

FILED FEB 09 '04

EDUCATION

SENATE FILE 2089

BY LAMBERTI

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the local sales and services tax for school
2 infrastructure purposes by removing the duration of tax
3 restriction, removing the limit on the amount of distributions
4 under certain circumstances, and defining the authority to
5 issue bonds in anticipation of receipt of tax revenues.

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

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SF 2089 EDUCATION

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

3 2. The maximum rate of tax shall be one percent. The tax
4 shall be imposed without regard to any other local sales and
5 services tax authorized in chapter 422B, and is repealed at
6 ~~the expiration of a period of ten years of imposition or a~~
7 ~~shorter period~~ as provided in the ballot proposition or as
8 otherwise provided in this chapter. However, all local option
9 sales and services taxes for school infrastructure purposes
10 are repealed December 31, 2022.

11 Sec. 2. Section 422E.3, subsection 1, Code Supplement
12 2003, is amended to read as follows:

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

21 Sec. 3. Section 422E.3A, subsection 2, paragraph b,
22 subparagraph (4), Code Supplement 2003, is amended by striking
23 the subparagraph.

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

26 The board of directors of a school district shall be
27 authorized to issue negotiable, interest-bearing school bonds,
28 without election, and utilize tax receipts derived from the
29 sales and services tax for school infrastructure purposes and
30 the supplemental school infrastructure amount distributed
31 pursuant to section 422E.3A, subsection 2, paragraph "b", for
32 principal and interest repayment. Proceeds of the bonds
33 issued pursuant to this section shall be utilized solely for
34 school infrastructure needs as school infrastructure is
35 defined in section 422E.1, subsection 3. ~~issuance of bonds~~

1 pursuant-to-this-section-shall-be-permitted-only-in-a-district
2 which-has-imposed-a-local-sales-and-services-tax-for-school
3 infrastructure-purposes-pursuant-to-section-422E-2.--The
4 provisions-of-sections-298-22-through-298-24-shall-apply
5 regarding-the-form,-rate-of-interest,-registration,
6 redemption,-and-recording-of-bond-issues-pursuant-to-this
7 section,-with-the-exception-that-the-maximum-period-during
8 which-principal-on-the-bonds-is-payable-shall-not-exceed-the
9 date-of-repeat-stated-on-the-ballot-proposition. Bonds issued
10 under this section may be sold at public sale as provided in
11 chapter 75 without notice and hearing as provided in section
12 73A.12. Bonds may bear dates, bear interest at rates not
13 exceeding that permitted by chapter 74A, mature in one or more
14 installments, be in registered form, carry registration and
15 conversion privileges, be payable as to principal and interest
16 at times and places, be subject to terms of redemption prior
17 to maturity with or without premium, and be in one or more
18 denominations, all as provided by the resolution of the board
19 of directors authorizing their issuance. The resolution may
20 also prescribe additional provisions, terms, conditions, and
21 covenants which the board of directors deems advisable,
22 including provisions for creating and maintaining reserve
23 funds, the issuance of additional bonds ranking on a parity
24 with such bonds and additional bonds junior and subordinate to
25 such bonds, and that such bonds shall rank on a parity with or
26 be junior and subordinate to any bonds which may be then
27 outstanding. Bonds may be issued to refund outstanding and
28 previously issued bonds under this section. Local option
29 sales and services tax revenue bonds are a contract between
30 the school district and holders, and the resolution issuing
31 the bonds and pledging local option sales and services tax
32 revenues to the payment of principal and interest on the bonds
33 is a part of the contract. Bonds issued pursuant to this
34 section shall not constitute indebtedness within the meaning
35 of any constitutional or statutory debt limitation or

1 restriction, and shall not be subject to any other law
2 relating to the authorization, issuance, or sale of bonds.

3 EXPLANATION

4 This bill amends Code chapter 422E relating to the local
5 option sales and services tax for school infrastructure
6 purposes. The bill strikes the provision that restricts the
7 duration of the tax to 10 years. The bill strikes the
8 provision that states that under the distribution formula a
9 school district is not to receive more than the guaranteed
10 school infrastructure amount which is \$575, subject to
11 adjustment by the general assembly. The bill also rewrites
12 the bonding authority of the board of directors of a school
13 district so that it mirrors, to a large extent, the authority
14 set out for city and county revenue bonds under the local
15 option sales and services tax imposed under Code chapter 422B.

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