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WAYS AND MEANS

HOUSE FILE 264  
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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 distribution of tax revenues from the  
2 local option sales and services tax for school infrastructure  
3 purposes collected in a county 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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HF 264

1 Section 1. Section 422E.3, subsection 5, paragraph c,  
2 unnumbered paragraph 2, Code 2001, is amended to read as  
3 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~~ by the department of management based on the actual  
17 enrollment figures reported by October 1 to the department of  
18 management by the department of education pursuant to section  
19 257.6, subsection 1. The combined actual enrollment count  
20 shall be forwarded to the director of ~~the department of~~  
21 ~~management~~ revenue and finance by March 1, annually, for  
22 purposes of supplying estimated tax payment figures and making  
23 estimated tax payments pursuant to this section for the  
24 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 2001, is amended by adding  
29 the following new subsection:

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 revenues per student for the coming fiscal year.  
33 The statewide tax revenues per student is determined by  
34 estimating the total revenues 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 revenues 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 to each county which imposed  
20 the tax during the previous quarter that has not reached the  
21 maximum amount for that county as calculated under paragraph  
22 "b". The moneys in the reserve fund shall be distributed  
23 quarterly to the eligible counties with each county receiving  
24 the same dollar amount per student until the county reaches  
25 the maximum amount calculated in paragraph "b". However, for  
26 a county that has imposed the tax at a rate of less than one  
27 percent, the amount that county shall receive per student  
28 shall be a fraction of the amount the other counties received.  
29 The fraction equals the tax rate percent divided by one  
30 percent.

31 Notwithstanding the limitation in paragraph "b", if any  
32 moneys remain in the reserve fund after all counties which  
33 have imposed the tax during the previous quarter have reached  
34 the limitation in paragraph "b", the remaining moneys shall be  
35 distributed to each county at the same dollar amount per

1 student. However, for a county that has imposed the tax at a  
2 rate of less than one percent, the amount that county shall  
3 receive per student shall be a fraction of the amount the  
4 other counties received. The fraction equals the tax rate  
5 percent divided by one percent.

6 d. School districts that have issued bonds prior to the  
7 effective date of this Act, under authority of section 422E.4  
8 that remain outstanding, or have entered into construction  
9 contracts for infrastructure projects prior to the effective  
10 date of this Act, in anticipation of the receipt of tax  
11 revenues under this chapter, which projects are not completed  
12 and that are located in a county that has had moneys  
13 transferred to the reserve fund are entitled to additional  
14 funds from the reserve fund to meet their bond or contractual  
15 obligations. These additional funds shall be provided prior  
16 to any transfers under paragraph "c" from the reserve fund.  
17 The department of revenue and finance shall establish  
18 procedures for school districts to request the additional  
19 funds from the department, including requirements regarding  
20 the provision of any information, documents, and statistics  
21 needed to justify the request.

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

26 EXPLANATION

27 The bill provides a limitation on the receipt of local  
28 option sales and services tax revenues collected in a county  
29 which are to be distributed to school districts in that  
30 county. The limit is equal to the total tax revenue that  
31 would be generated by a 1 percent school sales and services  
32 tax if imposed by all 99 counties divided by the actual  
33 enrollment for school districts in the state for the previous  
34 school year. Counties that collect tax revenue in excess of  
35 this per student limit will have the revenues transferred to a

1 reserve fund. The moneys in the reserve fund will be used to  
2 provide additional revenues to those counties which have  
3 imposed the tax but have not reached their per student limit.  
4 After all eligible school districts have received their per  
5 student limit, additional moneys in the reserve fund will be  
6 distributed to each school district at the same dollar amount  
7 per pupil.

8 The per student limit is decreased for those counties which  
9 impose the local sales and services tax for school  
10 infrastructure purposes at less than 1 percent or impose it  
11 for less than the entire fiscal year.

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

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

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