

FILED FEB 3 '03

SENATE FILE

76

BY ZIEMAN

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

A BILL FOR

1 An Act relating to bond issuance elections and authorizing a  
 2 political subdivision to impose an income surtax to partially  
 3 fund the issuance of certain bonds.

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

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SF 76  
 WAYS & MEANS

1 Section 1. Section 75.1, Code 2003, is amended to read as  
2 follows:

3 75.1 BONDS -- ELECTION -- VOTE REQUIRED.

4 1. When a proposition to authorize an issuance of bonds by  
5 a county, township, school corporation, city, or by any local  
6 board or commission, is submitted to the electors, ~~such the~~  
7 ~~proposition shall not be deemed carried or adopted, anything~~  
8 ~~in the statutes to the contrary notwithstanding, unless is~~  
9 adopted if the vote in favor of ~~such authorization the~~  
10 proposition is equal to at least sixty percent of the total  
11 vote cast for and against ~~said the~~ proposition at ~~said the~~  
12 election.

13 2. Notwithstanding subsection 1, if principal and interest  
14 on bonds issued by a county, school corporation, or city are  
15 to be paid in part with revenue from a local income surtax  
16 imposed under section 76.19, the proposition shall so state  
17 and the proposition is adopted if the vote in favor of the  
18 proposition is equal to at least fifty-five percent of the  
19 total vote cast for and against the proposition at the  
20 election. However, a bond issuance proposition proposing  
21 imposition of an income surtax shall not be presented to the  
22 electors if in the first year the income surtax is imposed the  
23 total of all income surtaxes, including income surtaxes  
24 authorized in sections 257.21, 257.29, and 298.2, and the  
25 enrichment surtax under section 442.15, Code 1989, imposed in  
26 that year on any taxpayer in the political subdivision would  
27 exceed twenty percent. Upon request of the governing  
28 authority, the department of management shall certify the  
29 cumulative rate of income surtax being imposed in the  
30 political subdivision.

31 3. All ballots cast and not counted as a vote for or  
32 against the proposition shall not be used in computing the  
33 total vote cast for and against ~~said the~~ proposition.

34 4. When a proposition to authorize an issuance of bonds  
35 has been submitted to the electors under this section and the

1 proposal fails to gain approval by the required percentage of  
2 votes, such proposal, or any proposal which incorporates any  
3 portion of the defeated proposal, shall not be submitted to  
4 the electors for a period of six months from the date of such  
5 regular or special election.

6 Sec. 2. Section 76.1, Code 2003, is amended to read as  
7 follows:

8 76.1 MANDATORY RETIREMENT.

9 ~~Hereafter-issues~~ Issues of bonds of ~~every-kind-and~~  
10 ~~character~~ by counties, cities, and school corporations shall  
11 be consecutively numbered. The annual levy of property tax or  
12 a combination of property tax levy and income surtax imposed  
13 as provided in section 76.19, if authorized by an election  
14 held pursuant to section 75.1, shall be sufficient to pay the  
15 interest and approximately such portion of the principal of  
16 the bonds as will retire them in a period not exceeding ~~twenty~~  
17 twenty-two years from date of issue. Each issue of bonds  
18 shall be scheduled to mature serially in the same order as  
19 numbered.

20 Sec. 3. Section 76.2, Code 2003, is amended to read as  
21 follows:

22 76.2 MANDATORY LEVY -- OBLIGATIONS IN ANTICIPATION OF  
23 LEVY.

24 The governing authority of these political subdivisions  
25 before issuing bonds shall, by resolution, provide for the  
26 assessment of an annual levy upon all the taxable property in  
27 the political subdivision, or the assessment of an annual levy  
28 and imposition of an income surtax under section 76.19,  
29 sufficient to pay the ~~interest-and~~ principal of the bonds  
30 within a period named not exceeding ~~twenty-years~~ that period  
31 provided in section 76.1. A certified copy of this resolution  
32 shall be filed with the county auditor ~~or-the-auditors~~ of the  
33 ~~counties~~ each county in which the political subdivision is  
34 located; and the filing shall make it a duty of the ~~auditors~~  
35 auditor to enter annually this levy for collection from the

1 taxable property within the boundaries of the political  
2 subdivision until funds are realized to pay the principal and  
3 interest of the bonds in full. If a political subdivision has  
4 imposed an income surtax under section 76.19, the annual  
5 property tax levy shall be reduced to the extent and in the  
6 manner provided in that section. The property tax levy shall  
7 continue to be made against property that is severed from the  
8 political subdivision after the filing of the resolution until  
9 funds are realized to pay the principal and interest of bonds  
10 in full.

11 If the resolution is filed prior to April 1 or May 1, if  
12 the political subdivision is a school district, the annual  
13 levy shall begin with the tax levy for collection commencing  
14 July 1 of that year. If the resolution is filed after April 1  
15 or May 1, in the case of a school district, the annual levy  
16 shall begin with the tax levy for collection in the next  
17 succeeding fiscal year. However, the governing authority of a  
18 political subdivision may adjust a levy of taxes made under  
19 this section for the purpose of adjusting the annual levies  
20 and collections for property severed from the political  
21 subdivision, subject to the approval of the director of the  
22 department of management.

23 If the resolution includes imposition of a local income  
24 surtax, the annual levy shall begin with the tax levy for  
25 collection commencing July 1 of the calendar year subsequent  
26 to the calendar year in which the resolution was filed.

27 If the resolution includes the imposition of a local income  
28 surtax and it is filed with the department of revenue and  
29 finance prior to August 1, the imposition of the surtax is  
30 retroactive to January 1 of that calendar year. If the  
31 resolution is filed with the department of revenue and finance  
32 on or after August 1, the imposition of the income surtax is  
33 January 1 of the next calendar year.

34 If funds, including reserves and amounts available for  
35 temporary transfer, are ~~found-to-be~~ insufficient to pay in

1 full any installment of principal or interest, a public issuer  
2 of bonds may anticipate the next levy of taxes pursuant to  
3 this section or the imposition of an income surtax under  
4 section 76.19 in the manner provided in chapter 74, whether  
5 the taxes so anticipated are to be collected in the same or a  
6 future fiscal year.

7 To further secure the payment of the bonds, the governing  
8 authority shall, by resolution, provide for the assessment of  
9 an annual levy of a standby tax upon all taxable property  
10 within the political subdivision. A copy of the resolution  
11 shall be sent to the county auditor of each county in which  
12 the political subdivision is located. The revenues from the  
13 standby tax shall be deposited in a special fund and shall be  
14 expended only for the payment of principal of and interest on  
15 the bonds issued as provided in this section, when the revenue  
16 from an income surtax as provided in section 76.19 is  
17 insufficient. No reserves may be built up in this fund in  
18 anticipation of a projected default. The governing authority  
19 shall adjust the annual standby tax levy for each year to  
20 reflect the amount of revenues in the special fund and the  
21 amount of principal and interest which is due in that year.

22 Sec. 4. Section 76.7, Code 2003, is amended to read as  
23 follows:

24 76.7 PARTICULAR BONDS AFFECTED -- PAYMENT.

25 Counties, cities, and school corporations may at any time  
26 ~~or-times~~ extend or renew any legal indebtedness or any part  
27 ~~thereof~~ of the indebtedness they may have represented by bonds  
28 or certificates where ~~such~~ the indebtedness is payable from a  
29 limited annual tax or from a local income surtax imposed under  
30 section 76.19, or from a voted annual tax, and may by  
31 resolution fund or refund the ~~same~~ legal indebtedness and  
32 issue bonds ~~therefor~~ running not more than ~~twenty-years~~ the  
33 period of time provided in section 76.1 to be known as funding  
34 or refunding bonds, and make provision for the payment of the  
35 principal and interest ~~thereof~~ from the proceeds of an annual

1 tax or annual tax and local income surtax for the period  
2 covered by such the bonds similar to the tax authorized by law  
3 or by the electors for the payment of the indebtedness ~~so~~  
4 extended or renewed.

5 Sec. 5. NEW SECTION. 76.19 INCOME SURTAX.

6 An income surtax may be imposed by a political subdivision  
7 as provided in this section, but only if authorized by the  
8 electors as provided in section 75.1.

9 The income surtax shall be imposed upon state income taxes  
10 computed under sections 422.5 and 422.33, less credits allowed  
11 in sections 422.11 through 422.12C, and shall be imposed upon  
12 the state income tax for each calendar year, or for a  
13 taxpayer's fiscal year ending during the second half of that  
14 calendar year or the first half of the succeeding calendar  
15 year, and shall be imposed on all taxpayers residing in the  
16 political subdivision on the last day of the applicable tax  
17 year. The income surtax imposed on a corporation shall only  
18 be imposed by the political subdivision in which the principal  
19 office from which the return is filed is located.

20 The income surtax shall be used to pay an amount that is  
21 equal to at least eighty percent of the sum of the principal  
22 and interest of the bonds over the life of the bonds. The  
23 rate of the income surtax may be adjusted in any year for the  
24 sole purpose of ensuring that at least eighty percent of the  
25 principal and interest is paid from income surtax over the  
26 life of the bonds.

27 At the time of the annual levy under section 76.2, the  
28 governing authority of the political subdivision shall also  
29 impose as part of the resolution an income surtax sufficient  
30 to pay at least eighty percent of the principal and interest  
31 of the bonds and certify to the department of management such  
32 sum expressed in dollars. However, in the first year in which  
33 the surtax is imposed, the amount collected shall be an amount  
34 sufficient to pay ninety percent of the principal and interest  
35 of the bonds. The department shall determine the rate of

1 income surtax to be imposed based upon the most recent  
2 available figures from state income taxes paid by taxpayers  
3 residing in the political subdivision. The department shall  
4 continue to make such calculations and certify the income  
5 surtax rate to the auditor of the political subdivision with  
6 adjustments as provided in this section until the principal  
7 and interest on the bonds are paid in full. On or before  
8 November 1 of each year in which the income surtax is  
9 collected, the director of revenue and finance shall deposit  
10 with the treasurer of the political subdivision the entire  
11 amount of income surtax collected from taxpayers residing in  
12 the political subdivision.

13 The director of revenue and finance shall administer the  
14 income surtax imposed under this chapter and sections 422.20,  
15 422.22 through 422.31, 422.68, and 422.72 through 422.75 shall  
16 apply with respect to administration of the income surtax.

17 Sec. 6. NEW SECTION. 76.20 INCOME TAX RETURNS.

18 An income surtax imposed under section 76.19 shall be made  
19 a part of the Iowa individual and Iowa corporate income tax  
20 returns subject to the conditions and restrictions set forth  
21 in section 422.21. The director of revenue and finance shall  
22 provide on income tax returns a requirement that each person  
23 or corporation required to file a return numerically identify  
24 the city of residence or city of principal office of the  
25 taxpayer and the merged area from which the tax return is  
26 filed upon the income tax return.

27 Sec. 7. NEW SECTION. 76.21 DESIGNATION OF TAX.

28 An income surtax imposed by a school district under section  
29 76.19 shall be designated as a school debt service income  
30 surtax, an income surtax imposed by a merged area shall be  
31 designated as a merged area debt service income surtax, and an  
32 income surtax imposed by a county shall be designated a county  
33 debt service income surtax.

34 Sec. 8. Section 260C.20, Code 2003, is amended to read as  
35 follows:

1 260C.20 PAYMENT OF BONDS.

2 Taxes for the payment of bonds issued under section 260C.19  
3 shall be levied in accordance with chapter 76. The bonds  
4 shall be payable from a fund created from the proceeds of the  
5 taxes in not more than ~~twenty-years~~ the time period provided  
6 in section 76.1 and shall bear interest at a rate not  
7 exceeding the rate permitted by chapter 74A, and shall be of  
8 the form as the board issuing the bonds shall by resolution  
9 provide. Any indebtedness incurred shall not be considered an  
10 indebtedness incurred for general and ordinary purposes.

11 Sec. 9. Section 260C.21, Code 2003, is amended to read as  
12 follows:

13 260C.21 ELECTION TO INCUR INDEBTEDNESS.

14 1. No-indebtedness Indebtedness shall not be incurred  
15 under section 260C.19 until authorized by an election. A  
16 proposition to incur indebtedness and issue bonds for  
17 community college purposes shall be deemed ~~carried~~ adopted in  
18 a merged area if approved by a sixty percent majority of all  
19 voters voting on the proposition in the area. However, if the  
20 board elects to partially fund the issuance of bonds with  
21 revenues from a local income surtax, in addition to property  
22 tax revenues, the ballot proposition to authorize the issuance  
23 of the bonds shall be submitted to the electorate pursuant to  
24 section 75.1, subsection 2.

25 2. Notwithstanding subsection 1, if the costs of utilities  
26 are paid by a community college with funds derived from the  
27 levy authorized under section 260C.22, the community college  
28 may use the general fund moneys that would have been used to  
29 pay the costs of utilities for capital expenditures, may  
30 invest the funds, or may incur indebtedness without an  
31 election, provided that the payments on the indebtedness  
32 incurred, and any interest on the indebtedness, can be made  
33 using general funds of the community college and the total  
34 payments on the principal and interest on the indebtedness do  
35 not exceed the amount of the costs of the utilities.



1     Sec. 10. Section 296.1, Code 2003, is amended to read as  
2 follows:

3     296.1 INDEBTEDNESS AUTHORIZED.

4     Subject to the approval of the voters thereof, school  
5 districts are hereby authorized to contract indebtedness and  
6 to issue general obligation bonds to provide funds to defray  
7 the cost of purchasing, building, furnishing, reconstructing,  
8 repairing, improving or remodeling a schoolhouse or  
9 schoolhouses and additions thereto, gymnasium, stadium, field  
10 house, school bus garage, teachers' or superintendent's home  
11 or homes, and procuring a site or sites therefor, or  
12 purchasing land to add to a site already owned, or procuring  
13 and improving a site for an athletic field, or improving a  
14 site already owned for an athletic field, and for any one or  
15 more of such purposes. Taxes for the payment of said the  
16 bonds shall be levied or imposed in accordance with chapter  
17 76, and said the bonds shall mature within a the time period  
18 ~~not-exceeding-twenty-years-from-date-of-issue~~ provided in  
19 section 76.1, shall bear interest at a rate or rates not  
20 exceeding that permitted by chapter 74A and shall be of such  
21 form as the board of directors of such the school district  
22 shall by resolution provide, but the aggregate indebtedness of  
23 any school district shall not exceed five percent of the  
24 actual value of the taxable property within said the school  
25 district, as ascertained by the last preceding state and  
26 county tax lists.

27     Sec. 11. Section 296.6, Code 2003, is amended to read as  
28 follows:

29     296.6 BONDS.

30     If the vote in favor of the issuance of such bonds is equal  
31 to at least sixty percent of the total vote cast for and  
32 against said the proposition at said the election, the board  
33 of directors shall issue the same bonds and make provision for  
34 payment thereof of the bonds. However, if the board of  
35 directors of a school corporation elects to partially fund the

1 issuance of bonds with revenues from a local income surtax, in  
2 addition to property tax revenues, the ballot proposition to  
3 authorize the issuance of the bonds shall be submitted to the  
4 electorate pursuant to section 75.1, subsection 2.

5 Sec. 12. Section 298.18, unnumbered paragraphs 2, 4, and  
6 6, Code 2003, are amended to read as follows:

7 The amount estimated and certified to ~~apply-on~~ pay  
8 principal and interest for any one year shall not exceed an  
9 amount that could be raised by a property tax levy equal to  
10 two dollars and seventy cents per thousand dollars of the  
11 assessed valuation of the taxable property of the school  
12 corporation except as hereinafter provided.

13 The amount estimated and certified to ~~apply-on~~ pay  
14 principal and interest for any one year may exceed an amount  
15 that could be raised by a property tax levy equal to two  
16 dollars and seventy cents per thousand dollars of assessed  
17 value by the amount approved by the voters of the school  
18 corporation, but not exceeding four dollars and five cents per  
19 thousand of the assessed value of the taxable property within  
20 any school corporation, provided that the registered voters of  
21 such school corporation have first approved such increased  
22 amount at a special election, which may be held at the same  
23 time as the regular school election. The proposition  
24 submitted to the voters at such special election shall be in  
25 substantially the following form:

26 Notice of the election shall be given by the county  
27 commissioner of elections according to section 49.53. The  
28 election shall be held on a date not less than four nor more  
29 than twenty days after the last publication of the notice. At  
30 ~~such~~ the election the ballot used for the submission of ~~said~~  
31 the proposition shall be in substantially the form for  
32 submitting special questions at general elections. The county  
33 commissioner of elections shall conduct the election pursuant  
34 to the provisions of chapters 39 to 53 and certify the results  
35 to the board of directors. ~~Such~~ The proposition shall not be

1 deemed ~~carried-or~~ adopted unless the vote in favor of ~~such~~ the  
2 proposition is equal to at least sixty percent of the total  
3 vote cast for and against ~~said~~ the proposition at ~~said~~ the  
4 election. However, if the board of directors of a school  
5 corporation elects to partially fund the issuance of bonds  
6 with revenues from a local income surtax, in addition to  
7 property tax revenues, the ballot proposition to authorize ~~the~~  
8 issuance of the bonds shall be submitted to the electorate  
9 pursuant to section 75.1, subsection 2. ~~Whenever~~ If such a  
10 proposition has been approved by the voters of a school  
11 corporation as hereinbefore provided, no further approval of  
12 the voters of ~~such~~ the school corporation shall be required as  
13 a result of any subsequent change in the boundaries of ~~such~~  
14 the school corporation.

15 Sec. 13. Section 298.22, unnumbered paragraph 1, Code  
16 2003, is amended to read as follows:

17 ~~All-of-said~~ The bonds shall be substantially in the form  
18 provided for county bonds, but subject to changes that will  
19 conform them to the action of the board ~~providing-therefor~~;  
20 ~~shall run-not-more-than-twenty-years~~ mature within the time  
21 period provided in section 76.1, and may be sooner paid if so  
22 nominated in the bond; bear a rate of interest not exceeding  
23 that permitted by chapter 74A, payable semiannually; be signed  
24 by the president and countersigned by the secretary of the  
25 board of directors; and shall not be disposed of for less than  
26 par value, nor issued for other purposes than this chapter  
27 provides.

28 Sec. 14. Section 331.442, subsection 4, Code 2003, is  
29 amended to read as follows:

30 4. The proposition of issuing bonds for a general county  
31 purpose is not ~~carried-or~~ adopted unless the vote in favor of  
32 the proposition is equal to at least sixty percent of the  
33 total vote cast for and against the proposition at the  
34 election. However, if the board elects to partially fund the  
35 issuance of bonds with revenues from a local income surtax, in

1 in addition to property tax revenues, the ballot proposition to  
2 authorize the issuance of the bonds shall be submitted to the  
3 electorate pursuant to section 75.1, subsection 2. If the  
4 proposition of issuing the general county purpose bonds is  
5 approved by the voters, the board may proceed with the  
6 issuance of the bonds.

7 Sec. 15. Section 331.442, subsection 5, paragraph a,  
8 unnumbered paragraph 1, Code 2003, is amended to read as  
9 follows:

10 Notwithstanding subsection 2, a board, in lieu of calling  
11 an election, may institute proceedings for the issuance of  
12 bonds for a general county purpose by causing a notice of the  
13 proposal to issue the bonds, including a statement of the  
14 amount and purpose of the bonds, the type or types of debt  
15 service tax to be levied or imposed to pay principal and  
16 interest on the bonds, and the right to petition for an  
17 election, to be published as provided in section 331.305 at  
18 least ten days prior to the meeting at which it is proposed to  
19 take action for the issuance of the bonds subject to the  
20 following limitations:

21 Sec. 16. Section 331.447, subsection 1, Code 2003, is  
22 amended to read as follows:

23 1. Taxes for the payment of general obligation bonds shall  
24 be levied or imposed in accordance with chapter 76, and the  
25 bonds are payable from ~~the levy of unlimited ad valorem taxes~~  
26 ~~on all the taxable property within the county through its debt~~  
27 ~~service fund required by section 331.430~~ a debt service  
28 property tax or a combination of a debt service property tax  
29 and a debt service local income surtax, unlimited as to  
30 amount, except that:

31 a. The amount estimated and certified to apply on  
32 principal and interest for any one year shall not exceed an  
33 amount that could be raised by a debt service property tax  
34 levy equal to the maximum rate of tax, if any, provided by  
35 this division for the purpose for which the bonds were issued.

1 If general obligation bonds are issued for different  
2 categories, as provided in section 331.445, the maximum rate  
3 of levies, if any, for each purpose shall apply separately to  
4 that portion of the bond issue for that category and the  
5 resolution authorizing the bond issue shall clearly set forth  
6 the annual debt service requirements with respect to each  
7 purpose in sufficient detail to indicate compliance with the  
8 rate of tax levy, if any.

9 b. The amount estimated and certified to apply-on pay  
10 principal and interest for any one year may only exceed an  
11 amount that could be raised by a debt service property tax  
12 levy equal to the statutory rate of levy limit, if any, by the  
13 amount that the registered voters of the county have approved  
14 at a special election, which may be held at the same time as  
15 the general election and may be included in the proposition  
16 authorizing the issuance of bonds, if an election on the  
17 proposition is necessary, or may be submitted as a separate  
18 proposition at the same election or at a different election.  
19 Notice of the election shall be given as specified in section  
20 331.305. If the proposition includes issuing bonds and  
21 increasing the levy limit, it shall be in substantially the  
22 following form:

23 Shall the county of ....., state of Iowa, be authorized  
24 to ..... (here state purpose of project) at a total cost  
25 not exceeding \$.... and issue its general obligation bonds in  
26 an amount not exceeding \$.... for that purpose, and be  
27 authorized to levy annually a debt service property tax (or  
28 debt service property tax and income surtax, if applicable),  
29 which will produce an amount not exceeding ... dollars and ...  
30 cents per thousand dollars of the assessed value of the  
31 taxable property within the county to pay the principal of and  
32 interest on the bonds?

33 If the proposition includes only increasing the levy limit  
34 it shall be in substantially the following form:

35 Shall the county of ....., state of Iowa, be authorized

1 to levy annually a debt service property tax (or debt service  
2 property tax and income surtax, if applicable), which will  
3 produce an amount not exceeding ... dollars and ... cents per  
4 thousand dollars of the assessed value of the taxable property  
5 within the county to pay principal and interest on the bonded  
6 indebtedness of the county for the purpose of .....

7 Sec. 17. Section 331.490, Code 2003, is amended to read as  
8 follows:

9 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY -- RATES.

10 1. If a county and city have entered into an agreement to  
11 create a joint special assessment district and issue county  
12 general obligation bonds to fund the costs of a public  
13 improvement benefiting that district, the county's debt  
14 service property tax levy for the county general obligation  
15 bonds shall not be levied against property located in any city  
16 except a city which has entered into the agreement, and if  
17 applicable, the county's debt service income surtax for the  
18 county general obligation bonds shall not be imposed on  
19 taxpayers who reside in any city except a city that has  
20 entered into the agreement.

21 2. Counties and cities entering into an agreement for a  
22 joint special assessment district may provide in the agreement  
23 for a different rate of the county's debt service tax levy  
24 against property in areas of the county outside a city and  
25 property within the cities, and if applicable, for a different  
26 rate of the county's debt service income surtax to be imposed  
27 on taxpayers residing outside the cities and those residing  
28 within each city.

29 Sec. 18. Section 384.26, subsection 2, Code 2003, is  
30 amended to read as follows:

31 2. Before the council may institute proceedings for the  
32 issuance of bonds for a general corporate purpose, it shall  
33 call a special city election to vote upon the question of  
34 issuing the bonds. At the election the proposition must be  
35 submitted in substantially the following form:

1 Shall the ..... (insert the name of the city) issue  
2 its bonds in an amount not exceeding the amount of \$.... for  
3 the purpose of ....., such bonds to be payable from a  
4 property tax levied on all taxable property within the city  
5 (and income surtax to be imposed on the state income tax of  
6 each income taxpayer residing in the city)?

7 Sec. 19. Section 384.26, subsection 4, Code 2003, is  
8 amended to read as follows:

9 4. The proposition of issuing general corporate purpose  
10 bonds is not ~~carried-or~~ adopted unless the vote in favor of  
11 the proposition is equal to at least sixty percent of the  
12 total vote cast for and against the proposition at the  
13 election. If the proposition of issuing the general corporate  
14 purpose bonds is approved by the voters, the city may proceed  
15 with the issuance of the bonds. However, if the city council  
16 elects to partially fund the issuance of bonds with revenues  
17 from a local income surtax, in addition to property tax  
18 revenues, the ballot proposition to authorize the issuance of  
19 the bonds shall be submitted to the electorate pursuant to  
20 section 75.1, subsection 2.

21 Sec. 20. Section 384.26, subsection 5, paragraph a,  
22 unnumbered paragraph 1, Code 2003, is amended to read as  
23 follows:

24 Notwithstanding the provisions of subsection 2, a council  
25 may, in lieu of calling an election, institute proceedings for  
26 the issuance of bonds for a general corporate purpose by  
27 causing a notice of the proposal to issue the bonds, including  
28 a statement of the amount and purpose of the bonds, the type  
29 or types of debt service tax to be levied or imposed to pay  
30 principal and interest on the bonds, together with the maximum  
31 rate of interest which the bonds are to bear, and the right to  
32 petition for an election, to be published at least once in a  
33 newspaper of general circulation within the city at least ten  
34 days prior to the meeting at which it is proposed to take  
35 action for the issuance of the bonds subject to the following

1 limitations:

2 Sec. 21. Section 384.32, Code 2003, is amended to read as  
3 follows:

4 384.32 TAX TO PAY.

5 Taxes for the payment of general obligation bonds must be  
6 levied in accordance with chapter 76, and the bonds are  
7 payable from the levy of ~~unlimited-ad-valorem-taxes-on-all-the~~  
8 ~~taxable-property-within-the-city-through-its-debt-service-fund~~  
9 ~~authorized-by-section-384-4~~ a debt service property tax or a  
10 combination of a debt service property tax and a debt service  
11 income surtax, unlimited as to amount.

12 EXPLANATION

13 This bill authorizes bonds to be issued that will be  
14 partially funded by a local income surtax, in addition to  
15 property taxes. At least 80 percent of the principal and  
16 interest of the bonds shall be funded by income surtax. The  
17 question of whether to impose a local income surtax to  
18 partially fund the issuance of bonds shall be included in the  
19 bond issuance ballot proposition. If the bond issuance is to  
20 be funded by property tax and local income surtax, the  
21 required percentage of votes needed to authorize issuance of  
22 the bonds is reduced from 60 percent to 55 percent. The  
23 property tax levied or income surtax imposed are to be  
24 designated as debt service taxes for the payment of principal  
25 and interest on general obligation bonds.

26 The bill applies to bonds issued by a county, city, school  
27 district, or community college.

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