

SENATE FILE 2224  
BY LUNDBY

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

**A BILL FOR**

1 An Act relating to the imposition of a community college income  
2 surtax.

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

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SF 2224  
WAYS & MEANS

1 Section 1. Section 260C.18, Code 2003, is amended by  
2 adding the following new subsection:

3 NEW SUBSECTION. 8. Revenue derived from imposition of the  
4 income surtax authorized pursuant to section 260C.26.

5 Sec. 2. NEW SECTION. 260C.26 INCOME SURTAX.

6 1. An income surtax that provides funding for community  
7 colleges in addition to the taxes authorized pursuant to  
8 sections 260C.17, 260C.22, and 260C.28 is established.

9 2. Beginning with tax years beginning in the 2004 calendar  
10 year, the department of revenue shall impose the income surtax  
11 on a statewide basis as provided in this section. The rate of  
12 income surtax shall be one percent for tax years beginning in  
13 the 2004 calendar year, and two percent for tax years  
14 beginning in calendar year 2005 and succeeding calendar years.  
15 Revenue from the income surtax may be used for any purpose  
16 relating to general fund programs and activities provided by  
17 community colleges.

18 3. The income surtax shall be imposed on the state  
19 individual income tax computed under section 422.5, less the  
20 credits allowed in sections 422.11A, 422.11B, 422.12, and  
21 422.12B, and shall be imposed on all individuals residing in  
22 the state on the last day of the applicable tax year. The  
23 income surtax shall be made a part of the Iowa individual  
24 income tax return subject to the conditions and restrictions  
25 set forth in section 422.21. The director of revenue shall  
26 collect and account for the income surtax and any interest and  
27 penalties and shall credit income surtax receipts and any  
28 interest and penalties collected from returns filed on or  
29 before November 1 of the calendar year following the tax year  
30 for which the income surtax is imposed to a community college  
31 income surtax fund created in the office of treasurer of  
32 state. All income surtax receipts and any interest and  
33 penalties received or refunded from returns filed after  
34 November 1 of the calendar year following the tax year for  
35 which the income surtax is imposed shall be deposited in or

1 withdrawn from the general fund of the state and shall be  
2 considered part of the cost of administering the income  
3 surtax.

4 4. Amounts credited to the community college income surtax  
5 fund shall be distributed annually to each merged area. The  
6 director of revenue shall draw warrants in payment of the  
7 surtaxes collected. Warrants shall be payable in two  
8 installments to be paid on approximately the first day of  
9 December and the first day of February following collection of  
10 the taxes and shall be delivered to the respective merged  
11 areas. The amount payable to each merged area shall be  
12 distributed on the basis of each merged area's community  
13 college full-time equivalent enrollment. The department of  
14 education shall determine full-time equivalent enrollment  
15 share percentages for each community college district using  
16 data from the most recently concluded fiscal year for purposes  
17 of allocating income surtax receipts.

18 Sec. 3. Section 298.14, unnumbered paragraph 1, Code  
19 Supplement 2003, is amended to read as follows:

20 For each fiscal year, the cumulative total of the percents  
21 of surtax approved by the board of directors of a school  
22 district and collected by the department of revenue under  
23 sections 257.21, 257.29, and 298.2, and the enrichment surtax  
24 under section 442.15, Code 1989, and an income surtax  
25 collected by a political subdivision under chapter 422D, and  
26 the income surtax collected pursuant to section 260C.26, shall  
27 not exceed twenty percent.

28 EXPLANATION

29 This bill provides for the imposition of a community  
30 college income surtax.

31 The bill provides that the income surtax shall be imposed  
32 at a rate of 1 percent for tax years beginning in calendar  
33 year 2004, and 2 percent for tax years beginning in calendar  
34 year 2005, and succeeding calendar years. The bill provides  
35 that revenue derived from the income surtax may be used for

1 any purpose relating to community college general fund  
2 programs and activities.

3 The bill provides that the income surtax shall be imposed  
4 on the state individual income tax computed under Code section  
5 422.5, less specified credits; shall be imposed on all  
6 individuals residing in the state on the last day of the  
7 applicable tax year; and shall be made a part of the Iowa  
8 individual income tax return subject to the conditions and  
9 restrictions set forth in Code section 422.21.

10 The bill provides that the director of revenue shall credit  
11 income surtax receipts, interest, and penalties to a community  
12 college income surtax fund created in the office of the  
13 treasurer of state. The bill provides that amounts credited  
14 to the community college income surtax fund shall be  
15 distributed annually to each merged area on the basis of each  
16 merged area's community college full-time equivalent  
17 enrollment. The bill provides that the department of  
18 education shall determine full-time equivalent enrollment  
19 share percentages for each community college district using  
20 data from the most recently concluded fiscal year for purposes  
21 of allocating income surtax receipts.

22 The bill provides corresponding changes to Code section  
23 298.14 regarding inclusion of the community college income  
24 surtax in the provision that the cumulative total of percents  
25 of surtax collected shall not exceed 20 percent.

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