

SENATE FILE 445
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 314)
(SUCCESSOR TO SSB 1093)

Passed Senate, Date 4/16/03 Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the establishment of a school infrastructure
2 financing program by providing for the sharing of revenues
3 from local option sales and services taxes for school
4 infrastructure purposes and providing for the use of the
5 revenues from the local option tax for school infrastructure
6 or property tax relief purposes and including an effective
7 date.

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

SF 445

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~~SENATE FILE 445~~

S-3217

1 Amend Senate File 445 as follows:
2 1. Page 1, line 22, by inserting after the word
3 "improvements" the following: "and those activities
4 for which revenues under section 298.3 or 300.2 may
5 spent".

By JEFF ANGELO

S-3217 FILED APRIL 15, 2003

Lost 4/16/03

1 Section 1. Section 422E.1, subsections 2 and 3, Code 2003,
2 are 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5 services tax authorized in chapter 422B, and is repealed at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.

8 However, all local option sales and services taxes for school
9 infrastructure purposes are repealed December 31, 2022.

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

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

29 3. The county commissioner of elections shall submit the
30 question of imposition of a local sales and services tax for
31 school infrastructure purposes at a state general election or
32 at a special election held at any time other than the time of
33 a city regular election. The election shall not be held
34 sooner than sixty days after publication of notice of the
35 ballot proposition. The ballot proposition shall specify the

1 rate of tax, the date the tax will be imposed and repealed,
2 and shall contain a statement as to the specific purpose or
3 purposes for which the revenues shall be expended. The
4 content of the ballot proposition shall be substantially
5 similar to the petition of the board of supervisors or motions
6 of a school district or school districts requesting the
7 election as provided in subsection 2, as applicable, including
8 the rate of tax, imposition and repeal date, and the specific
9 purpose or purposes for which the revenues will be expended.
10 The dates for the imposition and repeal of the tax shall be as
11 provided in subsection 1. The rate of tax shall not be more
12 than one percent ~~as set by the county board of supervisors.~~
13 The state commissioner of elections shall establish by rule
14 the form for the ballot proposition which form shall be
15 uniform throughout the state.

16 Sec. 3. Section 422E.2, Code 2003, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 3A. a. Each school district located
19 within the county may submit a revenue purpose statement to
20 the county commissioner of elections no later than sixty days
21 prior to the election indicating the specific purpose or
22 purposes for which the local sales and services tax for school
23 infrastructure revenue and supplemental school infrastructure
24 amount revenue will be expended. The revenues received
25 pursuant to this chapter shall be expended for the purposes
26 indicated in the revenue purpose statement. The revenue
27 purpose statement may include information regarding the school
28 district's use of the revenues to provide for property tax
29 relief or debt reduction. A copy of the revenue purpose
30 statement shall be made available for public inspection in
31 accordance with chapter 22, shall be posted at the appropriate
32 polling places of each school district during the hours that
33 the polls are open, and be published in a newspaper of general
34 circulation in the school district no sooner than twenty days
35 and no later than ten days prior to the election.

1 b. If a revenue purpose statement is not submitted sixty
2 days prior to the election or revenues remain after fulfilling
3 the purpose specified in the revenue purpose statement, the
4 revenues shall be used to reduce the following levies in the
5 following order:

6 (1) Bond levies under sections 298.18 and 298.18A and all
7 other debt levies, until the moneys received or the levies are
8 reduced to zero.

9 (2) The regular physical plant and equipment levy under
10 section 298.2, until the moneys received or the levy is
11 reduced to zero.

12 (3) The voter-approved physical plant and equipment levy
13 and income surtax, if any, under section 298.2, until the
14 moneys received or the levy and income surtax, if any, is
15 reduced to zero.

16 (4) The public educational and recreational levy under
17 section 300.2, until the moneys received or the levy is
18 reduced to zero.

19 (5) The schoolhouse tax levy under section 278.1,
20 subsection 7, Code 1989, until the moneys received or the levy
21 is reduced to zero.

22 Any money remaining after the reduction of the levies
23 specified in this paragraph "b" may be used for any authorized
24 infrastructure purpose of the school district.

25 c. Counties holding an election on the local sales and
26 services tax for school infrastructure purposes on or after
27 April 1, 2003, but before July 1, 2003, which approve the
28 imposition of the tax at the election shall expend the
29 revenues for any authorized infrastructure purpose of the
30 school district.

31 Sec. 4. Section 422E.2, subsection 4, Code 2003, is
32 amended to read as follows:

33 4. a. The tax may be repealed or the rate increased, but
34 not above one percent, or decreased, or the use of the
35 revenues changed after an election at which a majority of

1 those voting on the question of repeal, ~~or~~ rate change, or
2 change in use favored the repeal, or rate change, or change in
3 use. The election at which the question of repeal, ~~or~~ rate
4 change, or change in use is offered shall be called and held
5 in the same manner and under the same conditions as provided
6 in this section for the election on the imposition of the tax.
7 However, an election on the change in use shall only be held
8 in the school district where the change in use is proposed to
9 occur. The election may be held at any time but not sooner
10 than sixty days following publication of the ballot
11 proposition. However, the tax shall not be repealed before it
12 has been in effect for one year.

13 b. Within ten days of the election at which a majority of
14 those voting on the question favors the imposition, repeal, or
15 change in the rate of the tax, the county auditor shall give
16 written notice of the result of the election by sending a copy
17 of the abstract of the votes from the favorable election to
18 the director of revenue and finance. Election costs shall be
19 apportioned among school districts within the county on a pro
20 rata basis in proportion to the number of registered voters in
21 each school district who reside within the county and the
22 total number of registered voters within the county.

23 c. A local option sales and services tax shall not be
24 repealed or reduced in rate if obligations are outstanding
25 which are payable as provided in section 422E.4, unless funds
26 sufficient to pay the principal, interest, and premium, if
27 any, on the outstanding obligations at and prior to maturity
28 have been properly set aside and pledged for that purpose.
29 However, this paragraph does not apply to the repeal of the
30 tax on December 31, 2022, as specified in section 422E.1,
31 subsection 2.

32 Sec. 5. Section 422E.3, subsection 4, Code 2003, is
33 amended to read as follows:

34 4. The director of revenue and finance shall credit tax
35 receipts and interest and penalties from the local sales and

1 services tax for school infrastructure purposes to an account
2 within the ~~county's local sales and services tax fund, as~~
3 ~~created in section 422B.107, subsection 1~~ secure an advanced
4 vision for education fund, as provided in section 422E.3A,
5 maintained in the name of the school district or school
6 districts located within the county. If the director is
7 unable to determine from which county any of the receipts were
8 collected, those receipts shall be allocated among the
9 possible counties based on allocation rules adopted by the
10 director.

11 Sec. 6. Section 422E.3, subsection 5, unnumbered paragraph
12 1, Code 2003, is amended to read as follows:

13 d. (1) If more than one school district, or a portion of
14 a school district, is located within the county, tax receipts
15 shall be remitted to each school district or portion of a
16 school district in which the county tax is imposed in a pro
17 rata share based upon the ratio which the ~~percentage of~~ actual
18 enrollment for the school district that attends school in the
19 county bears to ~~the percentage of~~ the total combined actual
20 enrollments for all school districts that attend school in the
21 county.

22 (2) The combined actual enrollment for a county, for
23 purposes of this section, shall be determined for each county
24 ~~imposing a sales and services tax for school infrastructure~~
25 ~~purposes~~ by the department of management based on the actual
26 enrollment figures reported by October 1 to the department of
27 management by the department of education pursuant to section
28 257.6, subsection 1. The combined actual enrollment count
29 shall be forwarded to the director of ~~the department of~~
30 management revenue and finance by March 1, annually, for
31 purposes of supplying estimated tax payment figures and making
32 estimated tax payments pursuant to this section for the
33 following fiscal year.

34 e. Notwithstanding the amount of tax receipts credited to
35 the account within the secure an advanced vision for education

1 fund maintained in the name of a school district, the amount
2 of tax receipts the school district shall receive from the tax
3 imposed in the county shall be determined as provided in
4 section 422E.3A, subsection 2.

5 Sec. 7. Section 422E.3, subsection 7, Code 2003, is
6 amended to read as follows:

7 7. Construction contractors may make application to the
8 department for a refund of the additional local sales and
9 services tax paid under this chapter by reason of taxes paid
10 on goods, wares, or merchandise under the conditions specified
11 in section 422B.11. The refund shall be paid by the
12 department from the appropriate school district's account in
13 ~~the local-sales-and-services-tax~~ secure an advanced vision for
14 education fund. The penalty provisions contained in section
15 422B.11, subsection 3, shall apply regarding an erroneous
16 application for refund of local sales and services tax paid
17 under this chapter.

18 Sec. 8. NEW SECTION. 422E.3A SECURE AN ADVANCED VISION
19 FOR EDUCATION FUND.

20 1. A secure an advanced vision for education fund is
21 created as a separate and distinct fund in the state treasury
22 under the control of the department of revenue and finance.
23 Moneys in the fund include revenues credited to the fund
24 pursuant to this chapter, appropriations made to the fund, and
25 other moneys deposited into the fund. Any amounts disbursed
26 from the fund shall be utilized for school infrastructure
27 purposes or property tax relief.

28 2. The moneys credited in a fiscal year to the secure an
29 advanced vision for education fund shall be distributed as
30 follows:

31 a. A school district that is located in whole or in part
32 in a county that voted on and approved prior to April 1, 2003,
33 the local sales and services tax for school infrastructure
34 purposes and that has a sales tax capacity per student above
35 the guaranteed school infrastructure amount shall receive an

1 amount equal to its pro rata share of the local sales and
2 services tax receipts as provided in section 422E.3,
3 subsection 5, paragraph "d".

4 b. (1) A school district that is located in whole or in
5 part in a county that voted on and approved prior to April 1,
6 2003, the local sales and services tax for school
7 infrastructure purposes and that has a sales tax capacity per
8 student below its guaranteed school infrastructure amount
9 shall receive an amount equal to its pro rata share of the
10 local sales and services tax receipts as provided in section
11 422E.3, subsection 5, paragraph "d", plus an amount equal to
12 its supplemental school infrastructure amount.

13 (2) A school district that is located in whole or in part
14 in a county that voted on and approved on or after April 1,
15 2003, the local sales and services tax for school
16 infrastructure purposes shall receive an amount equal to its
17 pro rata share of the local sales and services tax receipts as
18 provided in section 422E.3, subsection 5, paragraph "d", not
19 to exceed its guaranteed school infrastructure amount.
20 However, if the school district's pro rata share is less than
21 its guaranteed school infrastructure amount, the district
22 shall receive an additional amount equal to its supplemental
23 school infrastructure amount.

24 (3) A school district that is located in whole or in part
25 in a county that voted on and approved the continuation of the
26 tax on or after April 1, 2003, the local sales and services
27 tax for school infrastructure purposes shall receive an amount
28 equal to its pro rata share of the local sales and services
29 tax receipts as provided in section 422E.3, subsection 5,
30 paragraph "d", not to exceed its guaranteed school
31 infrastructure amount. However, if the school district's pro
32 rata share is less than its guaranteed school infrastructure
33 amount, the district shall receive an additional amount equal
34 to its supplemental school infrastructure amount.

35 (4) The amount distributed under this paragraph "b" which

1 a school district receives shall not exceed the guaranteed
2 school infrastructure amount. A school district qualifying
3 for a supplemental school infrastructure amount pursuant to
4 this paragraph "b" shall not receive more than the guaranteed
5 school infrastructure amount in any subsequent year.

6 c. In the case of a school district located in more than
7 one county, the amount to be distributed to the school
8 district shall be separately computed for each county based
9 upon the school district's actual enrollment that attends
10 school in the county.

11 3. a. The director of revenue and finance by June 1
12 preceding each fiscal year shall compute the guaranteed school
13 infrastructure amount for each school district, each school
14 district's sales tax capacity per student for each county, the
15 statewide tax revenues per student, and the supplemental
16 school infrastructure amount for the coming fiscal year.

17 b. For purposes of distributions under subsection 2:

18 (1) "Guaranteed school infrastructure amount" means for a
19 school district the statewide tax revenues per student,
20 multiplied by the quotient of the tax rate percent imposed in
21 the county, divided by one percent and multiplied by the
22 quotient of the number of quarters the tax is imposed during
23 the fiscal year divided by four quarters.

24 (2) "Sales tax capacity per student" means for a school
25 district the estimated amount of revenues that a school
26 district receives or would receive if a local sales and
27 services tax for school infrastructure purposes is imposed at
28 one percent in the county pursuant to section 422E.2, divided
29 by the school district's actual enrollment as determined in
30 section 422E.3, subsection 5, paragraph "d".

31 (3) "Statewide tax revenues per student" means the amount
32 determined by estimating the total revenues that would be
33 generated by a one percent local option sales and services tax
34 for school infrastructure purposes if imposed by all the
35 counties during the entire fiscal year and dividing this

1 estimated revenue amount by the sum of the combined actual
2 enrollment for all counties as determined in section 422E.3,
3 subsection 5, paragraph "d", subparagraph (2).

4 (4) "Supplemental school infrastructure amount" means the
5 guaranteed school infrastructure amount for the school
6 district less its pro rata share of local sales and services
7 tax for school infrastructure purposes as provided in section
8 422E.3, subsection 5, paragraph "d".

9 4. a. For the purposes of distribution under subsection
10 2, paragraph "b", subparagraph (1), a school district with a
11 sales tax capacity per student below its guaranteed school
12 infrastructure amount shall use the amount equal to the
13 guaranteed school infrastructure amount less the pro rata
14 share amount in accordance with section 422E.3, subsection 5,
15 paragraph "d", for the purpose of paying principal and
16 interest on outstanding bonds previously issued for school
17 infrastructure purposes as defined in section 422E.1,
18 subsection 3. Any money remaining after the payment of all
19 principal and interest on outstanding bonds previously issued
20 for infrastructure purposes may be used for any authorized
21 infrastructure purpose of the school district. If a majority
22 of the voters in the school district approves the use of
23 revenue pursuant to a revenue purpose statement in an election
24 held after July 1, 2003, in the school district pursuant to
25 section 422E.2, the school district may use the amount for the
26 purposes specified in its revenue purpose statement.

27 b. Nothing in this section shall prevent a school district
28 from using its sales tax capacity per student or guaranteed
29 school infrastructure amount to pay principal and interest on
30 obligations issued pursuant to section 422E.4.

31 5. In the case of a deficiency in the fund to pay the
32 supplemental school infrastructure amounts in full, the amount
33 available in the fund less the sales and services tax revenues
34 for school infrastructure purposes attributed to each school
35 district should be allocated based on the proportion of actual

1 enrollment in the district to the combined actual enrollment
2 in the counties where the sales and services tax for school
3 infrastructure purposes has been imposed and the school
4 districts in the counties qualify for the supplemental school
5 infrastructure amount.

6 6. A school district with less than two hundred fifty
7 actual enrollment or less than one hundred actual enrollment
8 in the high school shall not expend the supplemental school
9 infrastructure amount received for new construction or for
10 payments for bonds issued for new construction against the
11 supplemental school infrastructure amount without prior
12 application to the department of education and receipt of a
13 certificate of need pursuant to this subsection. However, a
14 certificate of need is not required for the payment of
15 outstanding bonds issued for new construction pursuant to
16 section 296.1, before April 1, 2003. A certificate of need is
17 also not required for repairing schoolhouses or buildings,
18 equipment, technology, or transportation equipment for
19 transporting students as provided in section 298.3, or for
20 construction necessary for compliance with the federal
21 Americans With Disabilities Act pursuant to 42 U.S.C. § 12101-
22 12117. In determining whether a certificate of need shall be
23 issued or denied, the department shall consider all of the
24 following:

- 25 a. Enrollment trends in the grades that will be served at
26 the new construction site.
- 27 b. The infeasibility of remodeling, reconstructing, or
28 repairing existing buildings.
- 29 c. The fire and health safety needs of the school
30 district.
- 31 d. The distance, convenience, cost of transportation, and
32 accessibility of the new construction site to the students to
33 be served at the new construction site.
- 34 e. Availability of alternative, less costly, or more
35 effective means of serving the needs of the students.

1 f. Any other criteria deemed appropriate as set by rules
2 of the state board of education.

3 Sec. 9. Section 422E.4, unnumbered paragraphs 1 and 2,
4 Code 2003, are amended to read as follows:

5 The board of directors of a school district shall be
6 authorized to issue negotiable, interest-bearing school bonds,
7 without election, and utilize tax receipts derived from the
8 sales and services tax for school infrastructure purposes and
9 the supplemental school infrastructure amount distributed
10 pursuant to section 422E.3A, subsection 2, paragraph "b", for
11 principal and interest repayment. Proceeds of the bonds
12 issued pursuant to this section shall be utilized solely for
13 school infrastructure needs as school infrastructure is
14 defined in section 422E.1, subsection 3. Issuance of bonds
15 pursuant to this section shall be permitted only in a district
16 which has imposed a local sales and services tax for school
17 infrastructure purposes pursuant to section 422E.2. The
18 provisions of sections 298.22 through 298.24 shall apply
19 regarding the form, rate of interest, registration,
20 redemption, and recording of bond issues pursuant to this
21 section, with the exception that the maximum period during
22 which principal on the bonds is payable shall not exceed a
23 ~~ten-year-period,~~ or the date of repeal stated on the ballot
24 proposition.

25 A school district in which a local option sales tax for
26 school infrastructure purposes has been imposed shall be
27 authorized to enter into a chapter 28E agreement with one or
28 more cities or a county whose boundaries encompass all or a
29 part of the area of the school district. A city or cities
30 entering into a chapter 28E agreement shall be authorized to
31 expend its designated portion of the local option sales and
32 services tax revenues for any valid purpose permitted in this
33 chapter or authorized by the governing body of the city. A
34 county entering into a chapter 28E agreement with a school
35 district in which a local option sales tax for school

1 infrastructure purposes has been imposed shall be authorized
2 to expend its designated portion of the local option sales and
3 services tax revenues to provide property tax relief within
4 the boundaries of the school district located in the county.
5 A school district where a local option sales and services tax
6 is imposed is also authorized to enter into a chapter 28E
7 agreement with another school district, a community college,
8 or an area education agency which is located partially or
9 entirely in or is contiguous to the county where the tax is
10 imposed. The school district or community college shall only
11 expend its designated portion of the local option sales and
12 services tax for infrastructure purposes. The area education
13 agency shall only expend its designated portion of the local
14 option school infrastructure sales tax for infrastructure and
15 maintenance purposes.

16 Sec. 10. NEW SECTION. 422E.6 REPEAL.

17 This chapter is repealed June 30, 2023, for fiscal years
18 beginning after that date.

19 Sec. 11. EFFECTIVE DATE. This Act, being deemed of
20 immediate importance, takes effect upon enactment.

21 EXPLANATION

22 This bill amends the current local option sales and
23 services tax for school infrastructure purposes by
24 establishing a shared financing program. Specifically, the
25 bill provides that counties that impose the local option sales
26 and services tax on or after April 1, 2003, will have their
27 tax collections placed in a "secure an advanced vision for
28 education" fund created in the bill. Each school district
29 within such counties will receive from this fund the amount
30 per pupil collected in its county not to exceed the school
31 district's guaranteed per pupil amount. If the amount per
32 pupil amount collected is less than the guaranteed per pupil
33 amount, the school district would receive a supplemental
34 amount per pupil equal to the difference. School districts
35 located in counties that have imposed the tax prior to April

1 1, 2003, would also have their tax collections deposited into
2 the fund but would receive all of the tax collected in the
3 county without limitation by the guaranteed per pupil amount.
4 However, a school district that receives less than its
5 guaranteed per pupil amount would receive a supplemental
6 amount per pupil equal to the difference. A school district's
7 guaranteed per pupil amount equals the amount per pupil that a
8 statewide one cent local option sales and services tax would
9 raise if the school district has imposed the full one cent tax
10 for the entire fiscal year. If the tax is imposed for less
11 than one cent or for less than the entire fiscal year, a
12 proportional amount would be the guaranteed per pupil amount.

13 The bill provides for the school districts to file a
14 revenue purpose statement that would indicate how much may be
15 used for infrastructure purposes and how much may be used for
16 property tax relief. This statement must be approved by the
17 electorate and can be part of the ballot proposition on the
18 question of the imposition of the tax. If such a statement is
19 not voted on or if any moneys remain after using revenue for
20 the purposes indicated on the statement, the moneys received
21 or in excess are to be used to reduce property tax levies.
22 These levies and the order to be reduced are: bond levies,
23 physical plant and equipment levy, public educational and
24 recreational levy, and the schoolhouse levy.

25 The bill prohibits school districts of 250 pupils or less
26 or less than 100 pupils in high school from using any moneys
27 received which are in excess of their guaranteed per pupil
28 amount for new construction without receiving a certificate of
29 need for such new construction.

30 The bill provides for the repeal of all local option taxes
31 on December 31, 2022.

32 The bill takes effect upon enactment.

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SENATE FILE 445

S-3227

- 1 Amend Senate File 445 as follows:
2 1. Page 11, by striking lines 1 and 2 and
3 inserting the following:
4 "f. The financial condition of the district,
5 including the effect of the decline of the budget
6 guarantee and unspent balance.
7 g. Broad and long-term ability of the district to
8 support the facility and the quality of the academic
9 program.
10 h. Cooperation with other educational entities
11 including other school districts, area education
12 agencies, postsecondary institutions, and local
13 communities."

By JEFF ANGELO

S-3227 FILED APRIL 15, 2003

Adopted 4/16/03

SENATE FILE 445

S-3238

- 1 Amend Senate File 445 as follows:
2 1. Page 1, line 9, by striking the word and
3 figures "December 31, 2022" and inserting the
4 following: "June 30, 2013".
5 2. Page 4, line 30, by striking the word and
6 figures "December 31, 2022" and inserting the
7 following: "June 30, 2013".
8 3. Page 12, line 17, by striking the figure
9 "2023" and inserting the following: "2013".

By DONALD B. REDFERN
DAVID JOHNSON
ROBERT E. DVORSKY

S-3238 FILED APRIL 16, 2003

LOST

SENATE FILE 445

S-3234

- 1 Amend Senate File 445 as follows:
2 1. Page 1, line 19, by inserting after the word
3 "repair," the following: "demolish work,".

By RON WIECK

S-3234 FILED APRIL 16, 2003

RULED OUT OF ORDER

SENATE FILE 445

S-3233

1 Amend Senate File 445 as follows:
 2 1. By striking everything after the enacting
 3 clause and inserting the following:
 4 "Section 1. Section 422E.1, Code 2003, is amended
 5 by adding the following new subsection:
 6 NEW SUBSECTION. 4. a. This chapter does not
 7 apply to any county after December 31, 2003, except to
 8 the extent provided in paragraph "b", and to this
 9 extent this chapter is repealed. Any election on the
 10 imposition of the local sales and services tax
 11 scheduled to be held on or after December 31, 2003,
 12 shall not be held.
 13 b. A county that has voted on and approved prior
 14 to January 1, 2004, a local sales and services tax for
 15 school infrastructure purposes shall impose the tax
 16 until the end of the original ten-year period or the
 17 date of repeal stated on the ballot proposition."
 18 2. Title page, by striking lines 1 through 7 and
 19 inserting the following: "An Act relating to the
 20 repeal of the authorization to impose a local sales
 21 and services tax for school infrastructure purposes."

By DONALD B. REDFERN
 DAVID JOHNSON
 ROBERT E. DVORSKY

S-3233 FILED APRIL 16, 2003
 LOST

SENATE FILE 445

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 1 Amend Senate File 445 as follows:
 2 #1. Page 6, line 27, by inserting after the word
 3 "relief." the following: "However, all supplemental
 4 school infrastructure amounts received shall be used
 5 solely for school infrastructure purposes and shall
 6 not be used to reduce any property tax levy."
 7 #2. Page 9, by striking lines 9 through 30 and
 8 inserting the following:
 9 "___ For the purposes of the distributions under
 10 subsection 2, paragraph "b", a school district that
 11 receives a supplemental school infrastructure amount
 12 shall use such amount solely for school infrastructure
 13 purposes and shall not use such amount to reduce any
 14 property tax levy."
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 17
 18 STEVEN H. WARNSTADT
 19 SF 445_701 80
 20 mg/cl

S-3231 Filed 4/16/03
 Lost

SENATE FILE 445

S-3237

1 Amend Senate File 445 as follows:

2 1. By striking page 5, line 34, through page 6,
3 line 4 and inserting following:

4 "e. The amount of tax receipts credited to the
5 account within the secure an advanced vision for
6 education fund maintained in the name of a school
7 district shall be distributed to that school district
8 as provided in paragraphs "a", "b", and "c". Any
9 additional moneys available to the school district
10 from the fund shall be determined and distributed as a
11 supplemental school infrastructure amount as provided
12 in section 422E.3A, subsection 3."

13 2. Page 6, line 25, by inserting after the word
14 "fund." the following: "Appropriations made to the
15 fund shall be credited to a separate appropriations
16 account."

17 3. By striking page 6, line 28 through page 10,
18 line 5 and inserting the following:

19 "2. a. For purposes of the distributions in
20 subsection 3, the department of education, in
21 consultation with the departments of management and
22 revenue and finance, shall compute by June 1 preceding
23 each budget year the uniform levy capacity, statewide
24 uniform levy capacity, and property tax capacity
25 inequity for each school district located in whole or
26 in part in a county that has imposed the local sales
27 and services tax for school infrastructure purposes
28 under this chapter.

29 (1) "Actual enrollment" for a school district
30 means the actual enrollment as reported by October 1
31 to the department of management by the department of
32 education pursuant to section 257.6, subsection 1.

33 (2) "Property tax capacity inequity" means the
34 amount that a school district's uniform levy capacity
35 is less than the statewide uniform levy capacity. If
36 a school district's uniform levy capacity exceeds the
37 statewide uniform levy capacity, the school district
38 does not have an inequity.

39 (3) "Statewide uniform levy capacity" means the
40 total amount raised by all school districts in the
41 state by the uniform levy of five dollars and forty
42 cents per thousand dollars of assessed valuation
43 divided by the combined actual enrollment of a
44 school districts in the state.

45 (4) "Uniform levy capacity" means for a school
46 district the amount raised by the school district's
47 uniform levy of five dollars and forty cents per
48 thousand dollars of assessed valuation divided by the
49 actual enrollment of the school district.

50 3. The appropriations credited in a fiscal year to

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1 the appropriations account of the secure an advanced
2 vision for education fund shall be distributed as a
3 supplemental school infrastructure amount as follows:
4 a. The department of education shall compute the
5 property tax capacity inequity of each school district
6 located in whole or in part in a county that has
7 imposed the tax under this chapter.

8 b. The department of revenue and finance, in
9 conjunction with the department of education, shall
10 distribute to the extent sufficient funds are
11 available a supplemental school infrastructure amount
12 to each school district that has a property tax
13 capacity inequity. The amount of the supplemental
14 school infrastructure amount distributed shall be an
15 amount equal to the school district's property tax
16 capacity inequity. If sufficient funds are not
17 available, the director of revenue and finance shall
18 distribute to the school district with the highest
19 property tax capacity inequity an amount equal to such
20 inequity. Any additional funds shall then be
21 distributed to the school district with the next
22 highest inequity. Any additional funds will then be
23 distributed to the next school district in descending
24 order of inequity until the funds have all been
25 distributed.

26 4. Moneys received by a school district as a
27 supplemental school infrastructure amount shall be
28 used solely for school infrastructure purposes and
29 shall not be used to reduce any property tax levy."

30 4. Page 11, line 10, by striking the words and
31 figure "2, paragraph "b"" and inserting the following:
32 "3".

By STEVEN H. WARNSTADT

SENATE FILE 445

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1 Amend Senate File 445 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 293.1 SCHOOL DISTRICT
5 SALES AND USE TAX FUND.

6 1. A school district sales and use tax fund is
7 created as a separate and distinct fund in the state
8 treasury under the control of the department of
9 revenue and finance. Moneys in the fund include
10 revenues credited to the fund pursuant to section
11 422.69, subsection 2, and section 423.24,
12 appropriations made to the fund and other moneys
13 deposited into the fund. The moneys credited in a
14 fiscal year to the fund shall be distributed as
15 follows:

16 a. A school district located in whole or in part
17 in a county that had in effect on March 31, 2003, the
18 local sales and services tax for school infrastructure
19 purposes under chapter 422E shall receive an amount
20 equal to its guaranteed school infrastructure amount
21 as calculated under subsection 2 if the board of
22 directors notifies the director of revenue and finance
23 that the school district wants to receive its
24 guaranteed school infrastructure amount. The
25 notification shall be provided by July 1, 2003. If
26 notification is not received by July 1, 2003, the
27 school district shall receive moneys pursuant to
28 paragraph "b". Nothing in this chapter shall prevent
29 a school district from using its guaranteed school
30 infrastructure amount to pay principal and interest on
31 obligations issued pursuant to section 422E.4.

32 A school district receiving moneys pursuant to this
33 paragraph shall cease to receive its guaranteed school
34 infrastructure amount and shall receive moneys
35 pursuant to paragraph "b" starting with the fiscal
36 year immediately following the fiscal year in which
37 occurs the end of the original ten-year period or the
38 date of repeal listed on the original ballot
39 proposition, whichever is the earlier, as provided in
40 chapter 422E. A school district may adopt a plan, as
41 provided in section 293.2, subsection 2, to anticipate
42 moneys it will receive pursuant to paragraph "b". A
43 school district receiving moneys pursuant to ~~this~~
44 paragraph may elect to receive moneys pursuant ~~to~~
45 paragraph "b" by providing notification to receive
46 moneys pursuant to paragraph "b" to the director of
47 revenue and finance and the director of the ~~department~~
48 of management by February 15 preceding the ~~fiscal~~ *fiscal year*
49 for which the election will apply. Once a school
50 district makes this election it is irrevocable.

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1 b. Moneys remaining after computations made
2 pursuant to paragraph "a" shall be distributed to
3 school districts not receiving moneys under paragraph
4 "a" on a per student basis calculated by the director
5 of revenue and finance by dividing the moneys
6 available during the fiscal year by the combined
7 actual enrollment for all school districts receiving
8 distributions under this paragraph.

9 The combined actual enrollment for school
10 districts, for purposes of this paragraph "b", shall
11 be calculated by adding together the actual enrollment
12 for each school district receiving distributions under
13 this paragraph "b" as determined by the department of
14 management based on the actual enrollment figures
15 reported by October 1 to the department of management
16 by the department of education pursuant to section
17 257.6, subsection 1. The combined actual enrollment
18 count shall be forwarded to the director of revenue
19 and finance by March 1, annually, for purposes of
20 supplying estimated tax payment figures and making
21 estimated tax payments pursuant to subsection 3 for
22 the following fiscal year.

23 2. a. For purposes of distributions under
24 subsection 1, paragraph "a", the school district's
25 guaranteed school infrastructure amount shall be
26 calculated according to the following formula:

27 The district's guaranteed school infrastructure
28 amount equals the product of the county guaranteed
29 school infrastructure amount and the district's county
30 actual enrollment divided by the county combined
31 actual enrollment.

32 b. For purposes of the formula in paragraph "a":

33 (1) "Base year" means the fiscal year beginning
34 July 1, 2002.

35 (2) "Base year county taxable sales percentage"
36 means the percentage that the taxable sales in the
37 county during the base year is of the total state
38 taxable sales during the base year.

39 (3) "County combined actual enrollment" means the
40 actual enrollment figures determined by the department
41 of management for the county based on the actual
42 enrollment figures reported by October 1 to the
43 department of management by the department of
44 education pursuant to section 257.6, subsection 1.

45 (4) "County guaranteed school infrastructure
46 amount" means an amount equal to the product of the
47 county's chapter 422E proportionate share and the
48 amount deposited in the school district sales and use
49 tax fund for the current year times the current year
50 county taxable sales percentage divided by the base

1 year county taxable sales percentage.

2 (5) "County's chapter 422E proportionate share"
3 means the percentage that the annualized revenues
4 received in the county under chapter 422E for the base
5 year is of one-fifth of the total state sales and use
6 tax revenues collected for deposit into the general
7 fund of the state for the base year.

8 (6) "Current year" means the fiscal year for which
9 distributions under this section are being made.

10 (7) "Current year county taxable sales percentage"
11 means the percentage that the taxable sales in the
12 county during the current fiscal year is of the total
13 state taxable sales during the current fiscal year.

14 (8) "District's county actual enrollment" means the
15 actual enrollment of the school district that attends
16 school in the county for which the county combined
17 actual enrollment is determined.

18 (9) "Taxable sales" means sales subject to the
19 state sales and services tax under chapter 422,
20 division IV.

21 3. a. The director of revenue and finance within
22 fifteen days of the beginning of each fiscal year
23 shall send to each school district an estimate of the
24 amount of tax moneys each school district will receive
25 for the year and for each quarter of the year. At the
26 end of each quarter, the director may revise the
27 estimates for the year and remaining quarters.

28 b. The director shall remit ninety-five percent of
29 the estimated tax receipts for the school district to
30 the school district on or before September 30 of the
31 fiscal year and on or before the last day of each
32 following quarter.

33 c. The director shall remit a final payment of the
34 remainder of tax moneys due for the fiscal year before
35 November 10 of the next fiscal year. If an
36 overpayment has resulted during the previous fiscal
37 year, the November payment shall be adjusted to
38 reflect any overpayment.

39 d. If the distributions are to school districts
40 described in subsection 1, paragraph "a", the payments
41 to these school districts shall be done on a monthly
42 basis beginning with the month of August.

43 Sec. 2. NEW SECTION. 293.2 USE OF SCHOOL
44 DISTRICT SALES AND USE TAX FUND MONEYS.

45 1. A school district receiving moneys from the
46 school district sales and use tax fund under section
47 293.1, subsection 1, paragraph "a", shall use the
48 moneys as provided on the original ballot proposition
49 pursuant to chapter 422E, for the payment of principal
50 and interest on general obligation bonds issued

1 pursuant to chapter 296, or section 298.20 or loan
2 agreements under section 297.36, for payments made
3 pursuant to lease or lease-purchase agreements, or for
4 payment of principal and interest on bonds issued
5 under sections 293.3 and 422E.4.

6 2. a. Moneys received by a school district from
7 the school district sales and use tax fund under
8 section 293.1, subsection 1, paragraph "b", shall be
9 spent for infrastructure purposes only according to a
10 plan developed by the board of directors. The plan
11 may apply to more than one fiscal year. Prior to
12 adoption of the plan, the board of directors shall
13 hold a public hearing on the question of approval of
14 the proposed plan. The board shall set forth its
15 proposal and shall publish the notice of the time and
16 place of a public hearing on the proposed plan.
17 Notice of the time and place of the public hearing
18 shall be published not less than ten nor more than
19 twenty days before the public hearing in a newspaper
20 which is a newspaper of general circulation in the
21 school district. At the hearing, or no later than
22 thirty days after the date of the hearing, the board
23 shall take action to adopt the proposed plan.

24 b. If the board adopts the plan, moneys received
25 shall be used according to the plan unless within
26 twenty-eight days following the action of the board,
27 the secretary of the board receives a petition
28 containing signatures of registered voters equal in
29 number to five percent of the voters in the school
30 district who voted at the last general election,
31 asking that an election be called to approve or
32 disapprove the action of the board. The board shall
33 either rescind its action or direct the county
34 commissioner of elections to submit the question to
35 the registered voters of the school district at the
36 next following regular school election or a special
37 election. If a majority of those voting on the
38 question at the election favors disapproval of the
39 action of the board, the district shall use the moneys
40 received as provided in paragraph "c" for the fiscal
41 year.

42 At the expiration of the twenty-eight day period,
43 if no petition is filed, the board shall use the
44 moneys received according to the plan for the duration
45 of the plan. However, the board may, at anytime,
46 expend a greater share of moneys received for property
47 tax relief than otherwise specified in the plan.

48 c. If an election is held and the plan is
49 disapproved, as provided in paragraph "b", or if a
50 plan is not approved by the board, moneys received by

1 a school district shall be used for the fiscal year to
2 reduce the following levies in the following order:

3 (1) Bond levies under sections 298.18 and 298.18A
4 and other debt levies until the moneys received or the
5 levies are reduced to zero.

6 (2) The physical plant and equipment levy under
7 section 298.2, until the moneys received or the levy
8 is reduced to zero.

9 (3) The schoolhouse tax levy under section 278.1,
10 subsection 7, Code 1989, until the moneys received or
11 the levy is reduced to zero.

12 Any money remaining after the reduction of the
13 levies specified in this paragraph may be used for any
14 lawful infrastructure purpose of the school district.

15 d. For purposes of this subsection,
16 "infrastructure purposes" means those purposes for
17 which a school district is authorized to contract
18 indebtedness and issue general obligation bonds under
19 chapter 296 or to expend tax revenues under section
20 298.3, the payment of principal and interest on
21 general obligation bonds issued under chapter 296 or
22 section 298.20 or loan agreements under section
23 297.36, payments made pursuant to a lease or lease-
24 purchase agreement, or the payment of principal and
25 interest on bonds issued under section 293.3 or
26 422E.4.

27 Sec. 3. NEW SECTION. 293.3 BONDING.

28 A school district may anticipate the amount of
29 moneys to be received pursuant to section 293.1 as
30 provided in this section.

31 The board of directors of a school district is
32 authorized to issue negotiable, interest-bearing
33 school bonds, without election, and utilize tax
34 receipts derived from the school district sales and
35 use tax fund for principal and interest repayment.
36 Proceeds of the bonds issued pursuant to this section
37 shall be utilized solely for school infrastructure
38 needs as school infrastructure is defined in section
39 293.2, subsection 2.

40 Bonds issued under this section may be sold at
41 public sale as provided in chapter 75. Notice shall
42 be given and a hearing shall be held as provided in
43 section 73A.12. Bonds may bear dates, bear interest
44 at rates not exceeding that permitted by chapter 74A,
45 mature in one or more installments, be in either
46 coupon or registered form, carry registration and
47 conversion privileges, be payable as to principal and
48 interest at times and places, be subject to terms of
49 redemption prior to maturity with or without premium,
50 and be in one or more denominations, all as provided

1 by the resolution of the board of directors
2 authorizing their issuance. The resolution may also
3 prescribe additional provisions, terms, conditions,
4 and covenants which the board of directors deems
5 advisable, including provisions for creating and
6 maintaining reserve funds, the issuance of additional
7 bonds ranking on a parity with such bonds and
8 additional bonds junior and subordinate to such bonds,
9 and that such bonds shall rank on a parity with or be
10 junior and subordinate to any bonds which may be then
11 outstanding. Bonds may be issued to refund
12 outstanding and previously issued bonds under this
13 section. Bonds are a contract between the school
14 district and holders, and the resolution issuing the
15 bonds and pledging tax revenues to be received from
16 the school district sales and use tax fund to the
17 payment of principal and interest on the bonds is a
18 part of the contract. Bonds issued pursuant to this
19 section shall not constitute indebtedness within the
20 meaning of any constitutional or statutory debt
21 limitation or restriction, and shall not be subject to
22 any other law relating to the authorization, issuance,
23 or sale of bonds.

24 A school district shall be authorized to enter into
25 a chapter 28E agreement with one or more cities or a
26 county whose boundaries encompass all or a part of the
27 area of the school district. A city or cities
28 entering into a chapter 28E agreement shall be
29 authorized to expend its designated portion of the tax
30 revenues to be received from the school district sales
31 and use tax fund for any valid purpose permitted in
32 this chapter or authorized by the governing body of
33 the city. A county entering into a chapter 28E
34 agreement with a school district shall be authorized
35 to expend its designated portion of the tax revenues
36 to be received from the school district sales and use
37 tax fund to provide property tax relief within the
38 boundaries of the school district located in the
39 county. A school district is also authorized to enter
40 into a chapter 28E agreement with another school
41 district which is located partially or entirely in or
42 is contiguous to the county. The school district
43 shall only expend its designated portion of tax
44 revenues to be received from the school district sales
45 and use tax fund for infrastructure purposes.

46 The governing body of a city may authorize the
47 issuance of bonds which are payable from its
48 designated portion of the tax revenues to be received
49 from the school district sales and use tax fund, and
50 not from property tax, by following the authorization

1 procedures set forth for cities in section 384.83. A
2 city may pledge irrevocably any amount derived from
3 its designated portions of the tax revenues to be
4 received from the school district sales and use tax
5 fund to the support or payment of such bonds.

6 Sec. 4. Section 298.18, unnumbered paragraph 4,
7 Code 2003, is amended to read as follows:

8 The amount estimated and certified to apply on
9 principal and interest for any one year may exceed two
10 dollars and seventy cents per thousand dollars of
11 assessed value by the amount approved by the voters of
12 the school corporation, but not exceeding four dollars
13 and five cents per thousand of the assessed value of
14 the taxable property within any school corporation,
15 provided that the registered voters of such school
16 corporation have first approved such increased amount
17 at a special election, which ~~may be was held at the~~
18 ~~same time as the regular school election prior to July~~
19 ~~1, 2003. The proposition submitted to the voters at~~
20 ~~such special election shall be in substantially the~~
21 ~~following form:~~

22 Sec. 5. Section 298.18, unnumbered paragraphs 5
23 and 6, Code 2003, are amended by striking the
24 unnumbered paragraphs.

25 Sec. 6. Section 298.18, unnumbered paragraph 8,
26 Code 2003, is amended to read as follows:

27 The ability of a school corporation to exceed two
28 dollars and seventy cents per thousand dollars of
29 assessed value to service principal and interest
30 payments on bonded indebtedness is limited and
31 conferred only to those school corporations engaged in
32 the administration of elementary and secondary
33 education and which have voted to exceed that levy
34 limitation prior to July 1, 2003.

35 Sec. 7. Section 422.43, subsections 1, 2, 4, 5, 6,
36 7, 10, and 12, Code 2003, are amended to read as
37 follows:

38 1. There is imposed a tax of ~~five~~ six percent upon
39 the gross receipts from all sales of tangible personal
40 property, consisting of goods, wares, or merchandise,
41 except as otherwise provided in this division, sold at
42 retail in the state to consumers or users; a like rate
43 of tax upon the gross receipts from the sales,
44 furnishing, or service of gas, electricity, water,
45 heat, pay television service, and communication
46 service, including the gross receipts from such sales
47 by any municipal corporation or joint water utility
48 furnishing gas, electricity, water, heat, pay
49 television service, and communication service to the
50 public in its proprietary capacity, except as

1 otherwise provided in this division, when sold at
2 retail in the state to consumers or users; a like rate
3 of tax upon the gross receipts from all sales of
4 tickets or admissions to places of amusement, fairs,
5 and athletic events except those of elementary and
6 secondary educational institutions; a like rate of tax
7 on the gross receipts from an entry fee or like charge
8 imposed solely for the privilege of participating in
9 an activity at a place of amusement, fair, or athletic
10 event unless the gross receipts from the sales of
11 tickets or admissions charges for observing the same
12 activity are taxable under this division; and a like
13 rate of tax upon that part of private club membership
14 fees or charges paid for the privilege of
15 participating in any athletic sports provided club
16 members.

17 2. There is imposed a tax of ~~five~~ six percent upon
18 the gross receipts derived from the operation of all
19 forms of amusement devices and games of skill, games
20 of chance, raffles, and bingo games as defined in
21 chapter 99B, operated or conducted within the state,
22 the tax to be collected from the operator in the same
23 manner as for the collection of taxes upon the gross
24 receipts of tickets or admission as provided in this
25 section. The tax shall also be imposed upon the gross
26 receipts derived from the sale of lottery tickets or
27 shares pursuant to chapter 99E. The tax on the
28 lottery tickets or shares shall be included in the
29 sales price and distributed to the general fund as
30 provided in section 99E.10.

31 4. There is imposed a tax of ~~five~~ six percent upon
32 the gross receipts from the sales of engraving,
33 photography, retouching, printing, and binding
34 services. For the purpose of this division, the sales
35 of engraving, photography, retouching, printing, and
36 binding services are sales of tangible property.

37 5. There is imposed a tax of ~~five~~ six percent upon
38 the gross receipts from the sales of vulcanizing,
39 recapping, and retreading services. For the purpose
40 of this division, the sales of vulcanizing, recapping,
41 and retreading services are sales of tangible
42 property.

43 6. There is imposed a tax of ~~five~~ six percent upon
44 the gross receipts from the sales of optional service
45 or warranty contracts, except residential service
46 contracts regulated under chapter 523C, which provide
47 for the furnishing of labor and materials and require
48 the furnishing of any taxable service enumerated under
49 this section. The gross receipts are subject to tax
50 even if some of the services furnished are not

1 enumerated under this section. For the purpose of
2 this division, the sale of an optional service or
3 warranty contract, other than a residential service
4 contract regulated under chapter 523C, is a sale of
5 tangible personal property. Additional sales,
6 services, or use taxes shall not be levied on
7 services, parts, or labor provided under optional
8 service or warranty contracts which are subject to tax
9 under this section.

10 If the optional service or warranty contract is a
11 computer software maintenance or support service
12 contract and there is no separately stated fee for the
13 taxable personal property or for the nontaxable
14 service, the tax of five six percent imposed by this
15 subsection shall be imposed on fifty percent of the
16 gross receipts from the sale of such contract. If the
17 contract provides for technical support services only,
18 no tax shall be imposed under this subsection. The
19 provisions of this subsection also apply to the tax
20 imposed by chapter 423.

21 7. There is imposed a tax of five six percent upon
22 the gross receipts from the renting of rooms,
23 apartments, or sleeping quarters in a hotel, motel,
24 inn, public lodging house, rooming house, manufactured
25 or mobile home which is tangible personal property, or
26 tourist court, or in any place where sleeping
27 accommodations are furnished to transient guests for
28 rent, whether with or without meals. "Renting" and
29 "rent" include any kind of direct or indirect charge
30 for such rooms, apartments, or sleeping quarters, or
31 their use. For the purposes of this division, such
32 renting is regarded as a sale of tangible personal
33 property at retail. However, this tax does not apply
34 to the gross receipts from the renting of a room,
35 apartment, or sleeping quarters while rented by the
36 same person for a period of more than thirty-one
37 consecutive days.

38 10. There is imposed a tax of five six percent
39 upon the gross receipts from the rendering,
40 furnishing, or performing of services as defined in
41 section 422.42.

42 12. A tax of five six percent is imposed upon the
43 gross receipts from the sales of prepaid telephone
44 calling cards and prepaid authorization numbers. For
45 the purpose of this division, the sales of prepaid
46 telephone calling cards and prepaid authorization
47 numbers are sales of tangible personal property.

48 Sec. 8. Section 422.43, subsection 13, paragraph
49 a, unnumbered paragraph 1, Code 2003, is amended to
50 read as follows:

1 A tax of ~~five~~ six percent is imposed upon the gross
2 receipts from the sales, furnishing, or service of
3 solid waste collection and disposal service.

4 Sec. 9. Section 422.43, subsections 16 and 17,
5 Code 2003, are amended to read as follows:

6 16. a. A tax of ~~five~~ six percent is imposed upon
7 the gross receipts from sales of bundled services
8 contracts. For purposes of this subsection, a
9 "bundled services contract" means an agreement
10 providing for a retailer's performance of services,
11 one or more of which is a taxable service enumerated
12 in this section and one or more of which is not, in
13 return for a consumer's or user's single payment for
14 the performance of the services, with no separate
15 statement to the consumer or user of what portion of
16 that payment is attributable to any one service which
17 is a part of the contract.

18 b. For purposes of the administration of the tax
19 on bundled services contracts, the director may enter
20 into agreements of limited duration with individual
21 retailers, groups of retailers, or organizations
22 representing retailers of bundled services contracts.
23 Such an agreement shall impose the tax rate only upon
24 that portion of the gross receipts from a bundled
25 services contract which is attributable to taxable
26 services provided under the contract.

27 17. A tax of ~~five~~ six percent is imposed upon the
28 gross receipts from any mobile telecommunication
29 service which this state is allowed to tax by the
30 provisions of the federal Mobile Telecommunications
31 Sourcing Act, Pub. L. No. 106-252, 4 U.S.C. § 116 et
32 seq. For purposes of this subsection, taxes on mobile
33 telecommunications service, as defined under the
34 federal Mobile Telecommunications Sourcing Act, that
35 are deemed to be provided by the customer's home
36 service provider shall be paid to the taxing
37 jurisdiction whose territorial limits encompass the
38 customer's place of primary use, regardless of where
39 the mobile telecommunication service originates,
40 terminates, or passes through and shall in all other
41 respects be taxed in conformity with the federal
42 Mobile Telecommunications Sourcing Act. All other
43 provisions of the federal Mobile Telecommunications
44 Sourcing Act are adopted by the state of Iowa and
45 incorporated into this subsection by reference. With
46 respect to mobile telecommunications service under the
47 federal Mobile Telecommunications Sourcing Act the
48 director shall, if requested, enter into agreements
49 consistent with the provisions of the federal Act.

50 Sec. 10. Section 422.47, Code 2003, is amended by

1 adding the following new subsection:

2 NEW SUBSECTION. 2. Construction contractors may
3 make application to the department for a refund of the
4 additional one percent tax paid under this division by
5 reason of the increase in the tax from five to six
6 percent for taxes paid on goods, wares, or merchandise
7 under the following conditions:

8 a. The goods, wares, or merchandise are
9 incorporated into an improvement to real estate in
10 fulfillment of a written contract fully executed prior
11 to July 1, 2003. The refund shall not apply to
12 equipment transferred in fulfillment of a mixed
13 construction contract.

14 b. The contractor has paid to the department or to
15 a retailer the full six percent tax.

16 c. The claim is filed on forms provided by the
17 department and is filed within one year of the date
18 the tax is paid.

19 A contractor who makes an erroneous application for
20 refund shall be liable for payment of the excess
21 refund paid plus interest at the rate in effect under
22 section 421.7. In addition, a contractor who
23 willfully makes a false application for refund is
24 guilty of a simple misdemeanor and is liable for a
25 penalty equal to fifty percent of the excess refund
26 claimed. Excess refunds, penalties, and interest due
27 under this subsection may be enforced and collected in
28 the same manner as the tax imposed by this division.

29 Sec. 11. Section 422.69, subsection 2, Code 2003,
30 is amended to read as follows:

31 2. a. Unless Except as provided in paragraph "b",
32 or as otherwise provided, the fees, taxes, interest,
33 and penalties collected under this chapter shall be
34 credited to the general fund.

35 b. One-sixth of the fees, taxes, interest, and
36 penalties collected pursuant to division IV shall be
37 credited to the school district sales and use tax fund
38 created in section 293.1.

39 Sec. 12. Section 422E.1, Code 2003, is amended by
40 adding the following new subsection:

41 NEW SUBSECTION. 4. a. This chapter does not
42 apply to any county after the effective date of this
43 section of this Act.

44 b. In the case of a county that has in effect on
45 March 31, 2003, a local sales and services tax for
46 school infrastructure purposes, the increase in the
47 state sales and services tax under chapter 422,
48 division IV, from five percent to six percent shall
49 replace the county's local sales and services tax for
50 school infrastructure purposes and to this extent the

1 local sales and services tax for school infrastructure
2 purposes is repealed.

3 Sec. 13. Section 423.2, Code 2003, is amended to
4 read as follows:

5 423.2 IMPOSITION OF TAX.

6 An excise tax is imposed on the use in this state
7 of tangible personal property, including aircraft
8 subject to registration under section 328.20,
9 purchased for use in this state, at the rate of ~~five~~
10 six percent of the purchase price of the property. An
11 excise tax is imposed on the use of manufactured
12 housing in this state at the rate of ~~five~~ six percent
13 of the purchase price if the manufactured housing is
14 sold in the form of tangible personal property and at
15 the rate of ~~five~~ six percent of the installed purchase
16 price if the manufactured housing is sold in the form
17 of realty. An excise tax is imposed on the use in
18 this state of vehicles subject to registration or
19 subject only to the issuance of a certificate of title
20 at the rate of five percent. An excise tax is imposed
21 on the use of leased vehicles at the rate of five
22 percent of the amount otherwise subject to tax as
23 calculated pursuant to section 423.7A. The excise tax
24 is imposed upon every person using the property within
25 this state until the tax has been paid directly to the
26 county treasurer or the state department of
27 transportation, to a retailer, or to the department.
28 An excise tax is imposed on the use in this state of
29 services enumerated in section 422.43 at the rate of
30 ~~five~~ six percent. This tax is applicable where
31 services are rendered, furnished, or performed in this
32 state or where the product or result of the service is
33 used in this state. This tax is imposed on every
34 person using the services or the product of the
35 services in this state until the user has paid the tax
36 either to an Iowa use tax permit holder or to the
37 department.

38 Sec. 14. Section 423.24, Code 2003, is amended by
39 adding the following new subsection:

40 NEW SUBSECTION. 2A. One-sixth of all other
41 revenue arising under the operation of this chapter
42 shall be credited to the school district sales and use
43 tax fund created in section 293.1.

44 Sec. 15. Section 423.24, subsection 3, Code 2003,
45 is amended to read as follows:

46 3. All other revenue arising under the operation
47 of this chapter not credited as specified in
48 subsections 1, 2, and 2A shall be credited to the
49 general fund of the state.

50 Sec. 16. APPLICABILITY. This section applies in

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1 regard to the increase in the state sales and use
2 taxes from five to six percent. The six percent rate
3 applies to all sales of taxable personal property,
4 consisting of goods, wares, or merchandise if delivery
5 occurs on or after July 1, 2003. The six percent use
6 tax rate applies to the use of property when the first
7 taxable use in this state occurs on or after July 1,
8 2003. The six percent rate applies to the gross
9 receipts from the sale, furnishing, or service of gas,
10 electricity, water, heat, pay television service, and
11 communication service if the date of billing the
12 customer is on or after July 1, 2003. In the case of
13 a service contract entered into prior to July 1, 2003,
14 which contract calls for periodic payments, the six
15 percent rate applies to those payments made or due on
16 or after July 1, 2003. This periodic payment applies,
17 but is not limited to, tickets or admissions, private
18 club membership fees, sources of amusement, equipment
19 rental, dry cleaning, reducing salons, dance schools,
20 and all other services subject to tax, except the
21 aforementioned utility services which are subject to a
22 special transitional rule. Unlike periodic payments
23 under service contracts, installment sales of goods,
24 wares, and merchandise are subject to the full amount
25 of sales or use tax when the sales contract is entered
26 into or the property is first used in Iowa.

27 Sec. 17. EFFECTIVE DATE. Sections 1 and 2 of this
28 Act, being deemed of immediate importance, take effect
29 upon enactment."

30 2. Title page, by striking lines 3 through 5 and
31 inserting the following: "from the increase in the
32 state sales and use taxes with school districts for
33 infrastructure purposes".

By KEITH A. KREIMAN
JOHN P. KIBBIE

S-3239 FILED APRIL 16, 2003

LOST

SENATE FILE 445

S-3247

1 Amend Senate File 445 as follows:

2 1. Page 1, line 19, by inserting after the word
3 "repair," the following: "demolition work,".

By RON WIECK

S-3247 FILED APRIL 16, 2003

ADOPTED 4/16/03

SENATE FILE 445

LIN

1 Amend Senate File 445 as follows:
2 #1. Page 4, by inserting after line 22 the
3 following:
4 "c. A county that has in effect on the effective
5 date of this Act the local option sales and services
6 tax shall not hold an election on the continuation of
7 the tax sooner than nine years following the date on
8 which the question of the imposition of the tax was
9 first approved in the county."
10 #2. Page 4, line 23, by striking the word "c." and
11 inserting the following: "d."
12
13
14
15 KEITH A. KREIMAN
16 SF 445.503 80
17 mq/pj

S-3246 Filed April 16, 2003

SENATE FILE 445

LIN

1 Amend Senate File 445 as follows:
2 #1. Page 10, by striking lines 6 through 24 and
3 inserting the following:
4 "6. A school district shall not expend the
5 supplemental school infrastructure amount received for
6 new construction or for payments for bonds issued for
7 new construction against the supplemental school
8 infrastructure amount without first getting an
9 advisory opinion from the department of education as
10 to the need for such expenditure. However, an
11 advisory opinion is not required for the payment of
12 outstanding bonds issued for new construction pursuant
13 to section 296.1, before April 1, 2003. An advisory
14 opinion is also not required for repairing
15 schoolhouses or buildings, equipment, technology, or
16 transportation equipment for transporting students as
17 provided in section 298.3, or for construction
18 necessary for compliance with the federal Americans
19 With Disabilities Act pursuant to 42 U.S.C. } 12101-
20 12117. In preparing an advisory opinion, the
21 department shall consider all of the following:"
22
23
24
25 KEITH A. KREIMAN
26 SF 445.704 80
27 mq/cl

S-3244 Filed April 16, 2003

SENATE FILE 445

S-3240

1 Amend Senate File 445 as follows:

2 1. By striking page 5, line 34, through page 6,
3 line 4 and inserting following:

4 "e. The amount of tax receipts credited to the
5 account within the secure an advanced vision for
6 education fund maintained in the name of a school
7 district shall be distributed to that school district
8 as provided in paragraphs "a", "b", and "c". Any
9 additional moneys available to the school district
10 from the fund shall be determined and distributed as a
11 supplemental school infrastructure amount as provided
12 in section 422E.3A, subsection 3."

13 2. Page 6, line 25, by inserting after the word
14 "fund." the following: "Appropriations made to the
15 fund shall be credited to a separate appropriations
16 account."

17 3. By striking page 6, line 28 through page 10,
18 line 5 and inserting the following:

19 "2. a. For purposes of the distributions in
20 subsection 3, the department of education, in
21 consultation with the departments of management and
22 revenue and finance, shall compute by June 1 preceding
23 each budget year the infrastructure tax capacity,
24 statewide infrastructure tax capacity, and
25 infrastructure tax capacity inequity for each school
26 district located in whole or in part in a county that
27 has imposed the local sales and services tax for
28 school infrastructure purposes under this chapter.

29 (1) "Actual enrollment" for a school district
30 means the actual enrollment as reported by October 1
31 to the department of management by the department of
32 education pursuant to section 257.6, subsection 1.

33 (2) "Infrastructure tax capacity" means for a
34 school district the estimated amount of revenues that
35 a school district receives or would receive if the
36 regular physical plant and equipment levy of thirty-
37 three cents per thousand dollars is imposed divided by
38 the school district's actual enrollment.

39 (3) "Infrastructure tax capacity inequity" means
40 the amount that a school district's infrastructure tax
41 capacity is less than the statewide infrastructure tax
42 capacity. If a school district's infrastructure tax
43 capacity exceeds the statewide infrastructure tax
44 capacity, the school district does not have an
45 inequity.

46 (4) "Statewide infrastructure tax capacity" means
47 the amount determined by estimating the total revenues
48 that would be generated by a regular physical plant
49 and equipment levy of thirty-three cents per thousand
50 dollars if imposed by all the school districts during

S-3240

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Page 2

1 the budget year and dividing this estimated revenue
2 amount by the sum of the combined actual enrollment
3 for all school districts.

4 3. The appropriations credited in a fiscal year to
5 the appropriations account of the secure an advanced
6 vision for education fund shall be distributed as a
7 supplemental school infrastructure amount as follows:

8 a. The department of education shall compute the
9 infrastructure tax capacity inequity of each school
10 district located in whole or in part in a county that
11 has imposed the tax under this chapter.

12 b. The department of revenue and finance, in
13 conjunction with the department of education, shall
14 distribute to the extent sufficient funds are
15 available a supplemental school infrastructure amount
16 to each school district that has an infrastructure tax
17 capacity inequity. The amount of the supplemental
18 school infrastructure amount distributed shall be an
19 amount equal to the school district's infrastructure
20 tax capacity inequity. If sufficient funds are not
21 available, the director of revenue and finance shall
22 distribute to the school district with the highest
23 infrastructure tax capacity inequity an amount equal
24 to such inequity. Any additional funds shall then be
25 distributed to the school district with the next
26 highest inequity. Any additional funds will then be
27 distributed to the next school district in descending
28 order of inequity until the funds have all been
29 distributed.

30 4. Moneys received by a school district as a
31 supplemental school infrastructure amount shall be
32 used solely for school infrastructure purposes and
33 shall not be used to reduce any property tax levy."

34 4. Page 11, line 10, by striking the words and
35 figure "2, paragraph "b"" and inserting the following:
36 "3".

By STEVEN H. WARNSTADT

S-3240 FILED APRIL 16, 2003
WITHDRAWN

Description

Senate File 445 amends the current school infrastructure local option sales and services tax (SILO) by creating a shared financing program. After April 1, 2003, SILO taxes would be deposited in the Secure an Advanced Vision for Education Fund. A guaranteed per pupil amount is established by estimating the total revenue that would be generated by a 1.0% sales tax in all counties divided by the number of Iowa students. If the per pupil amount generated by the sales tax in a county is less than the guarantee, the county would receive a supplemental from the Secure an Advanced Vision for Education Fund to make up the difference. School districts in counties with the tax in place prior to April 1, 2003, would receive the greater of the amount they would receive under current law or that amount plus the supplemental, bringing them up to the guarantee. School districts in counties implementing the tax after April 1, 2003, would receive the guarantee amount or their pro rata share plus the supplemental. If the revenues in the Fund are insufficient to meet the supplemental costs, the available funds will be distributed proportionately to the number of students. The Bill also expands the permitted use of SILO tax revenues to include debt service and sunsets SILO taxes as of December 31, 2022.

Assumptions

1. Thirty-five counties have implemented or voted to implement a school infrastructure local option sales and services tax (SILO).
2. All remaining counties will implement the SILO tax. To the extent that counties that would produce revenues in excess of the guaranteed school infrastructure amount choose not to implement the tax, the additional amounts to pay for the supplemental costs will decrease.
3. The guaranteed school infrastructure amount is estimated to be \$575 per pupil.
4. Of the 99 counties, 83 would fall below the guaranteed school infrastructure amount and would be eligible for the supplemental. Supplemental costs are estimated to be \$55.2 million.
5. Of the 16 counties generating revenues in excess of the guarantee, 11 already have a SILO tax and would keep the excess. The five remaining counties could generate excess revenues of up to \$15.9 million that would be used for the supplemental costs.
6. There will be a \$39.3 million shortfall in SILO revenues to pay the supplementals. With a pro rata adjustment, the supplemental will be \$62.00 per student, instead of the average supplemental cost of \$214 per student to bring all up to the guaranteed school infrastructure amount.

Fiscal Impact

The Bill does not increase or decrease revenues for the General Fund. There may be some impact on FY 2004 on a cash basis, as estimated payments are made to the counties and the sales tax receipts will not be received until July 2004 during the reconciling period.

If the remaining 64 counties were to implement a SILO tax, schools would receive an estimated \$100.9 million for infrastructure and debt service.

Sources

Department of Revenue and Finance
Iowa Association of School Boards

/s/ Dennis C Prouty

April 17, 2003

1 Section 1. Section 422E.1, subsections 2 and 3, Code 2003,
2 are 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.

8 However, all local option sales and services taxes for school
9 infrastructure purposes are repealed December 31, 2022.

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

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

29 3. The county commissioner of elections shall submit the
30 question of imposition of a local sales and services tax for
31 school infrastructure purposes at a state general election or
32 at a special election held at any time other than the time of
33 a city regular election. The election shall not be held
34 sooner than sixty days after publication of notice of the
35 ballot proposition. The ballot proposition shall specify the

1 rate of tax, the date the tax will be imposed and repealed,
2 and shall contain a statement as to the specific purpose or
3 purposes for which the revenues shall be expended. The
4 content of the ballot proposition shall be substantially
5 similar to the petition of the board of supervisors or motions
6 of a school district or school districts requesting the
7 election as provided in subsection 2, as applicable, including
8 the rate of tax, imposition and repeal date, and the specific
9 purpose or purposes for which the revenues will be expended.

10 The dates for the imposition and repeal of the tax shall be as
11 provided in subsection 1. The rate of tax shall not be more
12 than one percent ~~as set by the county board of supervisors.~~
13 The state commissioner of elections shall establish by rule
14 the form for the ballot proposition which form shall be
15 uniform throughout the state.

16 Sec. 3. Section 422E.2, Code 2003, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 3A. a. Each school district located
19 within the county may submit a revenue purpose statement to
20 the county commissioner of elections no later than sixty days
21 prior to the election indicating the specific purpose or
22 purposes for which the local sales and services tax for school
23 infrastructure revenue and supplemental school infrastructure
24 amount revenue will be expended. The revenues received
25 pursuant to this chapter shall be expended for the purposes
26 indicated in the revenue purpose statement. The revenue
27 purpose statement may include information regarding the school
28 district's use of the revenues to provide for property tax
29 relief or debt reduction. A copy of the revenue purpose
30 statement shall be made available for public inspection in
31 accordance with chapter 22, shall be posted at the appropriate
32 polling places of each school district during the hours that
33 the polls are open, and be published in a newspaper of general
34 circulation in the school district no sooner than twenty days
35 and no later than ten days prior to the election.

1 b. If a revenue purpose statement is not submitted sixty
2 days prior to the election or revenues remain after fulfilling
3 the purpose specified in the revenue purpose statement, the
4 revenues shall be used to reduce the following levies in the
5 following order:

6 (1) Bond levies under sections 298.18 and 298.18A and all
7 other debt levies, until the moneys received or the levies are
8 reduced to zero.

9 (2) The regular physical plant and equipment levy under
10 section 298.2, until the moneys received or the levy is
11 reduced to zero.

12 (3) The voter-approved physical plant and equipment levy
13 and income surtax, if any, under section 298.2, until the
14 moneys received or the levy and income surtax, if any, is
15 reduced to zero.

16 (4) The public educational and recreational levy under
17 section 300.2, until the moneys received or the levy is
18 reduced to zero.

19 (5) The schoolhouse tax levy under section 278.1,
20 subsection 7, Code 1989, until the moneys received or the levy
21 is reduced to zero.

22 Any money remaining after the reduction of the levies
23 specified in this paragraph "b" may be used for any authorized
24 infrastructure purpose of the school district.

25 c. Counties holding an election on the local sales and
26 services tax for school infrastructure purposes on or after
27 April 1, 2003, but before July 1, 2003, which approve the
28 imposition of the tax at the election shall expend the
29 revenues for any authorized infrastructure purpose of the
30 school district.

31 Sec. 4. Section 422E.2, subsection 4, Code 2003, is
32 amended to read as follows:

33 4. a. The tax may be repealed or the rate increased, but
34 not above one percent, or decreased, or the use of the
35 revenues changed after an election at which a majority of

1 those voting on the question of repeal, or rate change, or
2 change in use favored the repeal, or rate change, or change in
3 use. The election at which the question of repeal, or rate
4 change, or change in use is offered shall be called and held
5 in the same manner and under the same conditions as provided
6 in this section for the election on the imposition of the tax.
7 However, an election on the change in use shall only be held
8 in the school district where the change in use is proposed to
9 occur. The election may be held at any time but not sooner
10 than sixty days following publication of the ballot
11 proposition. However, the tax shall not be repealed before it
12 has been in effect for one year.

13 b. Within ten days of the election at which a majority of
14 those voting on the question favors the imposition, repeal, or
15 change in the rate of the tax, the county auditor shall give
16 written notice of the result of the election by sending a copy
17 of the abstract of the votes from the favorable election to
18 the director of revenue and finance. Election costs shall be
19 apportioned among school districts within the county on a pro
20 rata basis in proportion to the number of registered voters in
21 each school district who reside within the county and the
22 total number of registered voters within the county.

23 c. A local option sales and services tax shall not be
24 repealed or reduced in rate if obligations are outstanding
25 which are payable as provided in section 422E.4, unless funds
26 sufficient to pay the principal, interest, and premium, if
27 any, on the outstanding obligations at and prior to maturity
28 have been properly set aside and pledged for that purpose.
29 However, this paragraph does not apply to the repeal of the
30 tax on December 31, 2022, as specified in section 422E.1,
31 subsection 2.

32 Sec. 5. Section 422E.3, subsection 4, Code 2003, is
33 amended to read as follows:

34 4. The director of revenue and finance shall credit tax
35 receipts and interest and penalties from the local sales and

1 services tax for school infrastructure purposes to an account
2 within the ~~county's local sales and services tax fund, as~~
3 ~~created in section 422B.10, subsection 1~~ secure an advanced
4 vision for education fund, as provided in section 422E.3A,
5 maintained in the name of the school district or school
6 districts located within the county. If the director is
7 unable to determine from which county any of the receipts were
8 collected, those receipts shall be allocated among the
9 possible counties based on allocation rules adopted by the
10 director.

11 Sec. 6. Section 422E.3, subsection 5, unnumbered paragraph
12 1, Code 2003, is amended to read as follows:

13 d. (1) If more than one school district, or a portion of
14 a school district, is located within the county, tax receipts
15 shall be remitted to each school district or portion of a
16 school district in which the county tax is imposed in a pro
17 rata share based upon the ratio which the ~~percentage of~~ actual
18 enrollment for the school district that attends school in the
19 county bears to ~~the percentage of~~ the total combined actual
20 enrollments for all school districts that attend school in the
21 county.

22 (2) The combined actual enrollment for a county, for
23 purposes of this section, shall be determined for each county
24 ~~imposing a sales and services tax for school infrastructure~~
25 ~~purposes~~ by the department of management based on the actual
26 enrollment figures reported by October 1 to the department of
27 management by the department of education pursuant to section
28 257.6, subsection 1. The combined actual enrollment count
29 shall be forwarded to the director of ~~the department of~~
30 ~~management~~ revenue and finance by March 1, annually, for
31 purposes of supplying estimated tax payment figures and making
32 estimated tax payments pursuant to this section for the
33 following fiscal year.

34 e. Notwithstanding the amount of tax receipts credited to
35 the account within the secure an advanced vision for education

1 fund maintained in the name of a school district, the amount
2 of tax receipts the school district shall receive from the tax
3 imposed in the county shall be determined as provided in
4 section 422E.3A, subsection 2.

5 Sec. 7. Section 422E.3, subsection 7, Code 2003, is
6 amended to read as follows:

7 7. Construction contractors may make application to the
8 department for a refund of the additional local sales and
9 services tax paid under this chapter by reason of taxes paid
10 on goods, wares, or merchandise under the conditions specified
11 in section 422B.11. The refund shall be paid by the
12 department from the appropriate school district's account in
13 the ~~local-sales-and-services-tax~~ secure an advanced vision for
14 education fund. The penalty provisions contained in section
15 422B.11, subsection 3, shall apply regarding an erroneous
16 application for refund of local sales and services tax paid
17 under this chapter.

18 Sec. 8. NEW SECTION. 422E.3A SECURE AN ADVANCED VISION
19 FOR EDUCATION FUND.

20 1. A secure an advanced vision for education fund is
21 created as a separate and distinct fund in the state treasury
22 under the control of the department of revenue and finance.
23 Moneys in the fund include revenues credited to the fund
24 pursuant to this chapter, appropriations made to the fund, and
25 other moneys deposited into the fund. Any amounts disbursed
26 from the fund shall be utilized for school infrastructure
27 purposes or property tax relief.

28 2. The moneys credited in a fiscal year to the secure an
29 advanced vision for education fund shall be distributed as
30 follows:

31 a. A school district that is located in whole or in part
32 in a county that voted on and approved prior to April 1, 2003,
33 the local sales and services tax for school infrastructure
34 purposes and that has a sales tax capacity per student above
35 the guaranteed school infrastructure amount shall receive an

1 amount equal to its pro rata share of the local sales and
2 services tax receipts as provided in section 422E.3,
3 subsection 5, paragraph "d".

4 b. (1) A school district that is located in whole or in
5 part in a county that voted on and approved prior to April 1,
6 2003, the local sales and services tax for school
7 infrastructure purposes and that has a sales tax capacity per
8 student below its guaranteed school infrastructure amount
9 shall receive an amount equal to its pro rata share of the
10 local sales and services tax receipts as provided in section
11 422E.3, subsection 5, paragraph "d", plus an amount equal to
12 its supplemental school infrastructure amount.

13 (2) A school district that is located in whole or in part
14 in a county that voted on and approved on or after April 1,
15 2003, the local sales and services tax for school
16 infrastructure purposes shall receive an amount equal to its
17 pro rata share of the local sales and services tax receipts as
18 provided in section 422E.3, subsection 5, paragraph "d", not
19 to exceed its guaranteed school infrastructure amount.
20 However, if the school district's pro rata share is less than
21 its guaranteed school infrastructure amount, the district
22 shall receive an additional amount equal to its supplemental
23 school infrastructure amount.

24 (3) A school district that is located in whole or in part
25 in a county that voted on and approved the continuation of the
26 tax on or after April 1, 2003, the local sales and services
27 tax for school infrastructure purposes shall receive an amount
28 equal to its pro rata share of the local sales and services
29 tax receipts as provided in section 422E.3, subsection 5,
30 paragraph "d", not to exceed its guaranteed school
31 infrastructure amount. However, if the school district's pro
32 rata share is less than its guaranteed school infrastructure
33 amount, the district shall receive an additional amount equal
34 to its supplemental school infrastructure amount.

35 (4) The amount distributed under this paragraph "b" which

1 a school district receives shall not exceed the guaranteed
2 school infrastructure amount. A school district qualifying
3 for a supplemental school infrastructure amount pursuant to
4 this paragraph "b" shall not receive more than the guaranteed
5 school infrastructure amount in any subsequent year.

6 c. In the case of a school district located in more than
7 one county, the amount to be distributed to the school
8 district shall be separately computed for each county based
9 upon the school district's actual enrollment that attends
10 school in the county.

11 3. a. The director of revenue and finance by June 1
12 preceding each fiscal year shall compute the guaranteed school
13 infrastructure amount for each school district, each school
14 district's sales tax capacity per student for each county, the
15 statewide tax revenues per student, and the supplemental
16 school infrastructure amount for the coming fiscal year.

17 b. For purposes of distributions under subsection 2:

18 (1) "Guaranteed school infrastructure amount" means for a
19 school district the statewide tax revenues per student,
20 multiplied by the quotient of the tax rate percent imposed in
21 the county, divided by one percent and multiplied by the
22 quotient of the number of quarters the tax is imposed during
23 the fiscal year divided by four quarters.

24 (2) "Sales tax capacity per student" means for a school
25 district the estimated amount of revenues that a school
26 district receives or would receive if a local sales and
27 services tax for school infrastructure purposes is imposed at
28 one percent in the county pursuant to section 422E.2, divided
29 by the school district's actual enrollment as determined in
30 section 422E.3, subsection 5, paragraph "d".

31 (3) "Statewide tax revenues per student" means the amount
32 determined by estimating the total revenues that would be
33 generated by a one percent local option sales and services tax
34 for school infrastructure purposes if imposed by all the
35 counties during the entire fiscal year and dividing this

1 estimated revenue amount by the sum of the combined actual
2 enrollment for all counties as determined in section 422E.3,
3 subsection 5, paragraph "d", subparagraph (2).

4 (4) "Supplemental school infrastructure amount" means the
5 guaranteed school infrastructure amount for the school
6 district less its pro rata share of local sales and services
7 tax for school infrastructure purposes as provided in section
8 422E.3, subsection 5, paragraph "d".

9 4. a. For the purposes of distribution under subsection
10 2, paragraph "b", subparagraph (1), a school district with a
11 sales tax capacity per student below its guaranteed school
12 infrastructure amount shall use the amount equal to the
13 guaranteed school infrastructure amount less the pro rata
14 share amount in accordance with section 422E.3, subsection 5,
15 paragraph "d", for the purpose of paying principal and
16 interest on outstanding bonds previously issued for school
17 infrastructure purposes as defined in section 422E.1,
18 subsection 3. Any money remaining after the payment of all
19 principal and interest on outstanding bonds previously issued
20 for infrastructure purposes may be used for any authorized
21 infrastructure purpose of the school district. If a majority
22 of the voters in the school district approves the use of
23 revenue pursuant to a revenue purpose statement in an election
24 held after July 1, 2003, in the school district pursuant to
25 section 422E.2, the school district may use the amount for the
26 purposes specified in its revenue purpose statement.

27 b. Nothing in this section shall prevent a school district
28 from using its sales tax capacity per student or guaranteed
29 school infrastructure amount to pay principal and interest on
30 obligations issued pursuant to section 422E.4.

31 5. In the case of a deficiency in the fund to pay the
32 supplemental school infrastructure amounts in full, the amount
33 available in the fund less the sales and services tax revenues
34 for school infrastructure purposes attributed to each school
35 district should be allocated based on the proportion of actual

1 enrollment in the district to the combined actual enrollment
2 in the counties where the sales and services tax for school
3 infrastructure purposes has been imposed and the school
4 districts in the counties qualify for the supplemental school
5 infrastructure amount.

6 6. A school district with less than two hundred fifty
7 actual enrollment or less than one hundred actual enrollment
8 in the high school shall not expend the supplemental school
9 infrastructure amount received for new construction or for
10 payments for bonds issued for new construction against the
11 supplemental school infrastructure amount without prior
12 application to the department of education and receipt of a
13 certificate of need pursuant to this subsection. However, a
14 certificate of need is not required for the payment of
15 outstanding bonds issued for new construction pursuant to
16 section 296.1, before April 1, 2003. A certificate of need is
17 also not required for repairing schoolhouses or buildings,
18 equipment, technology, or transportation equipment for
19 transporting students as provided in section 298.3, or for
20 construction necessary for compliance with the federal
21 Americans With Disabilities Act pursuant to 42 U.S.C. § 12101-
22 12117. In determining whether a certificate of need shall be
23 issued or denied, the department shall consider all of the
24 following:

25 a. Enrollment trends in the grades that will be served at
26 the new construction site.

27 b. The infeasibility of remodeling, reconstructing, or
28 repairing existing buildings.

29 c. The fire and health safety needs of the school
30 district.

31 d. The distance, convenience, cost of transportation, and
32 accessibility of the new construction site to the students to
33 be served at the new construction site.

34 e. Availability of alternative, less costly, or more
35 effective means of serving the needs of the students.

1 f. The financial condition of the district, including the
2 effect of the decline of the budget guarantee and unspent
3 balance.

4 g. Broad and long-term ability of the district to support
5 the facility and the quality of the academic program.

6 h. Cooperation with other educational entities including
7 other school districts, area education agencies, postsecondary
8 institutions, and local communities.

9 Sec. 9. Section 422E.4, unnumbered paragraphs 1 and 2,
10 Code 2003, are amended to read as follows:

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

31 A school district in which a local option sales tax for
32 school infrastructure purposes has been imposed shall be
33 authorized to enter into a chapter 28E agreement with one or
34 more cities or a county whose boundaries encompass all or a
35 part of the area of the school district. A city or cities

1 entering into a chapter 28E agreement shall be authorized to
2 expend its designated portion of the local option sales and
3 services tax revenues for any valid purpose permitted in this
4 chapter or authorized by the governing body of the city. A
5 county entering into a chapter 28E agreement with a school
6 district in which a local option sales tax for school
7 infrastructure purposes has been imposed shall be authorized
8 to expend its designated portion of the local option sales and
9 services tax revenues to provide property tax relief within
10 the boundaries of the school district located in the county.
11 A school district where a local option sales and services tax
12 is imposed is also authorized to enter into a chapter 28E
13 agreement with another school district, a community college,
14 or an area education agency which is located partially or
15 entirely in or is contiguous to the county where the tax is
16 imposed. The school district or community college shall only
17 expend its designated portion of the local option sales and
18 services tax for infrastructure purposes. The area education
19 agency shall only expend its designated portion of the local
20 option school infrastructure sales tax for infrastructure and
21 maintenance purposes.

22 Sec. 10. NEW SECTION. 422E.6 REPEAL.

23 This chapter is repealed June 30, 2023, for fiscal years
24 beginning after that date.

25 Sec. 11. EFFECTIVE DATE. This Act, being deemed of
26 immediate importance, takes effect upon enactment.

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1 Amend Senate File 445, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. NEW SECTION. 298.2A PHYSICAL PLANT
6 AND EQUIPMENT LEVY STATE FUND -- DISTRIBUTION.

7 1. A physical plant and equipment levy state fund
8 is created as a separate and distinct fund in the
9 state treasury under the control of the department of
10 education. Moneys in the fund include revenues
11 deposited into the fund pursuant to subsection 2,
12 appropriations made to the fund, and other moneys
13 deposited into the fund. Any moneys disbursed from
14 the fund shall be used as provided in section 298.3.

15 2. For the school budget year beginning July 1,
16 2004, and for each succeeding budget year, the county
17 treasurer shall remit to the department of education
18 for deposit into the physical plant and equipment levy
19 state fund the property tax revenues received from the
20 collection during the school budget year of the
21 regular physical plant and equipment levy.

22 3. The amount deposited in the physical plant and
23 equipment levy state fund in a budget year shall be
24 distributed as follows:

25 a. A school district that imposed during the
26 budget year beginning July 1, 2003, the regular
27 physical plant and equipment levy and that has an
28 infrastructure tax capacity per student above the
29 guaranteed school infrastructure amount shall receive
30 an amount equal to the amount raised by its regular
31 physical plant and equipment levy.

32 b. (1) A school district that imposed during the
33 budget year beginning July 1, 2003, the regular
34 physical plant and equipment levy and that has an
35 infrastructure tax capacity per student below its
36 guaranteed school infrastructure amount shall receive
37 an amount equal to the amount raised by its regular
38 physical plant and equipment levy plus an amount equal
39 to its supplemental school infrastructure amount.

40 (2) A school district that did not impose during
41 but imposed after the budget year beginning July 1,
42 2003, the regular physical plant and equipment levy
43 shall receive an amount equal to the amount raised by
44 the regular physical plant and equipment levy, not to
45 exceed its guaranteed school infrastructure amount.
46 However, if the amount raised is less than its
47 guaranteed school infrastructure amount, the district
48 shall receive an additional amount equal to its
49 supplemental school infrastructure amount.

50 (3) A school district that had not imposed during

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1 the prior budget year the regular physical plant and
2 equipment levy shall receive an amount equal to the
3 amount raised by the regular physical plant and
4 equipment levy not to exceed its guaranteed school
5 infrastructure amount. However, if the amount raised
6 is less than its guaranteed school infrastructure
7 amount, the district shall receive an additional
8 amount equal to its supplemental school infrastructure
9 amount.

10 (4) The amount distributed under this paragraph
11 "b" which a school district receives shall not exceed
12 the guaranteed school infrastructure amount. A school
13 district qualifying for a supplemental school
14 infrastructure amount pursuant to this paragraph "b"
15 shall not receive more than the guaranteed school
16 infrastructure amount in any subsequent year.

17 4. a. The department of education by June 1
18 preceding each budget year shall compute the
19 guaranteed school infrastructure amount for each
20 school district, each school district's infrastructure
21 tax capacity per student, the statewide tax revenues
22 per student, and the supplemental school
23 infrastructure amount for the coming budget year.

24 b. For purposes of distributions under subsection
25 2:

26 (1) "Guaranteed school infrastructure amount"
27 means for a school district the statewide tax revenues
28 per student, multiplied by the quotient of the regular
29 physical plant and equipment levy rate per thousand
30 dollars imposed in the school district, divided by
31 thirty-three cents per thousand dollars.

32 (2) "Infrastructure tax capacity per student"
33 means for a school district the estimated amount of
34 revenues that a school district receives or would
35 receive if the regular physical plant and equipment
36 levy of thirty-three cents per thousand dollars is
37 imposed divided by the school district's actual
38 enrollment as determined in section 257.6, subsection
39 1.

40 (3) "Statewide tax revenues per student" means the
41 amount determined by estimating the total revenues
42 that would be generated by a regular physical plant
43 and equipment levy of thirty-three cents per thousand
44 dollars if imposed by all the school districts during
45 the budget year and dividing this estimated revenue
46 amount by the sum of the combined actual enrollment
47 for all school districts as determined in section
48 257.6, subsection 1.

49 (4) "Supplemental school infrastructure amount"
50 means the guaranteed school infrastructure amount for

1 the school district less the amount raised by its
2 regular physical plant and equipment levy.

3 5. In the case of a deficiency in the fund to pay
4 the supplemental school infrastructure amounts in
5 full, the amount available in the fund less the amount
6 raised by the regular levy attributed to each school
7 district should be allocated based on the proportion
8 of actual enrollment in the district to the combined
9 actual enrollment of the school districts that qualify
10 for the supplemental school infrastructure amount.

11 6. A school district with less than two hundred
12 fifty actual enrollment or less than one hundred
13 actual enrollment in the high school shall not expend
14 the supplemental school infrastructure amount received
15 for new construction or for payments for bonds issued
16 for new construction against the supplemental school
17 infrastructure amount without prior application to the
18 department of education and receipt of a certificate
19 of need pursuant to this subsection. However, a
20 certificate of need is not required for the payment of
21 outstanding bonds issued for new construction pursuant
22 to section 296.1, before April 1, 2003. A
23 certification of need is also not required for
24 repairing schoolhouses or buildings, equipment,
25 technology, or transportation equipment for
26 transporting students as provided in section 298.3, or
27 for construction necessary for compliance with the
28 federal Americans With Disabilities Act pursuant to 42
29 U.S.C. § 12101-12117. In determining whether a
30 certificate of need shall be issued, the department
31 shall consider all of the following:

- 32 a. Enrollment trends in the grades that will be
33 served at the new construction site.
- 34 b. The infeasibility of remodeling,
35 reconstructing, or repairing existing buildings.
- 36 c. The fire and health safety needs of the school
37 district.
- 38 d. The distance, convenience, cost of
39 transportation, and accessibility of the new
40 construction site to the students to be served at the
41 new construction site.
- 42 e. Availability of alternative, less costly, or
43 more effective means of serving the needs of the
44 students.
- 45 f. Any other criteria deemed appropriate as set by
46 rules of the state board of education.

47 7. This section does not apply to the collection
48 and distribution of any voter-approved physical plant
49 and equipment levy."

50 2. Title page, line 4, by inserting after the

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1 word "purposes" the following: "and the regular
2 physical plant and equipment levies".

By WENDT of Woodbury

H-1364 FILED APRIL 17, 2003

Lost 4/23/03

SENATE FILE 445

H-1374

1 Amend Senate File 445, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, line 22, by inserting after the word
4 "improvements" the following: "and those activities
5 for which revenues under section 298.3 or 300.2 may be
6 spent".

By TYMESON of Madison

H-1374 FILED APRIL 21, 2003

Adopted 4/23/03

SENATE FILE 445

H-1376

1 Amend Senate File 445, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, line 9, by striking the word and
4 figures "December 31, 2022" and inserting the
5 following: "June 30, 2013".

6 2. Page 4, line 30, by striking the word and
7 figures "December 31, 2022" and inserting the
8 following: "June 30, 2013".

9 3. Page 12, line 23, by striking the figure
10 "2023" and inserting the following: "2013".

11 4. Page 12, by inserting after line 24 the
12 following:

13 "Sec. ____ . NEW SECTION. 422F.1 SCHOOL
14 MISCELLANEOUS INCOME FUND -- STATE SALES TAX REVENUES.

15 1. A school miscellaneous income fund is created
16 as a separate and distinct fund in the state treasury
17 under the control of the department of revenue and
18 finance. Moneys in the fund include revenues
19 appropriated to the fund as provided in subsection 2
20 and other moneys deposited into or appropriated to the
21 fund.

22 2. For the fiscal year beginning July 1, 2013, and
23 for each subsequent fiscal year, there is appropriated
24 from the general fund of the state to the school
25 miscellaneous income fund an amount equal to the
26 amount raised during the fiscal year by a one percent
27 sales tax pursuant to chapter 422, division IV.

28 3. The moneys in the school miscellaneous income
29 fund shall be distributed during the fiscal year to
30 each school district on a per pupil basis. The amount
31 per pupil shall be determined by dividing the total
32 amount in the fund by the combined actual enrollment
33 for all school districts in the state. The actual
34 enrollment for each school district is the actual
35 enrollment figures reported by October 1 to the
36 department of management by the department of
37 education pursuant to section 257.6, subsection 1.
38 The combined actual enrollment count shall be
39 forwarded to the department of revenue and finance by
40 March 1, annually, for purposes of supplying estimated
41 tax payment figures and making estimated tax payments
42 pursuant to section 422F.2 for the following fiscal
43 year.

44 Sec. ____ . NEW SECTION. 422F.2 DISTRIBUTION OF
45 FUND MONEYS.

46 1. The director of revenue and finance by August
47 15 of each fiscal year shall send to each school
48 district an estimate of the amount of moneys from the
49 school miscellaneous income fund each school district
50 will receive for the year and for each month of the

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

4 2. The director shall remit ninety-five percent of
5 the estimated distributions for the school district to
6 the school district on or before August 31 of the
7 fiscal year and on or before the last day of each
8 following month.

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

15 4. Moneys received by a school district pursuant
16 to this chapter may be used for any educational
17 purposes for which the school district may spend
18 moneys.

19 Sec. ____ . NEW SECTION. 422F.3 EFFECTIVE DATE.

20 This chapter takes effect January 1, 2013."

21 5. Title page, line 6, by inserting after the
22 word "purposes" the following: ", and providing for
23 state sales tax revenues to be used for school
24 educational purposes,".

By HOGG of Linn

H-1376 FILED APRIL 21, 2003

Lost 4/23/03

H-1377

1 Amend Senate File 445, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking page 5, line 34, through page 6,
4 line 4, and inserting following:

5 "e. The amount of tax receipts credited to the
6 account within the secure an advanced vision for
7 education fund maintained in the name of a school
8 district shall be distributed to that school district
9 as provided in paragraphs "a", "b", and "c". Any
10 additional moneys available to the school district
11 from the fund shall be determined and distributed as a
12 supplemental school infrastructure amount as provided
13 in section 422E.3A, subsection 3."

14 2. Page 6, line 25, by inserting after the word
15 "fund." the following: "Appropriations made to the
16 fund shall be credited to a separate appropriations
17 account."

18 3. By striking page 6, line 28 through page 10,
19 line 5 and inserting the following:

20 "2. a. For purposes of the distributions in
21 subsection 3, the department of education, in
22 consultation with the departments of management and
23 revenue and finance, shall compute by June 1 preceding
24 each budget year the income surtax capacity, property
25 tax infrastructure capacity, and sales tax capacity
26 for each school district in the state even if the
27 school district is not located in whole or in part in
28 a county that has imposed the local sales and services
29 tax for school infrastructure purposes under this
30 chapter.

31 (1) "Actual enrollment for a school district"
32 means the actual enrollment as reported by October 1
33 to the department of management by the department of
34 education pursuant to section 257.6, subsection 1.

35 (2) "Income surtax capacity" means the estimated
36 amount of revenues that a school district would
37 receive if an income surtax of twenty percent was
38 imposed on the individual income tax liability for the
39 preceding calendar year of individuals residing in the
40 school district divided by the school district's
41 actual enrollment.

42 (2) "Property tax infrastructure capacity" means
43 the sum of a school district's levies under sections
44 298.2 and 298.18 when the levies are imposed to the
45 maximum extent allowable under law in the budget year
46 on property located within the school district divided
47 by the school district's actual enrollment.

48 (3) "Sales tax capacity" means the estimated
49 amount of revenues that a school district receives or
50 would receive if a local sales and services tax for

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1 school infrastructure is imposed at one percent
2 pursuant to this chapter, divided by the school
3 district's actual enrollment.

4 (4) "Tax capacity inequity" means the difference
5 between the highest total tax capacity in the state
6 and a school district's total tax capacity.

7 (5) "Total tax capacity" means the sum of a school
8 district's income surtax capacity plus property tax
9 infrastructure capacity plus sales tax capacity.

10 3. The appropriations credited in a fiscal year to
11 the appropriations account of the secure an advanced
12 vision for education fund shall be distributed as a
13 supplemental school infrastructure amount as follows:

14 a. The department of education shall compute the
15 total tax capacity and the tax capacity inequity of
16 each school district located in the state.

17 b. The department of revenue and finance, in
18 conjunction with the department of education, shall
19 distribute a supplemental school infrastructure amount
20 to each school district that has a tax capacity
21 inequity. The amount of the supplemental school
22 infrastructure amount distributed shall be an equal
23 percentage of the tax capacity inequity to each of
24 such school districts multiplied by the actual
25 enrollment for each such school district. However, a
26 school district shall not receive more than its tax
27 capacity inequity amount multiplied by its actual
28 enrollment."

29 4. Page 11, line 16, by striking the words and
30 figure "2, paragraph "b"" and inserting the following:
31 "3".

By HOGG of Linn

H-1377 FILED APRIL 21, 2003

Lost 4/23/03

SENATE FILE 445

H-1438

1 Amend Senate File 445, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, by inserting before line 1, the
4 following:
5 "Section 1. Section 296.1, Code 2003, is amended
6 to read as follows:

7 296.1 INDEBTEDNESS AUTHORIZED.

8 Subject to the approval of the voters thereof,
9 school districts are hereby authorized to contract
10 indebtedness and to issue general obligation bonds to
11 provide funds to defray the cost of purchasing,
12 building, furnishing, reconstructing, repairing,
13 improving or remodeling a schoolhouse or schoolhouses
14 and additions thereto, gymnasium, stadium, field
15 house, school bus garage, ~~teachers' or~~
16 ~~superintendent's home or homes,~~ and procuring a site
17 or sites therefor, or purchasing land to add to a site
18 already owned, or procuring and improving a site for
19 an athletic field, or improving a site already owned
20 for an athletic field, and for any one or more of such
21 purposes. Taxes for the payment of ~~said~~ the bonds
22 shall be levied in accordance with chapter 76, and
23 ~~said~~ the bonds shall mature within a period not
24 exceeding twenty years from date of issue, shall bear
25 interest at a rate or rates not exceeding that
26 permitted by chapter 74A and shall be of such form as
27 the board of directors of ~~such~~ the school district
28 shall by resolution provide, but the aggregate
29 indebtedness of any school district shall not exceed
30 five percent of the actual value of the taxable
31 property within ~~said~~ the school district, as
32 ascertained by the last preceding state and county tax
33 lists."

By HUSER of Polk

H-1438 FILED APRIL 23, 2003
WITHDRAWN

SENATE FILE 445

H-1445

1 Amend Senate File 445, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 12, by striking lines 25 and 26 and
4 inserting the following:
5 "Sec. ____ . CONTINGENT EFFECTIVE DATE. This Act is
6 contingent upon and takes effect upon the date of the
7 enactment of an Act creating the Iowa values fund and
8 making an appropriation from that fund of \$250,000,000
9 to the secure an advanced vision for education fund."

By SHOULTZ of Black Hawk

H-1445 FILED APRIL 23, 2003
LOST

HOUSE AMENDMENT TO
SENATE FILE 445

S-3324

1 Amend Senate File 445, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, line 22, by inserting after the word
4 "improvements" the following: "and those activities
5 for which revenues under section 298.3 or 300.2 may be
6 spent".

RECEIVED FROM THE HOUSE

S-3324 FILED APRIL 28, 2003
Senate Concurred 4/30/03

SENATE FILE 445

S-3339

1 Amend the House amendment, S-3324, to Senate File
2 445, as amended, passed, and reprinted by the Senate,
3 as follows:
4 1. Page 1, by inserting after line 2 the
5 following:
6 " ". Page 1, by inserting before line 1 the
7 following:
8 "Section 1. NEW SECTION. 298.2A PHYSICAL PLANT
9 AND EQUIPMENT LEVY STATE FUND -- DISTRIBUTION.
10 1. A physical plant and equipment levy state fund
11 is created as a separate and distinct fund in the
12 state treasury under the control of the department of
13 education. Any moneys disbursed from the fund shall
14 be used as provided in section 298.3.
15 2. For the school budget year beginning July 1,
16 2004, and for each succeeding budget year, the county
17 treasurer shall remit to the department of education
18 for deposit into the physical plant and equipment levy
19 state fund the property tax revenues received from the
20 collection during the school budget year of the
21 regular physical plant and equipment levy.
22 3. The amount deposited in the physical plant and
23 equipment levy state fund in a budget year shall be
24 distributed as follows:
25 a. Each school district that has imposed the
26 regular physical plant and equipment levy shall
27 receive an amount per pupil equal to the amount in the
28 state fund divided by the combined actual enrollment
29 of all school districts that impose such levy. The
30 actual enrollment figures for each such school
31 district reported by October 1 to the department of
32 education pursuant to section 257.6, subsection 1,
33 shall be used to determine the combined actual
34 enrollment.
35 b. Notwithstanding the computation of the amount
36 per pupil in paragraph "a", if a school district has
37 incurred indebtedness or issued bonds which were
38 incurred or issued prior to April 1, 2003, and that
39 certifies that the amount to be received pursuant to
40 paragraph "a" plus any amount to be received from the
41 voter-approved physical plant and equipment levy is
42 insufficient to pay principal and interest on the
43 indebtedness or bonds, the school district may certify
44 such fact to the department of education and the
45 department shall provide the amount needed to pay
46 principal and interest but not to exceed the amount
47 collected from the school district's regular physical
48 plant and equipment levy. The amounts paid under this
49 subject to all school districts shall be paid from the
50 state fund prior to determining the actual per pupil

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1 amount to be distributed to each district.

2 c. Distributions to school districts shall be made
3 approximately one-half by September 15 and the
4 remainder by March 15 of the budget year.

5 d. This section does not apply to the collection
6 and distribution of any voter-approved physical plant
7 and equipment levy.""

8 2. Page 1, by inserting after line 6 the
9 following:

10 "____. Title page, line 4, by inserting after the
11 word "purposes" the following: "and the regular
12 physical plant and equipment levies"."

By STEVEN H. WARNSTADT

S-3339 FILED APRIL 29, 2003

Lost 4/30/03

SENATE FILE 445

S-3351

1 Amend the House amendment, S-3324, to Senate File
2 445, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 1, by inserting after line 2 the
5 following:

6 "____. Page 1, line 13, by inserting after the
7 word "needs" the following: "teachers' salaries,"."

8 2. Page 1, by inserting after line 6 the
9 following:

10 "____. Page 2, line 28, by inserting after the
11 word "for" the following: "teachers' salaries,".

12 _____. Page 3, line 24, by inserting after the word
13 "purpose" the following: "or salaries".

14 _____. Page 6, line 27, by inserting after the word
15 "purposes" the following: "teachers' salaries,"."

By MIKE CONNOLLY

S-3351 FILED APRIL 30, 2003

LOST

SENATE FILE 445

AN ACT

RELATING TO THE ESTABLISHMENT OF A SCHOOL INFRASTRUCTURE FINANCING PROGRAM BY PROVIDING FOR THE SHARING OF REVENUES FROM LOCAL OPTION SALES AND SERVICES TAXES FOR SCHOOL INFRASTRUCTURE PURPOSES AND PROVIDING FOR THE USE OF THE REVENUES FROM THE LOCAL OPTION TAX FOR SCHOOL INFRASTRUCTURE OR PROPERTY TAX RELIEF PURPOSES AND INCLUDING AN EFFECTIVE DATE.

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

Section 1. Section 422E.1, subsections 2 and 3, Code 2003, are amended to read as follows:

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

3. Local sales and services tax moneys received by a county for school infrastructure purposes pursuant to this chapter shall be utilized solely for school infrastructure needs or property tax relief. For purposes of this chapter, "school infrastructure" means those activities for which a school district is authorized to contract indebtedness and issue general obligation bonds under section 296.1, except those activities related to a teacher's or superintendent's home or homes. These activities include the construction, reconstruction, repair, demolition work, purchasing, or remodeling of schoolhouses, stadiums, gyms, fieldhouses, and

bus garages and the procurement of schoolhouse construction sites and the making of site improvements and those activities for which revenues under section 298.3 or 300.2 may be spent. Additionally, "school infrastructure" includes the payment or retirement of outstanding bonds previously issued for school infrastructure purposes as defined in this subsection, and the payment or retirement of bonds issued under section 422E.4.

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

3. The county commissioner of elections shall submit the question of imposition of a local sales and services tax for school infrastructure purposes at a state general election or at a special election held at any time other than the time of a city regular election. The election shall not be held sooner than sixty days after publication of notice of the ballot proposition. The ballot proposition shall specify the rate of tax, the date the tax will be imposed and repealed, and shall contain a statement as to the specific purpose or purposes for which the revenues shall be expended. The content of the ballot proposition shall be substantially similar to the petition of the board of supervisors or motions of a school district or school districts requesting the election as provided in subsection 2, as applicable, including the rate of tax, imposition and repeal date, and the specific purpose or purposes for which the revenues will be expended. The dates for the imposition and repeal of the tax shall be as provided in subsection 1. The rate of tax shall not be more than one percent ~~as set by the county board of supervisors~~. The state commissioner of elections shall establish by rule the form for the ballot proposition which form shall be uniform throughout the state.

Sec. 3. Section 422E.2, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. a. Each school district located within the county may submit a revenue purpose statement to

the county commissioner of elections no later than sixty days prior to the election indicating the specific purpose or purposes for which the local sales and services tax for school infrastructure revenue and supplemental school infrastructure amount revenue will be expended. The revenues received pursuant to this chapter shall be expended for the purposes indicated in the revenue purpose statement. The revenue purpose statement may include information regarding the school district's use of the revenues to provide for property tax relief or debt reduction. A copy of the revenue purpose statement shall be made available for public inspection in accordance with chapter 22, shall be posted at the appropriate polling places of each school district during the hours that the polls are open, and be published in a newspaper of general circulation in the school district no sooner than twenty days and no later than ten days prior to the election.

b. If a revenue purpose statement is not submitted sixty days prior to the election or revenues remain after fulfilling the purpose specified in the revenue purpose statement, the revenues shall be used to reduce the following levies in the following order:

(1) Bond levies under sections 298.18 and 298.18A and all other debt levies, until the moneys received or the levies are reduced to zero.

(2) The regular physical plant and equipment levy under section 298.2, until the moneys received or the levy is reduced to zero.

(3) The voter-approved physical plant and equipment levy and income surtax, if any, under section 298.2, until the moneys received or the levy and income surtax, if any, is reduced to zero.

(4) The public educational and recreational levy under section 300.2, until the moneys received or the levy is reduced to zero.

(5) The schoolhouse tax levy under section 278.1, subsection 7, Code 1989, until the moneys received or the levy is reduced to zero.

Any money remaining after the reduction of the levies specified in this paragraph "b" may be used for any authorized infrastructure purpose of the school district.

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

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

4. a. The tax may be repealed or the rate increased, but not above one percent, or decreased, or the use of the revenues changed after an election at which a majority of those voting on the question of repeal, or rate change, or change in use favored the repeal, or rate change, or change in use. The election at which the question of repeal, or rate change, or change in use is offered shall be called and held in the same manner and under the same conditions as provided in this section for the election on the imposition of the tax. However, an election on the change in use shall only be held in the school district where the change in use is proposed to occur. The election may be held at any time but not sooner than sixty days following publication of the ballot proposition. However, the tax shall not be repealed before it has been in effect for one year.

b. Within ten days of the election at which a majority of those voting on the question favors the imposition, repeal, or change in the rate of the tax, the county auditor shall give written notice of the result of the election by sending a copy of the abstract of the votes from the favorable election to the director of revenue and finance. Election costs shall be

apportioned among school districts within the county on a pro rata basis in proportion to the number of registered voters in each school district who reside within the county and the total number of registered voters within the county.

c. A local option sales and services tax shall not be repealed or reduced in rate if obligations are outstanding which are payable as provided in section 422E.4, unless funds sufficient to pay the principal, interest, and premium, if any, on the outstanding obligations at and prior to maturity have been properly set aside and pledged for that purpose. However, this paragraph does not apply to the repeal of the tax on December 31, 2022, as specified in section 422E.1, subsection 2.

Sec. 5. Section 422E.3, subsection 4, Code 2003, is amended to read as follows:

4. The director of revenue and finance shall credit tax receipts and interest and penalties from the local sales and services tax for school infrastructure purposes to an account within the ~~county's local sales and services tax fund, as created in section 422B.10, subsection 1~~ secure an advanced vision for education fund, as provided in section 422E.3A, maintained in the name of the school district or school districts located within the county. If the director is unable to determine from which county any of the receipts were collected, those receipts shall be allocated among the possible counties based on allocation rules adopted by the director.

Sec. 6. Section 422E.3, subsection 5, unnumbered paragraph 1, Code 2003, is amended to read as follows:

d. (1) If more than one school district, or a portion of a school district, is located within the county, tax receipts shall be remitted to each school district or portion of a school district in which the county tax is imposed in a pro rata share based upon the ratio which the ~~percentage of~~ actual enrollment for the school district that attends school in the

county bears to the ~~percentage of~~ the total combined actual enrollments for all school districts that attend school in the county.

(2) The combined actual enrollment for a county, for purposes of this section, shall be determined for each county ~~imposing a sales and services tax for school infrastructure purposes~~ by the department of management based on the actual enrollment figures reported by October 1 to the department of management by the department of education pursuant to section 257.6, subsection 1. The combined actual enrollment count shall be forwarded to the director of ~~the department of management revenue and finance~~ by March 1, annually, for purposes of supplying estimated tax payment figures and making estimated tax payments pursuant to this section for the following fiscal year.

e. Notwithstanding the amount of tax receipts credited to the account within the secure an advanced vision for education fund maintained in the name of a school district, the amount of tax receipts the school district shall receive from the tax imposed in the county shall be determined as provided in section 422E.3A, subsection 2.

Sec. 7. Section 422E.3, subsection 7, Code 2003, is amended to read as follows:

7. Construction contractors may make application to the department for a refund of the additional local sales and services tax paid under this chapter by reason of taxes paid on goods, wares, or merchandise under the conditions specified in section 422B.11. The refund shall be paid by the department from the appropriate school district's account in the ~~local sales and services tax~~ secure an advanced vision for education fund. The penalty provisions contained in section 422B.11, subsection 3, shall apply regarding an erroneous application for refund of local sales and services tax paid under this chapter.

Sec. 8. NEW SECTION. 422E.3A SECURE AN ADVANCED VISION FOR EDUCATION FUND.

1. A secure an advanced vision for education fund is created as a separate and distinct fund in the state treasury under the control of the department of revenue and finance. Moneys in the fund include revenues credited to the fund pursuant to this chapter, appropriations made to the fund, and other moneys deposited into the fund. Any amounts disbursed from the fund shall be utilized for school infrastructure purposes or property tax relief.

2. The moneys credited in a fiscal year to the secure an advanced vision for education fund shall be distributed as follows:

a. A school district that is located in whole or in part in a county that voted on and approved prior to April 1, 2003, the local sales and services tax for school infrastructure purposes and that has a sales tax capacity per student above the guaranteed school infrastructure amount shall receive an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 422E.3, subsection 5, paragraph "d".

b. (1) A school district that is located in whole or in part in a county that voted on and approved prior to April 1, 2003, the local sales and services tax for school infrastructure purposes and that has a sales tax capacity per student below its guaranteed school infrastructure amount shall receive an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 422E.3, subsection 5, paragraph "d", plus an amount equal to its supplemental school infrastructure amount.

(2) A school district that is located in whole or in part in a county that voted on and approved on or after April 1, 2003, the local sales and services tax for school infrastructure purposes shall receive an amount equal to its pro rata share of the local sales and services tax receipts as

provided in section 422E.3, subsection 5, paragraph "d", not to exceed its guaranteed school infrastructure amount. However, if the school district's pro rata share is less than its guaranteed school infrastructure amount, the district shall receive an additional amount equal to its supplemental school infrastructure amount.

(3) A school district that is located in whole or in part in a county that voted on and approved the continuation of the tax on or after April 1, 2003, the local sales and services tax for school infrastructure purposes shall receive an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 422E.3, subsection 5, paragraph "d", not to exceed its guaranteed school infrastructure amount. However, if the school district's pro rata share is less than its guaranteed school infrastructure amount, the district shall receive an additional amount equal to its supplemental school infrastructure amount.

(4) The amount distributed under this paragraph "b" which a school district receives shall not exceed the guaranteed school infrastructure amount. A school district qualifying for a supplemental school infrastructure amount pursuant to this paragraph "b" shall not receive more than the guaranteed school infrastructure amount in any subsequent year.

c. In the case of a school district located in more than one county, the amount to be distributed to the school district shall be separately computed for each county based upon the school district's actual enrollment that attends school in the county.

3. a. The director of revenue and finance by June 1 preceding each fiscal year shall compute the guaranteed school infrastructure amount for each school district, each school district's sales tax capacity per student for each county, the statewide tax revenues per student, and the supplemental school infrastructure amount for the coming fiscal year.

b. For purposes of distributions under subsection 2:

(1) "Guaranteed school infrastructure amount" means for a school district the statewide tax revenues per student, multiplied by the quotient of the tax rate percent imposed in the county, divided by one percent and multiplied by the quotient of the number of quarters the tax is imposed during the fiscal year divided by four quarters.

(2) "Sales tax capacity per student" means for a school district the estimated amount of revenues that a school district receives or would receive if a local sales and services tax for school infrastructure purposes is imposed at one percent in the county pursuant to section 422E.2, divided by the school district's actual enrollment as determined in section 422E.3, subsection 5, paragraph "d".

(3) "Statewide tax revenues per student" means the amount determined by estimating the total revenues that would be generated by a one percent local option sales and services tax for school infrastructure purposes if imposed by all the counties during the entire fiscal year and dividing this estimated revenue amount by the sum of the combined actual enrollment for all counties as determined in section 422E.3, subsection 5, paragraph "d", subparagraph (2).

(4) "Supplemental school infrastructure amount" means the guaranteed school infrastructure amount for the school district less its pro rata share of local sales and services tax for school infrastructure purposes as provided in section 422E.3, subsection 5, paragraph "d".

4. a. For the purposes of distribution under subsection 2, paragraph "b", subparagraph (1), a school district with a sales tax capacity per student below its guaranteed school infrastructure amount shall use the amount equal to the guaranteed school infrastructure amount less the pro rata share amount in accordance with section 422E.3, subsection 5, paragraph "d", for the purpose of paying principal and interest on outstanding bonds previously issued for school infrastructure purposes as defined in section 422E.1,

subsection 3. Any money remaining after the payment of all principal and interest on outstanding bonds previously issued for infrastructure purposes may be used for any authorized infrastructure purpose of the school district. If a majority of the voters in the school district approves the use of revenue pursuant to a revenue purpose statement in an election held after July 1, 2003, in the school district pursuant to section 422E.2, the school district may use the amount for the purposes specified in its revenue purpose statement.

b. Nothing in this section shall prevent a school district from using its sales tax capacity per student or guaranteed school infrastructure amount to pay principal and interest on obligations issued pursuant to section 422E.4.

5. In the case of a deficiency in the fund to pay the supplemental school infrastructure amounts in full, the amount available in the fund less the sales and services tax revenues for school infrastructure purposes attributed to each school district should be allocated based on the proportion of actual enrollment in the district to the combined actual enrollment in the counties where the sales and services tax for school infrastructure purposes has been imposed and the school districts in the counties qualify for the supplemental school infrastructure amount.

6. A school district with less than two hundred fifty actual enrollment or less than one hundred actual enrollment in the high school shall not expend the supplemental school infrastructure amount received for new construction or for payments for bonds issued for new construction against the supplemental school infrastructure amount without prior application to the department of education and receipt of a certificate of need pursuant to this subsection. However, a certificate of need is not required for the payment of outstanding bonds issued for new construction pursuant to section 296.1, before April 1, 2003. A certificate of need is also not required for repairing schoolhouses or buildings,

equipment, technology, or transportation equipment for transporting students as provided in section 298.3, or for construction necessary for compliance with the federal Americans With Disabilities Act pursuant to 42 U.S.C. § 12101-12117. In determining whether a certificate of need shall be issued or denied, the department shall consider all of the following:

- a. Enrollment trends in the grades that will be served at the new construction site.
- b. The infeasibility of remodeling, reconstructing, or repairing existing buildings.
- c. The fire and health safety needs of the school district.
- d. The distance, convenience, cost of transportation, and accessibility of the new construction site to the students to be served at the new construction site.
- e. Availability of alternative, less costly, or more effective means of serving the needs of the students.
- f. The financial condition of the district, including the effect of the decline of the budget guarantee and unspent balance.
- g. Broad and long-term ability of the district to support the facility and the quality of the academic program.
- h. Cooperation with other educational entities including other school districts, area education agencies, postsecondary institutions, and local communities.

Sec. 9. Section 422E.4, unnumbered paragraphs 1 and 2, Code 2003, are amended to read as follows:

The board of directors of a school district shall be authorized to issue negotiable, interest-bearing school bonds, without election, and utilize tax receipts derived from the sales and services tax for school infrastructure purposes and the supplemental school infrastructure amount distributed pursuant to section 422E.3A, subsection 2, paragraph "b", for principal and interest repayment. Proceeds of the bonds

issued pursuant to this section shall be utilized solely for school infrastructure needs as school infrastructure is defined in section 422E.1, subsection 3. Issuance of bonds pursuant to this section shall be permitted only in a district which has imposed a local sales and services tax for school infrastructure purposes pursuant to section 422E.2. The provisions of sections 298.22 through 298.24 shall apply regarding the form, rate of interest, registration, redemption, and recording of bond issues pursuant to this section, with the exception that the maximum period during which principal on the bonds is payable shall not exceed a ~~ten-year-period~~ or the date of repeal stated on the ballot proposition.

A school district in which a local option sales tax for school infrastructure purposes has been imposed shall be authorized to enter into a chapter 28E agreement with one or more cities or a county whose boundaries encompass all or a part of the area of the school district. A city or cities entering into a chapter 28E agreement shall be authorized to expend its designated portion of the local option sales and services tax revenues for any valid purpose permitted in this chapter or authorized by the governing body of the city. A county entering into a chapter 28E agreement with a school district in which a local option sales tax for school infrastructure purposes has been imposed shall be authorized to expend its designated portion of the local option sales and services tax revenues to provide property tax relief within the boundaries of the school district located in the county. A school district where a local option sales and services tax is imposed is also authorized to enter into a chapter 28E agreement with another school district, a community college, or an area education agency which is located partially or entirely in or is contiguous to the county where the tax is imposed. The school district or community college shall only expend its designated portion of the local option sales and

services tax for infrastructure purposes. The area education agency shall only expend its designated portion of the local option school infrastructure sales tax for infrastructure and maintenance purposes.

Sec. 10. NEW SECTION. 422E.6 REPEAL.

This chapter is repealed June 30, 2023, for fiscal years beginning after that date.

Sec. 11. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

MARY E. KRAMER
President of the Senate

CHRISTOPHER C. RANTS
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 445, Eightieth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved _____, 2003

THOMAS J. VILSACK
Governor