student
14 amounts pursuant to subsection 4A and for purposes of
15 supplying estimated tax payment figures and making estimated
16 tax payments pursuant to this section for the following fiscal
17 year.

18 Sec. 4. Section 422E.3, subsection 7, Code 2001, is
19 amended to read as follows:

20 7. Construction contractors may make application to the
21 department for a refund of the additional local sales and
22 services tax paid under this chapter by reason of taxes paid
23 on goods, wares, or merchandise under the conditions specified
24 in section 422B.11. The refund shall be paid by the
25 department from the appropriate school district's account in
26 the local sales and services tax fund or from the local school
27 infrastructure sales and services tax fund, as appropriate.
28 The penalty provisions contained in section 422B.11,
29 subsection 3, shall apply regarding an erroneous application
30 for refund of local sales and services tax paid under this
31 chapter.

32 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
33 immediate importance, takes effect upon enactment.

34 EXPLANATION

35 This bill provides that for counties that impose a local

1 option school infrastructure sales and services tax which is
2 first effective on or after April 1, 2001, or that continues
3 an existing tax beyond March 31, 2001, all tax revenues would
4 be deposited into a joint fund to be distributed on an equal
5 per student basis to the school districts located in counties
6 that have imposed the tax. The per student amount is reduced
7 for school districts in those counties that have imposed the
8 tax at less than one percent or imposed it for less than the
9 entire fiscal year.

10 The bill also makes a corrective change. The correction
11 change provides that the combined actual enrollment count is
12 to be forwarded to the director of revenue and finance instead
13 of to the director of the department of management since the
14 department of management already has the combined actual
15 enrollment count which it calculates.

16 The bill takes effect upon enactment.

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