

FEB 24 2004
EDUCATION

HOUSE FILE 2353
BY STEVENS

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

A BILL FOR

1 An Act relating to the local option sales and services tax for
2 school infrastructure purposes and including effective and
3 retroactive applicability date provisions.

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

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HF 2353

1 Section 1. Section 76.4, Code 2003, is amended to read as
2 follows:

3 76.4 PERMISSIVE APPLICATION OF FUNDS.

4 Whenever the governing authority of such political
5 subdivision shall have on hand funds derived from any other
6 source than taxation which may be appropriated to the payment
7 either of interest or principal, or both principal and
8 interest of such bonds, such funds may be so appropriated and
9 used and the levy for the payment of the bonds correspondingly
10 reduced. This section shall not restrict the authority of a
11 political subdivision to apply sales and services tax receipts
12 collected pursuant to chapter 422B for such purpose.
13 Notwithstanding section 422E.1, subsection 3, a school
14 district may apply local sales and services tax receipts
15 collected or anticipated pursuant to chapter 422E for the
16 purposes of this section.

17 Sec. 2. Section 422B.12, Code Supplement 2003, is amended
18 by adding the following new subsection:

19 NEW SUBSECTION. 1A. A school district shall not enter
20 into a chapter 28E agreement with one or more cities or
21 counties to receive revenues from a local option sales and
22 services tax imposed pursuant to this chapter unless the
23 majority of the area of the school district is located in a
24 county that has imposed a local option sales and services tax
25 for school infrastructure purposes pursuant to chapter 422E.

26 Sec. 3. Section 422E.1, subsection 2, Code Supplement
27 2003, is amended to read as follows:

28 2. The maximum rate of tax shall be one percent. The tax
29 shall be imposed without regard to any other local sales and
30 services tax authorized in chapter 422B, and is repealed at
31 ~~the-expiration-of-a-period-of-ten-years-of-imposition-or-a~~
32 ~~shorter-period~~ as provided in the ballot proposition or as
33 otherwise provided in this chapter. However, all local option
34 sales and services taxes for school infrastructure purposes
35 are repealed December 31, 2022.

1 Sec. 4. Section 422E.1, subsection 3, Code Supplement
2 2003, is amended to read as follows:

3 3. Local sales and services tax moneys received or
4 anticipated by a county for school infrastructure purposes
5 pursuant to this chapter shall be utilized for school
6 infrastructure needs or property tax relief. For purposes of
7 this chapter, "school infrastructure" means those activities
8 for which a school district is authorized to contract
9 indebtedness and issue general obligation bonds under section
10 296.1, except those activities related to a teacher's or
11 superintendent's home or homes. These activities include the
12 construction, reconstruction, repair, demolition work,
13 purchasing, or remodeling of schoolhouses, stadiums, gyms,
14 fieldhouses, and bus garages and the procurement of
15 schoolhouse construction sites and the making of site
16 improvements and those activities for which revenues under
17 section 298.3 or 300.2 may be spent. Additionally, "school
18 infrastructure" includes the payment or retirement of
19 outstanding bonds previously issued for school infrastructure
20 purposes as defined in this subsection, and the payment or
21 retirement of bonds issued under section 422E.4.

22 Sec. 5. Section 422E.2, subsection 4, paragraph a, Code
23 Supplement 2003, is amended to read as follows:

24 a. Each school district located within the county may
25 submit a revenue purpose statement to the county commissioner
26 of elections no later than sixty days prior to the election
27 indicating the specific purpose or purposes for which the
28 local sales and services tax for school infrastructure revenue
29 and supplemental school infrastructure amount revenue will be
30 expended. The revenues received pursuant to this chapter
31 shall be expended for the purposes indicated in the revenue
32 purpose statement. The revenue purpose statement may include
33 information regarding the school district's use of the
34 revenues to provide for property tax relief or debt reduction.
35 A copy of the revenue purpose statement shall be made

1 available by the school district for public inspection in
2 accordance with chapter 22, and a copy shall be posted by the
3 county commissioner of elections at the appropriate polling
4 places of each school district during the hours that the polls
5 are open, and shall be published by the county commissioner of
6 elections in a newspaper of general circulation in the school
7 district no sooner than twenty days and no later than ten days
8 prior to the election. The state commissioner of elections
9 shall establish by rule the form for the revenue purpose
10 statement which form shall be uniform throughout the state.

11 Sec. 6. Section 422E.2, subsection 4, paragraph c, Code
12 Supplement 2003, is amended to read as follows:

13 c. Counties holding an election on the local sales and
14 services tax for school infrastructure purposes on or after
15 April 1, 2003, but before ~~July~~ August 1, 2003, which approve
16 the imposition of the tax at the election shall expend the
17 revenues for any authorized infrastructure purpose of the
18 school district.

19 Sec. 7. Section 422E.2, subsection 5, paragraph a, Code
20 Supplement 2003, is amended to read as follows:

21 a. The tax may be repealed or the rate increased, but not
22 above one percent, or decreased, or the use of the revenues
23 changed after an election at which a majority of those voting
24 on the question of repeal, rate change, or change in use
25 favored the repeal, rate change, or change in use. The
26 election at which the question of repeal, rate change, or
27 change in use is offered shall be called and held in the same
28 manner and under the same conditions as provided in this
29 section for the election on the imposition of the tax.

30 However, an election on the change in use shall only be held
31 in the school district where the change in use is proposed to
32 occur and shall be held on the date specified by the board of
33 directors of the school district. However, an election on the
34 repeal or the decrease in the rate shall not be held if
35 obligations are outstanding which are payable as provided in

1 section 422E.4, unless funds sufficient to pay the principal,
2 interest, and premium, if any, on the outstanding obligations
3 at and prior to maturity have been properly set aside and
4 pledged for that purpose. The election on the repeal, rate
5 change, or change in use may be held at any time but not
6 sooner than sixty days following publication of the ballot
7 proposition. However, the tax shall not be repealed before it
8 has been in effect for one year.

9 Sec. 8. Section 422E.3, subsection 1, Code Supplement
10 2003, is amended to read as follows:

11 1. If a majority of those voting on the question of
12 imposition of a local sales and services tax for school
13 infrastructure purposes favors imposition of the tax, the tax
14 shall be imposed by the county board of supervisors within the
15 county pursuant to section 422E.2, at the rate specified ~~for a~~
16 ~~ten-year-duration~~ on the gross receipts taxed by the state
17 under chapter 422, division IV, until the date of repeal
18 specified on the ballot.

19 Sec. 9. Section 422E.3A, subsection 3, paragraph b,
20 subparagraph (3), Code Supplement 2003, is amended to read as
21 follows:

22 (3) "Statewide tax revenues per student" means five
23 hundred seventy-five dollars per student. The general
24 assembly ~~shall review~~ may adjust this amount ~~annually~~ to
25 ~~determine~~ better reflect its appropriateness. However, any
26 adjustment shall not result in this amount being reduced below
27 that in effect for the previous fiscal year.

28 Sec. 10. Section 422E.3A, subsection 6, unnumbered
29 paragraph 1, Code Supplement 2003, is amended to read as
30 follows:

31 A school district with less than two hundred fifty actual
32 enrollment or less than one hundred actual enrollment in the
33 high school shall not expend the supplemental school
34 infrastructure amount received for new construction or for
35 payments for bonds issued for new construction against the

1 supplemental school infrastructure amount without prior
2 application to the department of education and receipt of a
3 certificate of need pursuant to this subsection. However, a
4 certificate of need is not required for the payment of
5 outstanding bonds issued for new construction pursuant to
6 section 296.1, before April 1, 2003. A certificate of need is
7 also not required for repairing schoolhouses or buildings,
8 equipment, technology, or transportation equipment for
9 transporting students as provided in section 298.3, or for
10 construction necessary for compliance with the federal
11 Americans With Disabilities Act pursuant to 42 U.S.C. §
12 12101-- 12117. In determining whether a certificate of need
13 shall be issued or denied, the department shall consider all
14 of the following:

15 Sec. 11. Section 422E.4, unnumbered paragraph 1, Code
16 Supplement 2003, is amended to read as follows:

17 The board of directors of a school district shall be
18 authorized to issue negotiable, interest-bearing school bonds,
19 without election, and utilize tax receipts derived from the
20 sales and services tax for school infrastructure purposes and
21 the supplemental school infrastructure amount distributed
22 pursuant to section 422E.3A, subsection 2, paragraph "b", for
23 principal and interest repayment. Proceeds of the bonds
24 issued pursuant to this section shall be utilized solely for
25 school infrastructure needs as school infrastructure is
26 defined in section 422E.1, subsection 3. ~~Issuance-of-bonds~~
27 ~~pursuant-to-this-section-shall-be-permitted-only-in-a-district~~
28 ~~which-has-imposed-a-local-sales-and-services-tax-for-school~~
29 ~~infrastructure-purposes-pursuant-to-section-422E.2.--The~~
30 ~~provisions-of-sections-298.22-through-298.24-shall-apply~~
31 ~~regarding-the-form,-rate-of-interest,-registration,-~~
32 ~~redemption,-and-recording-of-bond-issues-pursuant-to-this~~
33 ~~section,-with-the-exception-that-the-maximum-period-during~~
34 ~~which-principal-on-the-bonds-is-payable-shall-not-exceed-the~~
35 ~~date-of-repeal-stated-on-the-ballot-proposition.~~ Bonds issued

1 under this section may be sold at public sale as provided in
2 chapter 75 without notice and hearing as provided in section
3 73A.12. Bonds may bear dates, bear interest at rates not
4 exceeding that permitted by chapter 74A, mature in one or more
5 installments, be in registered form, carry registration and
6 conversion privileges, be payable as to principal and interest
7 at times and places, be subject to terms of redemption prior
8 to maturity with or without premium, and be in one or more
9 denominations, all as provided by the resolution of the board
10 of directors authorizing their issuance. The resolution may
11 also prescribe additional provisions, terms, conditions, and
12 covenants which the board of directors deems advisable,
13 including provisions for creating and maintaining reserve
14 funds, the issuance of additional bonds ranking on a parity
15 with such bonds and additional bonds junior and subordinate to
16 such bonds, and that such bonds shall rank on a parity with or
17 be junior and subordinate to any bonds which may be then
18 outstanding. Bonds may be issued to refund outstanding and
19 previously issued bonds under this section. Local option
20 sales and services tax revenue bonds are a contract between
21 the school district and holders, and the resolution
22 authorizing the issuance of the bonds and pledging local
23 option sales and services tax revenues to the payment of
24 principal and interest on the bonds is a part of the contract.
25 Bonds issued pursuant to this section shall not constitute
26 indebtedness within the meaning of any constitutional or
27 statutory debt limitation or restriction, and shall not be
28 subject to any other law relating to the authorization,
29 issuance, or sale of bonds.

30 Sec. 12. EFFECTIVE AND RETROACTIVE DATES. The section of
31 this Act amending section 422E.2, subsection 4, paragraph "c",
32 being deemed of immediate importance, takes effect upon
33 enactment and applies retroactively to May 30, 2003.

34 EXPLANATION

35 This bill makes amendments to the Code which are related to

1 the local option sales and services tax for school
2 infrastructure purposes under Code chapter 422E as follows:
3 Code sections 76.4 and 422E.1, subsection 3, are amended to
4 allow anticipated receipts of the tax to be used for the
5 payment of principal and interest on bonds issued by the
6 school district for infrastructure purposes or for property
7 tax relief.

8 Code section 422B.12 is amended to restrict the eligibility
9 of school districts to enter into chapter 28E agreements to
10 share a city's or county's local option sales and use tax
11 receipts to those school districts for which the majority of
12 the area of the school district is located in a county in
13 which a local option sales and services tax for school
14 infrastructure is imposed under Code chapter 422E.

15 Code sections 422E.1, subsection 2, and 422E.3, subsection
16 1, are amended to eliminate the provision that restricts the
17 duration of the tax to 10 years.

18 Code section 422E.2, subsection 4, paragraph "a", is
19 amended to give the county commissioner of elections the
20 responsibility to post the revenue purpose statement at the
21 polling places during election day and to publish the
22 statement. The form of the revenue purpose statement is to be
23 made uniform throughout the state as established by the state
24 commissioner of elections.

25 Code section 422E.2, subsection 4, paragraph "c", is
26 amended to allow school districts to use tax revenues for any
27 authorized infrastructure purpose even though a revenue
28 purpose statement has not been filed if the election on the
29 imposition of the tax is held between April 1, 2003, and
30 August 1, 2003. Present law sets the time frame between April
31 1, 2003, and July 1, 2003. This amendment is retroactive to
32 May 30, 2003.

33 Code section 422E.2, subsection 5, paragraph "a", is
34 amended to allow the board of directors of the school district
35 to set the date of an election on the question of a change in

1 the use of tax revenues. The election may be held at any time
2 as specified under present law. The Code section is also
3 amended to provide that an election for the repeal or rate
4 reduction is not to be held if bonds are outstanding for which
5 funds sufficient for the payment of these bonds have not been
6 set aside and pledged for that purpose.

7 Code section 422E.3A, subsection 3, paragraph "b",
8 subparagraph (3), is amended to provide that the \$575 amount
9 established as the statewide tax revenues per student and used
10 to determine a school district's guaranteed school
11 infrastructure amount may be adjusted by the general assembly,
12 but any adjustment shall not result in a reduction in the
13 previous fiscal year's amount.

14 Code section 422E.3A, subsection 6, is amended to limit the
15 requirement of a certificate of need for use of supplemental
16 school infrastructure amounts for new construction or payment
17 of bonds used for new construction to those school districts
18 with actual enrollment of less than 250 or with a high school
19 with actual enrollment of less than 100.

20 Code section 422E.4 is amended to rewrite the bonding
21 authority of the board of directors of a school district so
22 that it mirrors, to a large extent, the authority set out for
23 city and county revenue bonds under the local option sales and
24 services tax imposed under Code chapter 422B.

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