

MAR 19 2004  
WAYS AND MEANS

HOUSE FILE 2546  
BY JENKINS, DENNIS, UPMEYER,  
ELGIN, HOFFMAN, AND BOGGESS

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

**A BILL FOR**

1 An Act providing for the imposition of a local option sales and  
2 services tax for community college general fund purposes.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

HF 2546

1 Section 1. NEW SECTION. 423F.1 AUTHORIZATION -- RATE OF  
2 TAX -- USE OF REVENUES.

3 1. A local sales and services tax for community college  
4 general fund purposes may be imposed by each county making up  
5 the service area on behalf of a community college as provided  
6 in this chapter.

7 If a local sales and services tax for community college  
8 general fund purposes is imposed by a county pursuant to this  
9 chapter, a local excise tax for community college general fund  
10 purposes at the same rate shall be imposed by the county on  
11 the purchase price of natural gas, natural gas service,  
12 electricity, or electric service subject to tax under chapter  
13 423, subchapter III, and not exempted from tax by any  
14 provision of chapter 423, subchapter III. The local excise  
15 tax for community college general fund purposes is applicable  
16 only to the use of natural gas, natural gas service,  
17 electricity, or electric service within those incorporated and  
18 unincorporated areas of the county where it is imposed and,  
19 except as otherwise provided in this chapter, shall be  
20 collected and administered in the same manner as the local  
21 sales and services tax for community college general fund  
22 purposes. For purposes of this chapter, "local sales and  
23 services tax for community college general fund purposes"  
24 shall also include the local excise tax for community college  
25 general fund purposes.

26 2. The maximum rate of tax shall be two-tenths of one  
27 percent. Rates may be imposed at less than the maximum rate  
28 but only in multiples of fifty thousandths of one percent.  
29 The tax shall be imposed without regard to any other local  
30 sales and services tax authorized in chapter 423B or 423E, and  
31 is repealed at the expiration of a period of ten years of  
32 imposition or a shorter period as provided in the ballot  
33 proposition.

34 3. Local sales and services tax moneys received by a  
35 county for community college general fund purposes pursuant to

1 this chapter shall be utilized solely for community college  
2 general fund needs.

3 4. For purposes of this chapter, "service delivery area"  
4 means the area included within a merged area, as defined in  
5 section 260C.2, realigned to the closest county border as  
6 determined by the department of workforce development pursuant  
7 to section 84B.2.

8 Sec. 2. NEW SECTION. 423F.2 IMPOSITION BY COUNTIES.

9 1. a. A local sales and services tax shall be imposed by  
10 each county of a service delivery area only after an election  
11 at which a majority of those voting in all such counties on  
12 the question favors imposition. The effective date shall be  
13 either January 1 or July 1 but not sooner than ninety days  
14 following the favorable election. A local sales and services  
15 tax approved by a majority vote shall apply to all  
16 incorporated and unincorporated areas of those counties.

17 b. A local sales and services tax shall be repealed on  
18 either June 30 or December 31 but not sooner than ninety days  
19 following the favorable election, if one is held.

20 2. a. Upon receipt by the board of directors of the  
21 community college of a petition requesting imposition of a  
22 local sales and services tax for community college general  
23 fund purposes, signed by eligible electors of the whole  
24 service delivery area equal in number to five percent of the  
25 persons in the whole service delivery area who voted at the  
26 last preceding state general election, the board shall, within  
27 thirty days, direct each county commissioner of elections of  
28 the counties located in the service delivery area to submit  
29 the question of imposition of the tax to the registered voters  
30 of the whole service delivery area.

31 b. Alternatively, the question of imposition of a local  
32 sales and services tax for community college general fund  
33 purposes may be proposed by motion requesting such submission,  
34 adopted by the board of directors of the community college.  
35 Upon adoption of such motion, the board of directors of the

1 community college shall notify each board of supervisors of  
2 the adoption of the motion. Each county board of supervisors  
3 shall submit the motion to the appropriate county commissioner  
4 of elections, who shall publish notice of the ballot  
5 proposition concerning the imposition of the local sales and  
6 services tax.

7 3. Each county commissioner of elections shall submit the  
8 question of imposition of a local sales and services tax for  
9 community college general fund purposes at a state general  
10 election or at a special election held at any time other than  
11 the time of a city regular election. However, the election  
12 shall be held at the same time throughout the service delivery  
13 area and the election shall not be held sooner than sixty days  
14 after publication of notice of the ballot proposition. The  
15 ballot proposition shall specify the rate of tax, the date the  
16 tax will be imposed and repealed, and shall contain a  
17 statement as to the specific purpose or purposes for which the  
18 revenues shall be expended. The dates for the imposition and  
19 repeal of the tax shall be as provided in subsection 1. The  
20 rate of tax shall not be more than two-tenths of one percent.  
21 The state commissioner of elections shall establish by rule  
22 the form for the ballot proposition which form shall be  
23 uniform throughout the state.

24 4. a. The tax may be repealed or the rate increased, but  
25 not above two-tenths of one percent or decreased after an  
26 election at which a majority of those voting on the question  
27 of repeal or rate change favored the repeal or rate change.  
28 The election at which the question of repeal or rate change is  
29 offered shall be called and held in the same manner and under  
30 the same conditions as provided in this section for the  
31 election on the imposition of the tax. The election may be  
32 held at any time but not sooner than sixty days following  
33 publication of the ballot proposition. However, the tax shall  
34 not be repealed before it has been in effect for one year.

35 b. Within ten days of the election on the question of the

1 imposition, repeal, or change in the rate of the tax, each  
2 county commissioner of elections shall give written notice of  
3 the result of the election by sending a copy of the abstract  
4 of the votes from the election to the director of revenue.

5 Sec. 3. NEW SECTION. 423F.3 COLLECTION OF TAX.

6 1. If a majority of those voting on the question of  
7 imposition of a local sales and services tax for community  
8 college general fund purposes favors imposition of the tax,  
9 the tax shall be imposed by each county board of supervisors  
10 within the county pursuant to section 423F.2, at the rate  
11 specified for the specified duration on the sales price taxed  
12 by the state under chapter 423, subchapter II.

13 2. The tax shall be imposed on the same basis as the state  
14 sales and services tax or in the case of the use of natural  
15 gas, natural gas service, electricity, or electric service on  
16 the same basis as the state use tax and shall not be imposed  
17 on the sale of any property or on any service not taxed by the  
18 state, except the tax shall not be imposed on the sales price  
19 from the sale of motor fuel or special fuel as defined in  
20 chapter 452A which is consumed for highway use or in  
21 watercraft or aircraft if the fuel tax is paid on the  
22 transaction and a refund has not or will not be allowed, on  
23 the sales price from the rental of rooms, apartments, or  
24 sleeping quarters which are taxed under chapter 422A during  
25 the period the hotel and motel tax is imposed, on the sales  
26 price from the sale of equipment by the state department of  
27 transportation, on the sales price from the sale of self-  
28 propelled building equipment, pile drivers, motorized  
29 scaffolding, or attachments customarily drawn or attached to  
30 self-propelled building equipment, pile drivers, and motorized  
31 scaffolding, including auxiliary attachments which improve the  
32 performance, safety, operation, or efficiency of the  
33 equipment, and replacement parts and are directly and  
34 primarily used by contractors, subcontractors, and builders  
35 for new construction, reconstruction, alterations, expansion,

1 or remodeling of real property or structures, and on the sales  
2 price from the sale of a lottery ticket or share in a lottery  
3 game conducted pursuant to chapter 99G and except the tax  
4 shall not be imposed on the sales price from the sale or use  
5 of natural gas, natural gas service, electricity, or electric  
6 service in a city or county where the sales price from the  
7 sale of natural gas or electric energy are subject to a  
8 franchise fee or user fee during the period the franchise or  
9 user fee is imposed.

10 3. The tax is applicable to transactions within the county  
11 where it is imposed and shall be collected by all persons  
12 required to collect state sales or local excise taxes.  
13 However, a person required to collect state retail sales tax  
14 under chapter 423, subchapter II, is not required to collect  
15 local sales and services tax on transactions delivered within  
16 the area where the local sales and services tax is imposed  
17 unless the person has physical presence in that taxing area.  
18 The amount of the sale, for purposes of determining the amount  
19 of the tax, does not include the amount of any state sales or  
20 excise taxes or other local option sales or excise taxes. A  
21 tax permit other than the state tax permit required under  
22 section 423.36 shall not be required by local authorities.

23 4. The director of revenue shall credit tax receipts and  
24 interest and penalties from the local sales and services tax  
25 for community college general fund purposes to an account  
26 within the county's local sales and services tax fund, as  
27 created in section 423B.10, subsection 1, maintained in the  
28 name of the community college located within the county. If  
29 the director is unable to determine from which county any of  
30 the receipts were collected, those receipts shall be allocated  
31 among the possible counties based on allocation rules adopted  
32 by the director.

33 5. a. The director of revenue by August 15 of each fiscal  
34 year shall send to each community college where the tax is  
35 imposed an estimate of the amount of tax moneys each community

1 college will receive for the year and for each month of the  
2 year. At the end of each month, the director may revise the  
3 estimates for the year and remaining months.

4 b. The director shall remit ninety-five percent of the  
5 estimated tax receipts for the community college to the  
6 community college on or before August 31 of the fiscal year  
7 and on or before the last day of each following month.

8 c. The director shall remit a final payment of the  
9 remainder of tax moneys due for the fiscal year before  
10 November 10 of the next fiscal year. If an overpayment has  
11 resulted during the previous fiscal year, the November payment  
12 shall be adjusted to reflect any overpayment.

13 6. The local sales and services tax for community college  
14 general fund purposes shall be administered as provided in  
15 section 423B.9.

16 7. Construction contractors may make application to the  
17 department for a refund of the additional local sales and  
18 services tax paid under this chapter by reason of taxes paid  
19 on goods, wares, or merchandise under the conditions specified  
20 in section 423B.11. The refund shall be paid by the  
21 department from the appropriate community college's account in  
22 the local sales and services tax fund. The penalty provisions  
23 contained in section 423B.11, subsection 3, shall apply  
24 regarding an erroneous application for refund of local sales  
25 and services tax paid under this chapter.

26

#### EXPLANATION

27 This bill authorizes the imposition of a local option sales  
28 and services tax for community colleges at a maximum rate of  
29 .2 percent. The tax revenues are to be used for any community  
30 college general fund purpose. The tax must be approved at an  
31 election held at any time other than city regular elections  
32 and must be passed by a majority of those voting on the  
33 question in the entire service delivery area in which the  
34 community college is located. A "service delivery area" is an  
35 area included within the merged area of the community college

1 which is realigned to the closest county boarder as determined  
2 by the department of workforce development. The election may  
3 be called by the board of directors of the community college  
4 or as a result of a petition signed by 5 percent of the voters  
5 in the service delivery area who voted at the last state  
6 general election. The tax would be imposed for not more than  
7 10 years.

- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35