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SENATE FILE

291

BY KIBBIE

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 291
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. The
9 income surtax may be imposed for a period not to exceed five
10 years by a resolution adopted by the board of directors of a
11 merged area, or for a period not to exceed ten years if
12 approved by a majority of the registered voters voting in the
13 merged area. The rate of income surtax shall be established
14 by the board, not to exceed one-half of one percent. Revenue
15 derived from the income surtax may be utilized for any purpose
16 specified by the board either by resolution in the case of a
17 board-authorized income surtax, or as stated on the ballot
18 proposition.

19 2. If the board does not provide for an election and
20 adopts a resolution to impose the income surtax for a period
21 not to exceed five years, the income surtax shall be imposed
22 unless, within twenty-eight days following the action of the
23 board, the secretary of the board receives a petition
24 containing the required number of signatures, asking that an
25 election be called to approve or disapprove the action of the
26 board in adopting the resolution to impose the tax. The
27 petition must be signed by registered voters equal in number
28 to not less than one hundred or thirty percent of the number
29 of voters at the last preceding regular school election,
30 whichever is greater. The board shall either rescind its
31 action or direct the county commissioner of elections to
32 submit the question to the registered voters of the merged
33 area at the next following regular school election or a
34 special election. If a majority of those voting on the
35 question at the election favors disapproval of the action of

1 the board, the board shall not impose the income surtax. If a
2 majority of those voting on the question does not favor
3 disapproval of the action, the board shall certify the results
4 of the election to the department of management and the income
5 surtax shall be imposed as provided in subsection 4.

6 3. If the board adopts a resolution to impose the income
7 surtax for a period exceeding five years, but not to exceed
8 ten years, the board shall submit the question of imposition
9 of the income surtax to the registered voters in the merged
10 area pursuant to the election provisions of section 260C.15.

11 4. An income surtax shall be imposed for tax years
12 beginning on or after January 1 of the fiscal year in which
13 the resolution was adopted or a favorable election was held,
14 on the state individual income tax of each individual residing
15 in the merged area at the end of the individual's applicable
16 tax year. However, the cumulative total of the percents of
17 income surtax imposed on any taxpayer in the merged area shall
18 not exceed twenty percent. For purposes of this section,
19 "state individual income tax" means the tax computed under
20 section 422.5, less the credits allowed in sections 422.11A,
21 422.11B, 422.12, and 422.12B.

22 5. The director of revenue and finance shall administer
23 the income surtax imposed under this section, and sections
24 422.20, 422.22 to 422.31, 422.68, and 422.72 to 422.75 shall
25 apply with respect to administration of the income surtax.
26 The income surtax shall be made a part of the Iowa individual
27 income tax return subject to the conditions and restrictions
28 set forth in section 422.21. The director shall collect and
29 account for the income surtax and any interest and penalties,
30 and shall credit income surtax receipts and any interest and
31 penalties collected from returns filed on or before November 1
32 of the calendar year following the tax year for which the
33 income surtax is imposed to a community college income surtax
34 fund created in the department of revenue and finance. All
35 income surtax receipts and any interest and penalties received

1 or refunded from returns filed after November 1 of the
2 calendar year following the tax year for which the income
3 surtax is imposed shall be deposited in or withdrawn from the
4 general fund of the state and shall be considered part of the
5 cost of administering the income surtax.

6 6. Amounts credited to the community college income surtax
7 fund shall be separately allocated to the credit of each
8 merged area, and a separate accounting of each surtax, by
9 merged area, shall be maintained. The director of revenue and
10 finance shall draw warrants in payment of the surtaxes
11 collected in each merged area. Warrants shall be payable in
12 two installments to be paid on approximately the first day of
13 December and the first day of February following collection of
14 the taxes and shall be delivered to the respective merged
15 areas.

16 Sec. 3. Section 298.14, unnumbered paragraph 1, Code 2003,
17 is amended to read as follows:

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

26 EXPLANATION

27 This bill provides for the imposition of a community
28 college income surtax. The bill provides that the income
29 surtax may be imposed for a period not to exceed five years by
30 a resolution adopted by the board of directors of a merged
31 area, or for a period not to exceed 10 years if approved by a
32 majority vote of the eligible electors in the merged area.
33 The bill provides that the rate of tax shall not exceed one-
34 half of 1 percent, and that revenue derived from the income
35 surtax may be utilized for any purpose specified by the board

1 and, if applicable, stated on the ballot proposition.

2 The bill provides that if the board adopts a resolution to
3 impose the income surtax for a period not to exceed five
4 years, reverse referendum provisions are applicable. The bill
5 provides that if the board adopts a resolution to impose the
6 income surtax for a period exceeding five years, but not to
7 exceed 10 years, the board shall submit the question of
8 imposition of the income surtax to the registered voters in
9 the merged area pursuant to the election provisions of Code
10 section 260C.15.

11 The bill provides that the income surtax shall be imposed
12 for tax years beginning on or after January 1 of the fiscal
13 year in which the resolution was adopted or a favorable
14 election was held, on the state individual income tax of each
15 individual residing in the merged area at the end of the
16 individual's applicable tax year. The bill provides, however,
17 that the cumulative total of the percents of income surtax
18 imposed on any taxpayer in the merged area shall not exceed 20
19 percent, and makes corresponding changes to Code section
20 298.14. The bill provides references to Code sections
21 specifying the computation of the state individual income tax
22 and the application of credits to the tax, and provides
23 references to several Code sections regarding administration
24 of the tax.

25 The bill provides that the director of revenue and finance
26 shall collect and account for the income surtax and any
27 interest and penalties, and shall credit them to a community
28 college income surtax fund created in the department of
29 revenue and finance. The bill provides that amounts credited
30 to the fund shall be separately allocated to the credit of
31 each merged area, and a separate accounting of each surtax, by
32 merged area, shall be maintained. The bill provides that the
33 director of revenue and finance shall draw warrants in payment
34 of the surtaxes collected in each merged area, which shall be
35 payable in two installments to be paid on approximately the

1 first day of December and the first day of February following
2 collection of the taxes and shall be delivered to the
3 respective merged areas.

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