

APR 19 1971

Reprinted 5/13
HOUSE FILE 654

Place On Calendar

By COMMITTEE ON WAYS AND MEANS

Failed To

Passed House, Date 5-11-71 Passed Senate, Date _____

Vote: Ayes 47 Nays 44 Vote: Ayes _____ Nays _____

Approved June 30, 1971

Motion to reconsider filed 5/11, prevailed 5/12

Failed House 5-11-71

aye 52 nays 41

A BILL FOR

1 An Act relating to state aid for schools, school district
 2 property taxes, imposing a school district income tax
 3 including withholding tax, providing administration by
 4 the director of revenue, adopting provisions relating to
 5 the state individual income tax, including penalties, and
 6 increasing the state sales and use tax.

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

8

9

Committee of whole

10

Div. 1, sections 1 thru 5 4/30 lost 45-47 4/30

11

Motion to reconsider filed 4/30, prevailed 5/3

12

Sec. 9 - lost 5/4, Sec. 10 thru 16 adopted as amended 5/4

FISCAL NOTE (HOUSE FILE 654)

Date prepared April 29, 1971

Requested by Representative Norpel.

Prepared in regard to Norpel Amendment to Sec. 425.1, subsection 4, Code 1971 of H.F. 654, an Act relating to state aid for schools, etc. Following is the fiscal effect in dollars of the legislative proposal as required by House Rule 48.

The following is the estimated increase in cost for the first year to implement this amendment:

Homestead credit	\$34,000,000
Additional homestead credit	<u>3,600,000</u>
Total increase	<u>\$37,600,000</u>

No estimate is available beyond the first year.

Source: Department of Revenue

Filed
April 29, 1971

By GERRY D. RANKIN
Legislative Fiscal Director

1 Section 1. SCHOOL FOUNDATION PROPERTY TAX. Beginning
2 with the 1972-1973 school year, each public school district
3 shall certify for its general fund budget each year a
4 foundation property tax of twenty-seven and one-half mills
5 per dollar of assessed valuation on all taxable property
6 within the school district. However, a school district which
7 can meet its general fund budget by a levy of less than twenty-
8 seven and one-half mills per dollar of assessed valuation
9 on all taxable property in the district, shall levy only the
10 lesser amount needed.

11 Sec. 2. SCHOOL FOUNDATION FORMULA. The school foundation
12 formula is a method of determining the amount of per pupil
13 state aid to be paid to public school districts in the state,
14 based upon the relative wealth of each school district. The
15 formula consists of multiplying a school district's relative
16 wealth factor by the average per pupil state aid factor.

17 A school district's relative wealth factor is determined
18 for each school year by dividing the state average per pupil
19 wealth by the school district's per pupil wealth. The state
20 average per pupil wealth is determined by adding together
21 the total assessed valuation of taxable property in the state
22 and the total adjusted gross income in the state, and dividing
23 the sum by the total average daily membership in the state.
24 The school district's per pupil wealth is determined by adding
25 together the total assessed valuation of taxable property
26 in the school district and the total adjusted gross income
27 in the district, and dividing the sum by the total average
28 daily membership in the district.

29 The average per pupil state aid factor is determined for
30 each school year by dividing the total amount of money appro-
31 priated for state aid by the total average daily membership
32 in the state.

33 Each public school district in the state which cannot meet
34 its general fund budget by the levy of the school foundation
35 property tax is entitled to state aid equal to the amount

1 of its per pupil state aid as determined by the school
2 foundation formula multiplied by its fall enrollment. However,
3 no district shall receive during a school year an amount of
4 state aid per pupil in fall enrollment which, added to the
5 amount receivable per pupil in fall enrollment from the school
6 foundation property tax, exceeds eighty-five percent of the
7 district's general fund budget per pupil in average daily
8 membership, or eighty-five percent of the state average general
9 fund budget per pupil in average daily membership.

10 Prior to July fifteenth each year, the state comptroller
11 shall determine an accurate approximation of the amount of
12 state aid to be paid to each school district in the state
13 under this section, and shall certify the estimated amount
14 to each school district for use in preparing budgets.

15 As soon as possible each year, the state comptroller shall
16 compute the actual amount due each school district in the
17 state under the provisions of this section, and shall pay
18 the amount due to each school district in three approximately
19 equal installments to be paid on approximately the first days
20 of November, February, and May of each school year.

21 Sec. 3. GENERAL FUND BUDGET. Subject to limitations
22 imposed by the school budget review committee or by state
23 law, the general fund budget of a school district shall be
24 determined as follows:

25 1. Determine estimated general fund expenditures exclusive
26 of gifts, and federal grants and aids, except federal aids
27 paid in anticipation of or reimbursement for expenses caused
28 by a federal activity in or near a school district which would
29 otherwise need to be paid from local sources, by adding
30 together the estimated amounts to be expended for the school
31 year, for administration, instruction, attendance services,
32 health services, pupil transportation services, fixed charges,
33 operation and maintenance, community services, capital outlay,
34 debt service, and tuition paid other districts. The cost
35 of food services and student body activities shall not be

1 included in general fund costs.

2 2. From the total of the sums determined under subsection
3 one (1) of this section deduct the following:

4 a. Estimated receipts from state appropriations for handi-
5 capped children aid, vocational aid, driver education aid,
6 and junior college aid.

7 b. Estimated general fund receipts from the following:
8 Tuition paid by individuals or by the state; transportation;
9 services; rents; income on investment securities; other gen-
10 eral fund revenue receipts; general fund nonrevenue receipts;
11 and transfers to the general fund other than those resulting
12 from clearing accounts, reorganization and the return of prin-
13 cipal of invested securities.

14 c. An estimate of the total amount determined on the per
15 pupil cost basis for children transported who live within
16 statutory walking distance from school.

17 Sec. 4. FALL ENROLLMENT. Fall enrollment shall be deter-
18 mined by adding the resident pupils who are enrolled on the
19 second Friday of September of each year in public elementary
20 and secondary schools of the district, and in special educa-
21 tion schools for which tuition is paid by the district whether
22 the special education school is conducted by a county board
23 of education or another school district.

24 Each school district shall certify its fall enrollment
25 to the state department of public instruction by September
26 twenty-fifth of each year, and the information shall be
27 promptly forwarded to the state comptroller.

28 Sec. 5. AVERAGE DAILY MEMBERSHIP. Average daily member-
29 ship for each school district shall be determined prior to
30 July first each year by the department of public instruction,
31 and certified to the state comptroller, as follows:

32 1. Add the pupils who were members of a public elementary
33 or secondary school of the district, and the pupils residing
34 in the district who were members of a special education school
35 conducted and financed by a county board of education or

1 another school district, for each day each such school was
2 in session throughout the school year.

3 2. Divide the sum obtained in subsection one (1) of this
4 section by the number of days public elementary and secondary
5 school was in session in the district during the school year.

6 Sec. 6. PERCENTAGE GROWTH FACTOR.

7 1. It is the intent of the legislature that the total
8 amount of state aid appropriated for use in determining the
9 amount to be paid to each school district under the school
10 foundation formula provided in section two (2) of this Act,
11 will be increased annually by the amount of the percentage
12 growth factor for the state, which will be computed by the
13 state comptroller each year as follows:

14 a. Determine the percent of increase or decrease in state
15 revenue from taxes other than the school district income
16 surtax, adjusted for changes in rates or basis, for each year
17 of the last three calendar years for which accurate figures
18 are available, and divide the total by three.

19 b. The total state aid for the last preceding school year
20 multiplied by the percentage growth factor gives the addi-
21 tional amount of state aid which should be added to the
22 appropriation for the current school year.

23 2. To determine the percentage growth factor which shall
24 be used by the school budget review committee in deciding
25 whether a school district budget has exceeded its allowable
26 increase, as provided in section eighteen (18), subsection
27 two (2) of this Act, the state comptroller shall determine
28 the percent of increase or decrease in the assessed valuation
29 of taxable property in the district, for each year of the
30 last three calendar years for which accurate figures are
31 available, and divide the total by three. The percentage
32 obtained, added to the percentage obtained under subsection
33 one (1), paragraph a, of this section, and the total divided
34 by two, gives the percentage growth factor for determination
35 of allowable school budget increases.

1 Sec. 7. ADDITIONAL SCHOOL DISTRICT PROPERTY TAX--INDUSTRIAL
2 AND UTILITY PROPERTY. The additional school district property
3 tax to be levied each year on industrial and utility property
4 shall be determined by the state comptroller as follows:

5 1. Determine for each school district the amount needed
6 to meet its general fund budget, after subtracting the amounts
7 which will be received by the district from the school founda-
8 tion property tax levied that year, and from state aid based
9 on the foundation formula for that year.

10 2. Add together the amounts determined under subsection
11 one (1) of this section, for each school district within a
12 county school system.

13 3. Determine the millage rate necessary for each county
14 system, to raise the sum obtained under subsection two (2)
15 of this section, if spread at a uniform rate over all taxable
16 property within the county school system, and certify the
17 rates to each county auditor.

18 Sec. 8. COUNTY LEVY AND DISTRIBUTION. Not later than
19 June first each year, each county auditor shall certify to
20 the state comptroller the assessed valuation of taxable
21 property in each school district within the county school
22 system. The county auditor shall spread the rate for his
23 county school system determined by the comptroller under
24 section seven (7) of this Act at a uniform rate over all
25 industrial and utility property in the county. In the case
26 of joint districts the levy shall be spread in the same manner
27 as previously employed for the purpose of making other school
28 levies in such circumstances.

29 As used in this Act, "industrial property" means property
30 assessed under the provisions of sections four hundred twenty-
31 eight point twenty (428.20) through four hundred twenty-eight
32 point twenty-three (428.23), inclusive, of the Code, and
33 "utility property" means property assessed by the director
34 of revenue under the provisions of sections four hundred
35 twenty-eight point twenty-four (428.24) through four hundred

1 twenty-eight point twenty-nine (428.29), inclusive, and
2 chapters four hundred thirty-three (433) through four hundred
3 forty (440), inclusive, of the Code.

4 On the tenth day of the month following the month of col-
5 lection, the county treasurer shall distribute the moneys
6 received from the additional school district tax on industrial
7 and utility property to each school district within the county
8 school system on a per pupil basis determined by dividing
9 the amount of moneys received by the total fall enrollment
10 in the county.

11 Sec. 9. ADDITIONAL SCHOOL DISTRICT PROPERTY TAX AND INCOME
12 TAX--OTHER THAN INDUSTRIAL AND UTILITY PROPERTY. The remaining
13 additional school district property tax and the school district
14 income tax shall be determined by the state comptroller for
15 each school district in the state for each school year as
16 follows:

17 1. Determine the total amount needed for the school dis-
18 trict's general fund budget for the 1970-1971 school year
19 and subtract from that amount the receipts that would have
20 been brought in by the school foundation property tax, the
21 state aid that would have been received under the school
22 foundation formula for that school year, the amount which
23 would have been received by the district from the additional
24 tax on industrial and utility property, and all other receipts
25 that would have been anticipated other than the additional
26 property tax and school district income tax provided in this
27 section.

28 2. Determine the total assessed valuation of taxable prop-
29 erty in the school district for the 1970 calendar year, the
30 total Iowa net income as defined in section four hundred
31 twenty-two point seven (422.7) of the Code, and the total
32 amount of state individual income tax as shown on the
33 individual tax returns of individuals residing in the school
34 district on December 31, 1969, or at the time of filing for
35 those on other than a calendar year basis and included in

1 the department of revenue 1969 income tax annual statistical
2 report. The director of revenue shall certify to the state
3 comptroller on or before May 1, 1971, the total Iowa net
4 income and total state income tax of individuals residing
5 in each school district on December 31, 1969.

6 3. Add the total amounts of Iowa net income in the district
7 and the total assessed valuation of taxable property in the
8 district as determined in subsection two (2) of this section,
9 and divide the sum into the amount obtained in subsection
10 one (1) of this section. Multiply the quotient obtained by
11 the total amount of Iowa net income and divide the result
12 by the amount of the total state income tax for the district
13 as determined in subsection two (2) of this section. The
14 quotient obtained is the rate of school district income tax
15 and is hereby imposed as a surtax on the amount of state
16 income tax paid on incomes earned in 1971 for the 1972-1973
17 school year and on state income tax paid on incomes earned
18 in 1972 for the 1973-1974 school year. The surtax for the
19 1974-1975 school year and every school year thereafter and
20 the additional school district property tax levy for the 1972-
21 1973 school year and every school year thereafter shall be
22 determined by the state comptroller in the manner set forth
23 in subsection four (4) of this section.

24 4. a. Determine the total amount needed for the school
25 district's general fund budget for the current year less
26 anticipated receipts from all sources other than the additional
27 school district property tax and the school district income
28 tax.

29 b. Determine the total assessed valuation of taxable prop-
30 erty in the school district for the current calendar year
31 and the total amount of school district income tax as shown
32 on the individual tax returns of individuals residing in the
33 school district on December thirty-first of the most recently
34 completed calendar year or at the time of filing for those
35 on other than a calendar year basis and filing within the

1 most recently completed calendar year. The director of revenue
2 shall report to the state comptroller the amount of school
3 district income tax collected for the current school year
4 on or about October twentieth of the current school year.

5 c. Subtract the school district income tax determined
6 in paragraph b of this subsection from the amount obtained
7 in paragraph a of this subsection and divide the result by
8 the total assessed valuation of taxable property in the
9 district for the current calendar year. The quotient obtained
10 multiplied by one thousand is the millage rate to be levied
11 on the assessed valuation of taxable property in the district,
12 in addition to the school foundation property tax, for school
13 general fund purposes for the current school year.

14 An equivalent percentage, based upon one percent for each
15 ten mills, is the base for determining the surtax to be imposed
16 on the incomes earned during the next year. Multiply the
17 percentage times the total Iowa net income of the district
18 and divide the result by the amount of the total state income
19 tax reported for the district. The quotient obtained is the
20 surtax to be imposed on the incomes earned during the current
21 calendar year. The state comptroller shall certify to the
22 director of revenue on or about June first of each year, or
23 as soon as possible if the school budget is subject to an
24 election as provided in section eighteen (18) of this Act,
25 the surtax to be imposed for each school district on the
26 incomes earned during that year of all individuals residing
27 in the school district on December thirty-first of the current
28 calendar year, or at the time of filing for those on other
29 than a calendar year basis and filing within the current
30 calendar year.

31 Sec. 10. FORM AND TIME OF RETURN. The school district
32 income tax return shall be made a part of the Iowa individual
33 income tax return subject to the conditions and restrictions
34 set forth in section four hundred twenty-two point twenty-
35 one (422.21) of the Code.

1 Sec. 11. DEPOSIT OF SCHOOL DISTRICT INCOME TAX. The
2 director of revenue shall deposit all moneys received as
3 school district income tax to the credit of each district
4 from which the moneys are received, in a "school district
5 income tax fund" which is established in the office of the
6 treasurer of state.

7 Sec. 12. SCHOOL DISTRICT INCOME TAX CERTIFICATION. On
8 or before October 20, 1972, and each year thereafter the
9 director of revenue shall make an accounting of the school
10 district income tax collected under this Act applicable to
11 tax returns for the most recent completed tax year as defined
12 in section four hundred twenty-two point four (422.4),
13 subsection four (4), of the Code, from taxpayers in each of
14 the various school districts in the state and certify to the
15 state comptroller and the state department of public
16 instruction the amount of total school district income tax
17 credited from the taxpayers of each school district.
18 Additional returns in process, if any, at the time of
19 certification shall be completed and the additional amount
20 of school district income tax reported to the state comptroller
21 for distribution back to the school district with the first
22 installment of the following school year.

23 Sec. 13. SCHOOL DISTRICT INCOME TAX DISTRIBUTION. The
24 state comptroller shall certify to the state department of
25 public instruction the amount of school district income tax
26 payable to each school district, and the state comptroller
27 shall draw warrants in payment of the amount of tax payable
28 to each of the school districts in two installments to be
29 paid on approximately the first day of December and the first
30 day of February, and cause the same to be delivered to the
31 respective school districts.

32 Sec. 14. DEPOSIT IN GENERAL FUND. All amounts received
33 by a school district under the provisions of sections two
34 (2), eight (8), and thirteen (13) of this Act shall be
35 deposited in the school general fund, and may be used for

1 any school general fund purpose.

2 Sec. 15. WITHHOLDING OF SCHOOL DISTRICT INCOME TAX AT
3 SOURCE. The director of revenue shall provide by rule for
4 the withholding of revenues which may be due, based upon the
5 school district income tax imposed under section nine (9)
6 of this Act. The school district tax withholding shall begin
7 July 1, 1971, and the rate withheld for the period beginning
8 July 1, 1971, and ending December 31, 1971, shall be based
9 upon the approximate average of all the school district income
10 tax rates imposed by all school districts in the state on
11 incomes earned in 1971, or in a taxpayer's tax year ending
12 during 1971. The school district tax withholding rate for
13 each subsequent calendar year beginning January 1, 1972, shall
14 be based upon the average of all the school district income
15 tax rates imposed by all school districts in the state on
16 incomes earned in the last preceding calendar year, or in
17 a taxpayer's tax year ending during that calendar year. The
18 director of revenue shall determine the annual rate based
19 upon the average of the most recent school district income
20 tax rate figures available to him at the time of determination.

21 Every withholding agent as defined in section four hundred
22 twenty-two point sixteen (422.16), subsection one (1), of
23 the Code, making payment of wages as defined in section four
24 hundred twenty-two point sixteen (422.16) of the Code to a
25 resident employee or employees shall deduct and withhold from
26 the wages an amount which will approximate the employee's
27 annual school district income tax liability if computed
28 according to the average as provided in this section on a
29 calendar year basis, calculated on the basis of tables to
30 be prepared by the department of revenue, and schedules or
31 percentage rates, based on the wages to be prescribed by the
32 department.

33 All requirements, restrictions, and penalties imposed on
34 withholding agents under section four hundred twenty-two point
35 sixteen (422.16) of the Code are applicable to withholding

1 agents under the provisions of this section.

2 Sec. 16. STATUTES APPLICABLE. The director of revenue
3 shall administer the school district income tax, and the
4 school district withholding tax, and all the provisions of
5 sections four hundred twenty-two point twenty-two (422.22)
6 through four hundred twenty-two point thirty-one (422.31),
7 inclusive, and four hundred twenty-two point seventy-three
8 (422.73) of the Code, shall apply in respect to administration
9 of the school district tax.

10 Sec. 17. SCHOOL BUDGET REVIEW COMMITTEE. A school budget
11 review committee is established, which consists of the super-
12 intendent of public instruction, the state comptroller, and
13 three members appointed by the governor to represent the
14 public and to serve three-year staggered terms. Those serving
15 as public members on the effective date of this Act shall
16 continue to serve out their unexpired terms. The
17 superintendent of public instruction and the state comptroller
18 may each appoint a member of their staffs to serve as their
19 regular representative on the committee. The school budget
20 review committee shall meet and hold hearings each year in
21 Des Moines in May, and shall continue in session until it
22 has reviewed budgets of school corporations, as provided in
23 section eighteen (18) of this Act. It may call in school
24 board members and employees as necessary for the hearings.
25 Legislators shall be notified of hearings concerning school
26 districts in their constituencies.

27 The committee shall adopt its own rules of procedure.
28 The superintendent of public instruction or his representative
29 shall serve as chairman, and the state comptroller or his
30 representative shall serve as secretary. The committee members
31 representing the public are entitled to receive a per diem
32 equal to the per diem of members of the board of public
33 instruction, and their necessary travel and other expenses
34 while engaged in their official duties. Expense payments
35 shall be made from appropriations to the department of public

1 instruction.

2 Sec. 18. DUTIES OF COMMITTEE. The school budget review
3 committee may recommend to the state board of public
4 instruction the revision of any rules, regulations, directives,
5 or forms relating to school district budgeting and accounting,
6 confer with local school boards or their representatives and
7 make recommendations relating to any budgeting or accounting
8 matters, and may direct the superintendent of public
9 instruction or the state comptroller to make studies and
10 investigations of school costs in any school district whose
11 budget has been submitted to the committee. The committee
12 shall report to each session of the general assembly, which
13 report shall include any recommended changes in laws relating
14 to school districts, and shall set out the number of hearings
15 held pursuant to this Act, the reasons for any authorized
16 increases in school costs, and other information as the
17 committee deems advisable.

18 The school budget review committee may review the budgets
19 of any school district as follows:

20 1. If the budget shows general fund expenditures per pupil
21 in average daily membership of more than one hundred ten
22 percent of the average cost per pupil in average daily member-
23 ship in the state.

24 2. If the total general fund budget has increased over
25 the previous year's general fund expenditures by a percent
26 greater than the percentage growth factor for the budget year
27 computed by the state comptroller as provided in section six
28 (6) of this Act.

29 3. If in the judgment of the committee, the budget shows
30 total general fund expenditures which are unreasonably high
31 in relation to the comparative costs of other school districts
32 of similar size and situation, even if the expenditures do
33 not exceed the average cost per pupil in average daily
34 membership in the state.

35 If the school budget review committee does not approve

1 a school budget, it shall state its recommendations in terms
2 of a specific reduction in the general fund expenditures
3 included in the budget, and in terms of the projected reduction
4 in the additional school district property tax rate and school
5 district income tax rate of the school district, as determined
6 under section nine (9) of this Act, and shall notify the
7 appropriate county auditor and the state comptroller of its
8 recommendations.

9 If the school budget review committee makes a recommendation
10 for reduction, the school board shall follow the recommendation
11 or shall submit to the voters of the school district, at a
12 special election called for that purpose, the question of
13 whether the board shall adopt the recommendations of the
14 school budget review committee, or shall adopt the budget
15 as proposed. The question submitted to the voters shall state
16 clearly the difference in the additional school district
17 property tax rate and the school district income tax rate
18 which will result if the board adopts the recommendations
19 of the school budget review committee, or if it adopts the
20 budget as proposed.

21 If a majority of those voting favors adoption of the recom-
22 mendation of the school budget review committee, the board
23 of directors of the school district shall alter its budget
24 as recommended, and shall certify the corrected budget to
25 the county auditor and the state comptroller.

26 Sec. 19. Section two hundred ninety-eight point one
27 (298.1), Code 1971, is amended as follows:

28 298.1 SCHOOL TAXES. The board of each school corporation
29 shall estimate the amount of the proposed expenditures and
30 proposed receipts for the general school purposes at a time
31 and in a manner to effectuate the provisions of ~~chapter-442~~
32 sections 1 through 18, inclusive, of this Act. Compliance
33 with chapter 24 shall be observed.

34 ~~Prior-to-compliance-with-section-24-97-the-superintendent~~
35 ~~of-the-county-school-systems-shall-call-a-joint-meeting-of~~

1 school-superintendents-and-school-board-members-for-all-of
2 the-local-districts-within-the-county-basic-school-tax-unit.
3 The-time-and-place-for-such-joint-meetings-shall-be-set-by
4 the-superintendent-of-the-county-school-systems.

5 The-purpose-of-the-joint-meeting-shall-be-for-a-review
6 of-the-budgets-of-the-several-school-districts-within-the
7 county-basic-school-tax-units,-and-for-the-discussion-of
8 common-problems-within-the-county-basic-unit.

9 Sec. 20. Section four hundred twenty-two point forty-three
10 (422.43), unnumbered paragraphs one (1), two (2), seven (7),
11 and eight (8), Code 1971, are amended as follows:

12 There is hereby imposed a tax of ~~three~~ four percent upon
13 the gross receipts from all sales of tangible personal
14 property, consisting of goods, wares, or merchandise, except
15 as otherwise provided in this division, sold at retail in
16 the state to consumers or users; a like rate of tax upon the
17 gross receipts from the sales, furnishing or service of gas,
18 electricity, water, heat, and communication service, including
19 the gross receipts from such sales by any municipal corporation
20 furnishing gas, electricity, water, heat, and communication
21 service to the public in its proprietary capacity, except
22 as otherwise provided in this division, when sold at retail
23 in the state to consumers or users; and a like rate of tax
24 upon the gross receipts from all sales of tickets or admissions
25 to places of amusement, athletic events including those of
26 educational institutions, fairs; and a like rate of tax upon
27 that part of private club membership fees or charges paid
28 for the privilege of participating in any athletic sports
29 provided club members.

30 There is hereby imposed a tax of ~~three~~ four percent upon
31 the gross receipts derived from the operation of all forms
32 of amusement devices and commercial amusement enterprises
33 operated or conducted within the state of Iowa, such tax to
34 be collected from the operator in the same manner as is
35 provided for the collection of taxes upon the gross receipts

1 of tickets or admission as provided in this section.

2 The tax herein levied shall be computed and collected as
3 hereinafter provided. The tax herein imposed shall be at
4 the rate of ~~three~~ four percent.

5 There is hereby imposed, a tax of ~~three~~ four percent upon
6 the gross receipts from the rendering, furnishing, or
7 performing of services as defined in section 422.42.

8 Sec. 21. Section four hundred twenty-two point sixty-five
9 (422.65), subsection one (1) and unnumbered paragraph three
10 (3), are amended as follows:

11 1. Fifty percent to the ~~basic-school-tax-equalization~~
12 ~~fund-of-the-basic-school-tax-unit~~ general fund of the school
13 district from which the tax is collected, ~~-to-be-distributed~~
14 ~~in-the-same-manner-as-other-funds-in-the-basic-school-tax~~
15 ~~equalization-fund.~~

16 Quarterly, the director of revenue shall certify to the
17 treasurer of state the amounts to be paid to each ~~basic-school~~
18 ~~tax-unit~~ school district, city, town, and county from the
19 franchise tax fund. All moneys received from the franchise
20 tax are hereby appropriated according to the provisions of
21 this section.

22 Sec. 22. Section four hundred twenty-two point sixty-nine
23 (422.69), subsection five (5), Code 1971, is amended as fol-
24 lows:

25 5. During the last quarter of each fiscal year an amount
26 equal to ten percent of the net receipts from ~~two-thirds~~ one-
27 half of the sales tax collected under division IV of this
28 chapter for the fiscal year, less the amount transferred
29 during such fiscal year for motor vehicle registration plates,
30 shall be transferred to the road use tax fund created by sec-
31 tion 312.1. The remainder of the net receipts from the sales
32 tax shall be credited to the general fund.

33 Sec. 23. Section four hundred twenty-two point seventy-
34 eight (422.78), Code 1971, is amended as follows:

35 422.78 ALLOCATION TO MONEYS AND CREDITS REPLACEMENT FUND

1 IN EACH COUNTY. The director shall determine the percentage
2 which the aggregate taxable value for the year 1965 of the
3 property described in and subject to taxation under section
4 429.2 owned or held by individuals, administrators, executors,
5 guardians, conservators, trustees or an agent or nominee
6 thereof, and the aggregate taxable value for the year 1965
7 of the property described in and subject to taxation under
8 section 431.1 for the year 1965 but not subject to taxation
9 under said section for the year 1966, in each county bears
10 to the total aggregate taxable value of such property reported
11 from all of the counties in the state and shall certify the
12 percentage for each county to the state comptroller prior
13 to January 1, 1967. In January of 1967 and in January of
14 each succeeding year thereafter, the state comptroller shall
15 apply said percentage to the money which shall have accumulated
16 in the moneys and credits tax replacement fund prior to such
17 January and thereby determine the amount thereof due to each
18 county. The state comptroller shall draw warrants on the
19 moneys and credits tax replacement fund in such amounts payable
20 to the county treasurer of each county and transmit them.
21 The county treasurer shall apportion these amounts twenty
22 percent to the county general fund, fifty percent to the
23 basic-school-tax-equalization-fund general funds of each
24 school district in the proportion that the taxable value for
25 each district for 1965 of property subject to taxation in
26 1965 under sections 429.2 and 431.1 is to the total of such
27 taxable values for all school districts within the county,
28 and the remaining thirty percent to cities and towns in the
29 proportion that the taxable ~~values~~ value for each city and
30 town for 1965 of property subject to taxation in 1965 under
31 sections 429.2 and 431.1 is to the total of such taxable
32 values for all cities and towns within the county.

33 Sec. 24. Section four hundred twenty-three point two
34 (423.2), Code 1971, is amended as follows:

35 423.2 IMPOSITION OF TAX. An excise tax is hereby imposed

1 on the use in this state of tangible personal property
2 purchased for use in this state, at the rate of ~~three~~ four
3 percent of the purchase price of such property. Said tax
4 is hereby imposed upon every person using such property within
5 this state until such tax has been paid directly to the county
6 treasurer or department of public safety to a retailer, or
7 to the department as hereinafter provided. An excise tax
8 is hereby imposed on the use in this state of services
9 enumerated in section 422.43 at the rate of ~~three~~ four percent.
10 Said tax shall be applicable where services are rendered,
11 furnished, or performed in this state or where the product
12 or result of such service is used in this state. Such tax
13 is imposed on every person using such services or the product
14 of such services in this state until such user has paid such
15 tax either to an Iowa use tax permit holder or has paid such
16 tax to the department of revenue.

17 Sec. 25. Section four hundred thirty A point three
18 (430A.3), Code 1971, is amended as follows:

19 430A.3 LEVY. There is hereby imposed upon capital employed
20 in the business of making loans or investments within the
21 state of Iowa, as determined under the provisions of this
22 chapter, a tax of five mills on each dollar of such capital;
23 such tax to be considered a tax upon moneys and credits of
24 such corporations which shall be levied by the board of
25 supervisors, and placed upon the tax list and collected by
26 the county treasurer. The amount collected in each taxing
27 district in cities and towns shall be apportioned twenty
28 percent to the county general fund, thirty percent to the
29 city or town general fund, and fifty percent to the ~~basic~~
30 ~~school-tax-equalization-fund~~ general fund of the school
31 district where collected, and the amount collected in each
32 taxing district outside of cities and towns shall be
33 apportioned fifty percent to the county general fund and fifty
34 percent to the ~~basic-school-tax-equalization-fund~~ general
35 fund of the school district where collected. The term "loans"

1 as used herein shall mean the lending of money to members
2 of the general public upon other than real estate security.
3 The term "investments" as used herein shall mean the
4 discounting, purchasing, or otherwise acquiring notes,
5 mortgages, sales contracts, debentures, or any other evidences
6 of indebtedness, based upon other than real estate security
7 when such investments are made in connection with loans made
8 to members of the general public in the state of Iowa or in
9 the courts of any operations having as their effect the
10 financing of business transactions within the state of Iowa
11 resulting in the incurring of any indebtedness based upon
12 security other than real estate security.

13 Sec. 26. Chapter four hundred forty-two (442), Code 1971,
14 is repealed.

15 Sec. 27. The tax imposed under sections twenty (20) and
16 twenty-four (24) of this Act shall be at the rate of three
17 percent on the sales and use of tangible personal property
18 and the sale of taxable services, either of which is used
19 in the performance of a building or construction contract
20 executed prior to the effective date of this Act.

21 EXPLANATION

22 This bill establishes a new state school aid plan and
23 repeals chapter 442. The plan begins with a school foundation
24 property tax of 27 1/2 mills in each school district. The
25 school foundation formula is a method for computing the state
26 aid, based on the relative wealth of each school district.
27 The balance of a district's general fund budget is levied
28 as additional school district property tax and a school
29 district income tax.

30 The additional school district property tax is levied first
31 at a full rate on industrial and utility property within a
32 county, and distributed back to each school district on a
33 per capita basis. The balance to be raised by each school
34 district is divided between the additional school district
35 property tax on other than industrial and utility property,

1 and a school district income tax on individual residents of
2 the school district. The rates are based on a combination
3 of assessed valuation and Iowa net income in the district,
4 and the rate is then converted into a surtax rate on the
5 individual income tax paid by residents of the district.

6 The school district income tax is to be administered by
7 the department of revenue and paid along with the regular
8 individual state income tax. Withholding tax is imposed for
9 the school district income tax at a rate based on the average
10 of all school district income tax rates imposed in the state.

11 The school budget review committee will continue to serve
12 and review the budgets of districts which exceed 110% of the
13 average, the percentage growth factor, or which are otherwise
14 unreasonably high.

15 If the school budget review committee recommends a reduc-
16 tion, the school board must either comply or submit the matter
17 to a vote of the people, describing plainly the difference
18 in taxes which is at stake.

19 In sections 20 and 24, this bill also increases the state
20 sales and use tax from three to four percent, except on con-
21 struction contracts executed prior to the effective date.

22

FISCAL NOTE

Date prepared April 22, 1971

Requested by Representative Freeman.

Prepared in regard to H.F. 654, amendment to an Act rela-
ting to state aid to schools, school district property tax, impos-
ing a school district income tax including withholding tax, provid-
ing administration by the director of revenue, etc. Following is
the fiscal effect in dollars of the legislative proposal as required
by House Rule 48.

No estimate available at this time.

Source: Department of Revenue

Filed
April 22, 1971

By GERRY D. RANKIN
Legislative Fiscal Director

LSB 1554
jb/cc/1

House 16
April 28, 1971

HOUSE FILE 654
FISCAL NOTE

Date prepared April 27, 1971

Requested by Representative Gluba.

Prepared in regard to Gluba et al Amendment to H.F. 654, Modified Vermont Plan, an Act relating to state aid for schools, school district property tax, imposing a school district income tax, etc. Following is the fiscal effect in dollars of the legislative proposal as required by House Rule 48.

Estimated first year cost of the Modified Vermont Plan of Property Tax relief for persons sixty-five years of age and older or totally disabled	\$16,800,000
---	--------------

Estimated total cost of the additional homestead tax credit for the State of Iowa in 1971 under the present law, which would be repealed	<u>(3,800,000)</u>
--	--------------------

Net increase	<u>\$13,000,000</u>
--------------	---------------------

No estimate can be made beyond the first year for the cost of this plan of property tax relief.

No estimate is available as to the Department of Revenue's administrative costs involved in administering this Modified Vermont Plan.

Source: Department of Revenue

Filed
April 27, 1971

By GERRY D. RANKIN
Legislative Fiscal Director

HOUSE FILE 654
FISCAL NOTE

Date prepared April 27, 1971

Requested by Representative Freeman.

Prepared in regard to Freeman Amendment to H. F. 654, an Act relating to state aid for schools, school district property taxes, imposing a school district income tax including withholding tax, etc. Following is the fiscal effect in dollars of the legislative proposal as required by House Rule 48.

No estimate available.

Based on statistics which are currently available, no estimate can be made as to the fiscal effect of this amendment.

Source: Department of Revenue

Filed
April 27, 1971

By GERRY D. RANKIN
Legislative Fiscal Director

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 3, by striking lines 4 through 9, inclusive,
3 and inserting in lieu thereof the following:

4 "state aid which, added to the amount received from the
5 school foundation property tax levied in that school year,
6 exceeds the district's general fund budget, nor shall a
7 district receive an amount of state aid per pupil in fall
8 enrollment which, added to the amount receivable per pupil
9 in fall enrollment from the school foundation property tax
10 levied in that school year, exceeds eighty-five percent
11 of the state average general fund budget per pupil in
12 fall enrollment."

13 2. Page 5, line 10, by striking the comma and insert-
14 ing in lieu thereof the words "for the 1972-1973 school
15 year will be two hundred thirty-six million dollars, and
16 that the amount".

17 3. Page 5, by striking lines 23 through 35, inclusive,
18 and inserting in lieu thereof the following:

19 "2. To determine the total allowable growth in dollars
20 for each school district each year, the state comptroller
21 shall add together the following amounts:

22 a. The percent of increase or decrease in taxable
23 property in the district for the current calendar year
24 over the last preceding calendar year, multiplied by the
25 part of the district's allowable general fund budget for
26 the last preceding school year which was raised by
27 property taxes.

28 b. The percent of increase or decrease in state in-
29 dividual income taxes, adjusted for changes in rates, for
30 each year of the last three calendar years added together,
31 the total divided by three, and the quotient multiplied by
32 the part of the district's allowable general fund budget
33 for the last preceding school year which was raised by
34 school district income taxes.

35 c. The percentage growth factor for the state, as
36 determined in subsection one (1) of this section, multi-
37 plied by the part of the district's allowable general
38 fund budget for the last preceding school year which was
39 raised by state aid."

40 4. Page 13, by inserting after line 34 the following:

41 "The committee, in reviewing school budgets, shall con-
42 sider unique and unusual circumstances including, but not
43 limited to, unusual increases or decreases in enrollments,
44 natural disasters, unusual transportation problems, and
45 initial staffing problems.

46 Failure by any school district to provide information
47 or appear before the committee as requested for the ac-
48 complishment of review or hearing shall constitute
49 justification for the committee to instruct the state
50 comptroller to withhold any state aid to that district

Adopted
4/22

Withdrawn
4/22

Adopted
4/22

Adopted
4/22

House 10
April 21, 1971

51 until the committee's inquiries are satisfied com-
52 pletely."

53 5. Page 14, by inserting after line 25 the following
54 new section:

55 "Not later than December first for the following
56 school year, the board of directors of each school dis-
57 trict shall set a tentative limitation in dollars of the
58 amount the district may spend on each program in the
59 system as defined by the school budget review committee
60 and in the form which the committee prescribes. This
61 prospectus or program and allotted dollars as approved by
62 the board of directors shall guide the superintendent
63 when preparing the proposed budget for the following
64 school year. These limitations submitted by the board
65 of directors to the superintendent of schools for the
66 district shall be promptly forwarded to the school budget
67 review committee."

68 6. Page 14, line 32, by striking the figure "18" and
69 inserting in lieu thereof ~~the~~ figure "19".

70 7. By renumbering sections and correcting internal
71 references in accordance with this amendment.

*Adopted
4/22*

Filed 1, 3, 4, 5, 6, 7 *adopted 4/22* By HOLDEN of Scott, District 75
April 20, 1971 *2 lost 4/22*

House 16
April 28, 1971

HOUSE FILE 654
FISCAL NOTE

Date prepared April 27, 1971

Requested by Representative Gluba.

Prepared in regard to Gluba et al Amendment to H.F. 654, Modified Vermont Plan, an Act relating to state aid for schools, school district property tax, imposing a school district income tax, etc. Following is the fiscal effect in dollars of the legislative proposal as required by House Rule 48.

Estimated first year cost of the Modified Vermont Plan of Property Tax relief for persons sixty-five years of age and older or totally disabled	\$16,800,000
---	--------------

Estimated total cost of the additional homestead tax credit for the State of Iowa in 1971 under the present law, which would be repealed	<u>(3,800,000)</u>
--	--------------------

Net increase	<u>\$13,000,000</u>
--------------	---------------------

No estimate can be made beyond the first year for the cost of this plan of property tax relief.

No estimate is available as to the Department of Revenue's administrative costs involved in administering this Modified Vermont Plan.

Source: Department of Revenue

Filed
April 27, 1971

By GERRY D. RANKIN
Legislative Fiscal Director

HOUSE FILE 654
FISCAL NOTE

Date prepared April 27, 1971

Requested by Representative Freeman.

Prepared in regard to Freeman Amendment to H. F. 654, an Act relating to state aid for schools, school district property taxes, imposing a school district income tax including withholding tax, etc. Following is the fiscal effect in dollars of the legislative proposal as required by House Rule 48.

No estimate available.

Based on statistics which are currently available, no estimate can be made as to the fiscal effect of this amendment.

Source: Department of Revenue

Filed
April 27, 1971

By GERRY D. RANKIN
Legislative Fiscal Director



HOUSE FILE 654

1 Amend House File 654 by adding thereto the following
2 new sections:

3 1. A city or town may impose local taxes as herein-
4 after authorized, after approval by the voters. Upon
5 its own motion, or upon receipt of a petition signed by
6 voters within a city or town equal in number to at least
7 ten percent of the number of votes cast at the last pre-
8 ceding regular municipal election, requesting that an
9 election be held, the city or town council shall submit
10 to the voters of the city or town, at a special election
11 called for that purpose, the question of imposing one or
12 more of the authorized taxes. If a majority of those
13 voting favors the imposition of one or more taxes, the
14 council shall impose those taxes by ordinance, according
15 to the provisions of this amendment, and shall continue
16 to impose the taxes for a minimum of four years. After
17 the four-year period, a tax may be discontinued by the
18 council or by petition and election in the same manner
19 as it was imposed.

20 If a majority of those voting does not favor the
21 imposition of one or more of the authorized taxes, the
22 council shall not submit the question of imposition of
23 the same type of tax under the authority of this section,
24 section 2, or section 3 of this amendment, within one
25 year following the election.

26 The special election may not be held within thirty
27 days of a general election. Prior to the special
28 election, the city or town council shall publish notice
29 of the election once each week for three consecutive
30 weeks in a newspaper of general circulation serving the
31 city or town.

32 2. The council of a city or town may agree with the
33 council of one or more cities or towns to jointly impose
34 one or more of the local taxes authorized for cities and
35 towns. If the councils agree, the question of jointly
36 imposing one or more of the authorized taxes shall be
37 submitted to the voters of each city and town at a spe-
38 cial election called for that purpose and subject to the
39 same requirements as the special election provided in
40 section 1 of this amendment. If a majority of the total
41 of those voting in all of the cities and towns favors
42 the imposition of one or more taxes, the council of each
43 city and town shall provide for the imposition of the
44 taxes, according to the provisions of this amendment.
45 After a four-year period, a tax imposed under this
46 section may be discontinued by agreement of the councils,
47 or the councils may submit the question to the voters as
48 provided for imposition of the tax. If a majority of
49 the total of those voting in all of the cities and towns

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April 22, 1971

50. does not favor the joint imposition of one or more of
51 the authorized taxes, the councils shall not submit the
52 question of imposition of the same type of joint tax
53 within one year following the election, but may proceed
54 at any time under the provisions of sections 1 or 3 of
55 this amendment.

56 3. The council of one or more cities or towns with
57 a total population of fifty percent or more of the popu-
58 lation of any county, may with the approval of the board
59 of supervisors submit to the voters of the county, at a
60 special election called for that purpose and subject to
61 the same requirements as the special election provided
62 in section 1 of this amendment, the question of imposing
63 county-wide one or more of the local taxes authorized for
64 cities and towns by this amendment. If a majority of
65 those voting in the entire county favors the imposition
66 of one or more taxes, the board of supervisors and the
67 council of every city and town within the county shall
68 provide for the imposition of the taxes, according to
69 the provisions of this amendment. After a four-year
70 period, a tax imposed under this section may be discon-
71 tinued by the board of supervisors, or the board may
72 submit the question to the voters as provided for impos-
73 ition of the tax. If a majority of those voting in the
74 entire county does not favor the countywide imposition
75 of one or more of the authorized taxes, the board of
76 supervisors shall not submit the question of imposition
77 of the same type of countywide tax within one year fol-
78 lowing the election, but cities and towns may proceed at
79 any time under the provisions of sections 1 or 2 of this
80 amendment. For purposes of this amendment, "city or
81 town" and "city and town" means county, where appropriate
82 in the case of a countywide tax.

83 4. A local sales and use tax at a rate of one percent
84 may be imposed by a city or town on the gross receipts
85 from the sale or use of tangible personal property sub-
86 ject to the state sales tax. A local sales and use tax
87 shall be imposed on the same basis as the state sales
88 and use tax and may not be imposed on the sale or use of
89 any tangible personal property not taxed by the state.
90 A local sales and use tax is applicable only within the
91 territorial limits of the city or town imposing it and
92 shall be collected by all persons required to collect
93 state sales and use taxes.

94 The amount of the sale, for purposes of determining
95 the amount of the local sales and use tax, does not
96 include the amount of the state sales and use tax.

97 No sales and use tax permit, other than the state
98 sales and use tax permits, may be required.

99 5. A local sales and use tax may be imposed either
100 January first or July first following a favorable
101 election.

102 The director of revenue shall administer the provi-
103 sions of a local sales and use tax as nearly as possible
104 in conjunction with the administration of state tax laws.
105 He shall provide appropriate forms, or provide on the
106 regular state tax forms, for reporting local sales and
107 use tax liability.

108 An ordinance imposing a local sales and use tax shall
109 adopt by reference the applicalbe provisions of the ap-
110 propriate sections of chapters four hundred twenty-two
111 (422) and fōur hundred twenty-three (423) of the Code,
112 and all powers of the director to administer the state
113 sales and use tax law are applicable to his administra-
114 tion of a local sales tax ordinance. Local officials
115 shall confer with the director of revenue and obtain his
116 assistance in drafting the ordinance imposing a local
117 sales and use tax. A certified copy of the ordinance
118 imposing a local sales and use tax shall be filed with
119 the director as soon as possible after passage.

120 The director , in consultation with local officials,
121 shall collect and account for a local sales and use tax
122 The director shall retain for the use of the department
123 one percent of all local sales and use tax receipts, to
124 cover administrative expense, and shall credit remaining
125 local sales and use tax receipts to a local sales and
126 use tax fund hereby established in the office of the
127 treasurer of state.

128 6. The treasurer of state shall remit quarterly to
129 the qualified cities and towns which have imposed a local
130 sales and use tax their share of the balance in the local
131 sales and use tax fund.

132 The city or town treasurer, or another city official
133 designated by the council, shall credit three-fourths
134 of all local sales and use tax moneys received to a
135 special account for property tax relief. Before the
136 levies authorized under section four hundred four point
137 two (404.2) of the Code are certified to the county
138 auditor, the certifying official shall subtract from
139 the total amount computed in dollars, as provided in
140 section four hundred forty-four point two (444.2) of
141 the Code, an amount equal to the amount credited to the
142 special account for property tax relief during the last
143 preceding twelve month period, and shall certify only
144 the net amount to the county auditor and board of super-
145 visors. The county auditor shall base the millage
146 levies authorized under section four hundred forty-four
147 point three (444.3) of the Code upon the net amount
148 so computed. In order for a city or town to be quali-
149 fied to receive remittances from the treasurer of state,
150 the city clerk, before January fifteenth of each year,
151 shall certify to the treasurer of state that the

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152 required reduction in the amount certified to the county
153 auditor and board of supervisors for city or town taxes
154 has been made. All local sales and use tax moneys
155 received by a city or town may be expended for any lawful
156 municipal purpose.

Filed - *Lost 5/6*
April 21, 1971

By ANDERSEN of Woodbury,	District 23
SCHWARTZ of Wapello,	District 97
DUNTON of Keokuk,	District 88
REX of Hamilton,	District 31
KELLY of Woodbury,	District 22
TROWBRIDGE of Mitchell,	District 9
BERGMAN of Lyon,	District 3
MENDENHALL of Allamakee,	District 13

HOUSE FILE 654

1 Amend House File 654 as follows:
2 1. Page 19, by adding after line 20 the following
3 new sections:
4 Sec. 28. Section four hundred twenty-two point
5 four (422.4), Code 1971, is amended by striking
6 subsection one (1) and inserting in lieu thereof the
7 following:
8 1. The words "net income" mean that portion of
9 a person's base income for a tax year which is
10 allocable under the provisions of section four hundred
11 twenty-two point eight (422.8), of the Code, less
12 the standard exemption allowed by section four hundred
13 twenty-two point nine (422.9) of the Code.
14 Sec. 29. Section four hundred twenty-two point
15 four (422.4), subsections three (3), four (4), seven
16 (7), ten (10), and seventeen (17), Code 1971, are
17 amended as follows:
18 3. The words "income year" mean the calendar year
19 or the fiscal year upon the basis of which the net
20 base income is computed under this division.
21 4. The words "tax year" mean the calendar year,
22 or the fiscal year ending during such calendar year,
23 upon the basis of which the net base income is computed
24 under this division.
25 7. The word "paid", for the purposes of the
26 deductions under this division, means "paid or accrued"
27 or "paid or incurred", and the terms "paid or incurred"
28 and "paid or accrued" shall be construed according
29 to the method of accounting upon the basis of which
30 the net base income is computed under this division.
31 The term "received", for the purpose of the computation
32 of net base income under this division, means "received
33 or accrued", and the term "received or accrued" shall
34 be construed according to the method of accounting
35 upon the basis of which the net base income is computed
36 under this division.
37 10. The word "individual" means a natural person;
38 and where an individual is permitted to file as a
39 corporation, under the provisions of the Internal
40 Revenue Code of 1954, such fictional status shall
41 not be recognized for purposes of this chapter, and
42 such individual's taxable adjusted gross income shall
43 be computed as required under the provisions of the
44 Internal Revenue Code of 1954 relating to individuals
45 not filing as a corporation, with the adjustments
46 allowed by this chapter.
47 17. "Internal Revenue Code of 1954" means the
48 Internal Revenue Code of 1954, as amended to and
49 including January 1, ~~1970~~ 1971, and as further amended
50 by the Tax Reform Act of 1969, including provisions

51 therein to be later effective.

52 Sec. 30. Section four hundred twenty-two point
53 five (422.5), Code 1971, is amended by striking the
54 section and inserting in lieu thereof the following:

55 422.5 TAX IMPOSED. A tax is imposed upon every
56 resident of this state, and upon that part of the
57 net income of any nonresident which is derived from
58 any property, trust, or other source within this
59 state, including any business, trade, profession,
60 or occupation carried on within this state, which
61 tax shall be levied, collected, and paid annually
62 upon and with respect to the taxpayer's entire net
63 income at rates as follows:

64 1. On the first one thousand dollars of net income,
65 or any part thereof, one percent.

66 2. On the second thousand dollars of net income,
67 or any part thereof, two percent.

68 3. On the third thousand dollars of net income,
69 or any part thereof, three percent.

70 4. On the fourth and fifth thousand dollars of
71 net income, or any part thereof, four percent.

72 5. On the sixth and seventh thousand dollars of
73 net income, or any part thereof, five percent.

74 6. On the eighth and ninth thousand dollars of
75 net income, or any part thereof, six percent.

76 7. On the tenth, eleventh, and twelfth thousand
77 dollars of net income, or any part thereof, seven
78 percent.

79 8. On the thirteenth, fourteenth, and fifteenth
80 thousand dollars of net income, or any part thereof,
81 eight percent.

82 9. On the sixteenth, seventeenth, and eighteenth
83 thousand dollars of net income, or any part thereof,
84 nine percent.

85 10. On the nineteenth, twentieth, and twenty-first
86 thousand dollars of net income, or any part thereof,
87 ten percent.

88 11. On the twenty-second thousand dollars of net
89 income, or any part thereof, eleven percent, and on
90 all net income in excess of twenty-two thousand
91 dollars, eleven percent.

92 However, no tax shall be imposed on any resident
93 or nonresident whose base income, as defined in section
94 four hundred twenty-two point seven (422.7) of the
95 Code, is three thousand dollars or less; but in the
96 event that the payment of tax under this division
97 would reduce the base income to less than three
98 thousand dollars, then the tax shall be reduced to
99 that amount which would result in allowing the tax-
100 payer to retain a base income of three thousand

101 dollars. The preceding sentence does not apply to
102 estates or trusts. For the purpose of this paragraph,
103 the entire base income, including any part not
104 allocated to Iowa, shall be taken into account. If
105 the combined base income of a husband and wife exceeds
106 three thousand dollars, neither of them shall receive
107 the benefit of this paragraph, whether they file a
108 joint return or separate returns. An unmarried person
109 under twenty-one years of age who is a dependent of
110 his parent or parents as defined in the Internal
111 Revenue Code of 1954, shall not receive the benefit
112 of this paragraph if the combined base income of his
113 parents exceeds three thousand dollars.

114 The provisions of this division apply to all
115 salaries received by federal officials or employees
116 of the United States government.

117 Sec. 31. Section four hundred twenty-two point
118 six (422.6), Code 1971, is amended as follows:

119 422.6 INCOME FROM ESTATES OR TRUSTS. The tax
120 imposed by section 422.5 shall apply to and become
121 a charge against estates and trusts with respect to
122 their taxable net income, and the rates shall be the
123 same as those applicable to individuals. The fiduciary
124 shall be responsible for making the return of income
125 for the estate or trust for which he acts, whether
126 such income be taxable to the estate or trust or to
127 the beneficiaries thereon.

128 Sec. 32. Section four hundred twenty-two point
129 seven (422.7), unnumbered paragraph one (1), Code
130 1971, is amended as follows:

131 422.7 "NET BASE INCOME"--HOW COMPUTED. The term
132 "net base income" means the adjusted gross income
133 as properly computed for federal income tax purposes
134 under the Internal Revenue Code of 1954, with the
135 following adjustments:

136 Sec. 33. Section four hundred twenty-two point
137 seven (422.7), Code 1971, is amended by adding the
138 following new subsections:

139 1. "Add an amount equal to fifty percent of the
140 excess of the net long-term capital gain for the tax
141 year over the net short-term capital loss for such
142 year, to the extent deducted from gross income in
143 the computation of adjusted gross income."

144 2. "Add an amount equal to the amount of tax
145 imposed by this chapter to the extent deducted from
146 gross income in the computation of adjusted gross
147 income for the tax year."

148 3. "A resident of Iowa who is on active duty in
149 the armed forces of the United States, as defined
150 in the United States Code, title ten (10), section

151 one hundred one (101), for more than six continuous
152 months, shall not include any income received for
153 such service performed after the effective date of
154 this Act, in computing base income."

155 4. "Subtract an amount equal to all amounts
156 included in adjusted gross income which are exempt
157 from taxation by this state, either by reason of its
158 constitution or by reason of the constitution,
159 treaties, or statutes of the United States."

160 Sec. 34. Section four hundred twenty-two point
161 eight (422.8), unnumbered paragraph one (1) and
162 subsections two (2) and three (3), Code 1971, are
163 amended as follows:

164 422.8 ALLOCATION OF INCOME EARNED IN IOWA AND
165 OTHER STATES. Under rules and regulations prescribed
166 by the director, net base income of individuals,
167 estates and trusts shall be allocated as follows:

168 2. In the case of nonresident taxpayers, if any
169 net base income is received from a business, trade,
170 profession, or occupation carried on partly within
171 and partly without the state of Iowa, only such portion
172 of said net base income as is fairly and equitably
173 attributable to that part of the business, trade,
174 profession, or occupation carried on within the state
175 of Iowa shall be allocated to Iowa; income from any
176 property, trust, estate or other source within Iowa
177 shall be allocated to Iowa, except that annuities,
178 interest on bank deposits and interest-bearing
179 obligations, and dividends shall be allocated to Iowa
180 only to the extent to which the same are derived from
181 a business, trade, profession, or occupation carried
182 on within the state of Iowa.

183 3. Taxable Base income of resident and nonresident
184 estates and trusts shall be allocated in the same
185 manner as individuals.

186 Sec. 35. Section four hundred twenty-two point
187 nine (422.9), Code 1971, is amended by striking the
188 section and inserting in lieu thereof the following:

189 "In computing net income under this chapter, there
190 shall be allowed as an exemption, the sum of the
191 amounts determined under subsections one (1) and two
192 (2) of this section, multiplied by a fraction, the
193 numerator of which is the amount of the person's base
194 income allocable to this state for the tax year, as
195 determined pursuant to section four hundred twenty-
196 two point eight (422.8) of the Code, and the
197 denominator of which is the person's total base income
198 for the tax year.

199 1. Each person shall be allowed a basic exemption
200 of one thousand dollars.

201 2. Persons other than fiduciaries shall be allowed
202 an additional amount of one thousand dollars for each
203 exemption in excess of one allowable to such person
204 for the tax year under section one hundred fifty-one
205 (151) of the Internal Revenue Code of 1954.

206 3. If a husband and wife file separate state
207 returns, each must take at least his own basic
208 exemption of one thousand dollars on his separate
209 return."

210 Sec. 36. Section four hundred twenty-two point
211 twelve (422.12), Code 1971, is repealed.

212 Sec. 37. Section four hundred twenty-two point
213 thirteen (422.13), subsections one (1) and two (2),
214 Code 1971, are amended as follows:

215 1. Every resident of Iowa who is required to file
216 a federal income tax return under the Internal Revenue
217 Code of 1954, or who has a net base income of one
218 thousand dollars or more for the tax year from sources
219 taxable under this division, shall make and-sign,
220 sign, and file a return.

221 2. Every nonresident who is required to file a
222 federal income tax return under the Internal Revenue
223 Code of 1954 and who has a net base income of one
224 thousand dollars or more for the tax year from sources
225 taxable under this division, shall make and-sign,
226 sign, and file a return.

227 Sec. 38. Section four hundred twenty-two point
228 fourteen (422.14), subsection one (1), Code 1971,
229 is amended as follows:

230 1. Every fiduciary subject to taxation under the
231 provisions of this division, as provided in section
232 422.6, shall make and-sign, sign, and file a return
233 for the individual, estate or trust for whom or for
234 which he acts, if the taxable base income thereof
235 amounts to six-hundred one thousand dollars or more.
236 A nonresident fiduciary shall file a copy of the
237 federal income tax return for the current tax year
238 with the return required by this section.

239 Sec. 39. Section four hundred twenty-two point
240 twenty-one (422.21), unnumbered paragraph one (1),
241 Code 1971, is amended as follows:

242 422.21 FORM AND TIME OF RETURN. Returns shall
243 be in such form as the director may, from time to
244 time, prescribe, and shall be filed with the department
245 on or before the last day of the fourth month after
246 the expiration of the tax year. In case of sickness,
247 absence, or other disability, or whenever good cause
248 exists, the director may allow further time for filing
249 returns. The director shall cause to be prepared
250 blank forms for said returns and shall cause them

251 to be distributed throughout the state and to be
252 furnished upon application, but failure to receive
253 or secure the form shall not relieve the taxpayer
254 from the obligations of making any return herein
255 required. The department may as far as consistent
256 with the provisions of the Code so draft income tax
257 forms as to conform to the income tax forms of the
258 internal revenue department of the United States
259 government. Each return by a taxpayer upon whom a
260 tax is imposed by ~~subsection-7-of~~ section 422.5 shall
261 show the county of the residence of the taxpayer.

262 Sec. 40. Section four hundred twenty-two point
623 thirty-two (422.32), Code 1971, is amended by striking
264 the section and inserting in lieu thereof the
265 following:

266 422.32 DEFINITIONS. As used in this division,
267 unless otherwise required by the context:

268 1. "Corporation" includes joint stock companies,
269 and associations organized for pecuniary profit,
270 except limited partnerships organized under chapter
271 five hundred forty-five (545) of the Code.

272 2. "Domestic corporation" means any corporation
273 organized under the laws of this state.

274 3. "Foreign corporation" means any corporation
275 other than a domestic corporation.

276 4. "Internal Revenue Code of 1954" means the
277 Internal Revenue Code of 1954, as amended to and
278 including January 1, 1971.

279 5. "Income year" means the calendar year or the
280 fiscal year upon the basis of which the net income
281 is computed under this division.

282 6. "Tax year" means the calendar year, or the
283 fiscal year ending during such calendar year, upon
284 the basis of which the net income is computed under
285 this division.

286 7. "Paid" means "paid or accrued" or "paid or
287 incurred", and "received" means "received or accrued",
288 which shall be construed according to the method of
289 accounting upon the basis of which the net income
290 is computed under this division.

291 8. The terms defined in section four hundred
292 twenty-two point four (422.4), subsections five (5),
293 six (6), eight (8), nine (9), and ten (10), of the
294 Code, shall have the same meanings in this division
295 unless the context clearly indicates a different
296 meaning.

297 Sec. 41. Section four hundred twenty-two point
298 sixty-nine (422.69), subsection two (2), Code 1971,
299 is amended as follows:

300 2. The amount of ~~the-proceeds-of-the-additional~~

301 ~~tax-imposed-by-section-422-5,-subsection-6,~~ four
302 million dollars annually shall be certified by the
303 director to the state treasurer and the amount thereof
304 withdrawn and credited to a permanent fund hereby
305 created in the office of the state treasurer to be
306 known as the "moneys and credits tax replacement
307 fund".

308 Sec. 42. Chapter four hundred twenty-two (422),
309 Code 1971, is amended by adding the following new
310 section:

311 "The director of revenue shall prepare bills
312 reflecting any amendments to the Code that are
313 necessary because of future amendments to the Internal
314 Revenue Code of 1954. These bills shall be filed
315 with the clerk of the house of representatives and
316 the secretary of the senate in the name of the
317 committee on ways and means. If the legislature is
318 in session, the bills shall be immediately placed
319 on the calendar in both houses. If the legislature
320 is not in session, the bills shall be a first order
321 of business when the legislature next convenes. The
322 legislature shall commence legislative action on the
323 bills within not more than ten days after the bills
324 are placed on the calendar or designated as a first
325 order of business."

326 Sec. 43. Section one hundred thirty-five D point
327 twenty-two (135D.22), subsection one (1), Code 1971,
328 is amended as follows:

329 1. Multiply the number of square feet of floor
330 space each mobile home contains when parked and in
331 use by ten cents, except that if the owner of a mobile
332 home is sixty-five years of age or older and his ~~net~~
333 ~~income-as-defined-in-section-422-7~~ adjusted gross
334 income as determined for federal income tax purposes,
335 plus interest and dividends from federal securities
336 and income from social security and other tax-exempt
337 retirement or pension plans, when included with that
338 of his spouse is less than thirty-five hundred dollars
339 per year, the semiannual tax shall be computed by
340 multiplying the number of square feet of floor space
341 the mobile home contains when parked and in use by
342 seven and one-half cents. In computing floor space
343 the exterior measurements of the mobile home shall
344 be used as shown on the certificate of registration
345 and title, but not including any area occupied by
346 any hitching device.

347 Sec. 44. Section one hundred thirty-five D point
348 twenty-eight (135D.28), unnumbered paragraph one (1),
349 Code 1971, is amended as follows:

350 135D.28 OWNERS OVER SIXTY-FIVE YEARS OF AGE.

351 If the owner of a mobile home is sixty-five years
352 of age or older and his-~~net-income-as-defined-in~~
353 ~~section-422-7~~ adjusted gross income as determined
354 for federal income tax purposes, plus interest and
355 dividends from federal securities and income from
356 social security and other tax-exempt retirement or
357 pension plans, when included with that of his spouse
358 is less than thirty-five hundred dollars per year,
359 the owner may apply for the lower tax rate.

360 Sec. 45. Section four hundred point three (400.3),
361 unnumbered paragraph two (2), Code 1971, is amended
362 as follows:

363 Such plan for group insurance may include insurance
364 coverage for an employee's dependents. The term
365 "dependent" shall have the same meaning as in section
366 ~~422-127-subsection-3~~ 152, Internal Revenue Code of
367 1954.

368 Sec. 46. Section four hundred twenty-five point
369 one (425.1), subsection five (5), Code 1971, is amended
370 as follows:

371 5. In addition to the homestead credit of twenty-
372 five mills on twenty-five hundred dollars of assessed
373 valuation allowable under this chapter, in the event
374 the owner, as defined in this chapter, is over sixty-
375 five years of age, or is totally disabled, and provided
376 that his ~~Iowa-net-income, as defined in section-422-7~~
377 adjusted gross income as determined for federal income
378 tax purposes, plus interest and dividends from federal
379 securities and income from social security and other
380 tax-exempt retirement or pension plans, when included
381 with that of the spouse, brother, sister, son,
382 daughter, if any, living with the claimant, is less
383 than three thousand five hundred dollars for the last
384 twelve-month income tax accounting period, there shall
385 be credited by the county auditor on such owner's
386 eligible homestead, an amount equal to but not
387 exceeding the amount calculated as provided in this
388 section.

389 Sec. 47. Section four hundred fifty point four
390 (450.4), subsection five (5), Code 1971, is amended
391 as follows:

392 5. On the value of that portion of installment
393 payments which will be includable ~~as-net-income-as~~
394 ~~defined-in-section-422-7-as~~ in adjusted gross income
395 as determined for federal income tax purposes, received
396 by a beneficiary under an annuity which was purchased
397 under an employee's pension or retirement plan.

398 Sec. 48. Sections twenty-eight (28) through forty-
399 seven (47), inclusive, of this Act shall take effect
400 on January 1, 1972, but shall apply to tax years

House 32
April 23, 1971

- 401 beginning on or after January 1, 1971.
402 2. Page 15, by striking lines 9 through 35, inclusive.
403 3. Page 16, by striking lines 1 through 7, inclusive.
404 4. Page 16, by striking lines 22 through 32, inclusive.
405 5. Page 17, by striking lines 33 through 35, inclusive.
406 6. Page 18, by striking lines 1 through 16, inclusive.
407 7. Page 19, by striking lines 15 through 20, inclusive.

Filed
April 22, 1971

By COCHRAN of Webster
District 29
GLUBA of Scott
District 76
RODGERS of Dallas
District 85
SCHMEISER of Des Moines
District 91

HOUSE FILE 654

- 1 Amend House File 654 as follows:
2 1. Page 15, by adding after line 8 the following new
3 section:
4 "Sec. 20. Section four hundred twenty-two point nine
5 (422.9), subsection two (2), paragraph b, Code 1971, is
6 amended as follows:
7 b. Add the amount of federal income taxes paid or
8 accrued as the case may be, during the tax year, adjusted
9 by any federal income tax refunds. Provided, however,
10 that where married persons, who have filed a joint federal
11 income tax return, file separately, such total shall be
12 divided between them according to the portion thereof paid
13 or accrued, as the case may be, by each they shall file a
14 joint state income tax return; and provided further that
15 where a taxpayer has used an optional standard deduction
16 on his federal return, he shall use the optional standard
17 deduction provided for above."
18 2. By renumbering the following sections and any
19 internal references requiring the same.

Filed- *Adopted 4/28*
April 21, 1971

By FREEMAN of Buena Vista, District 15
KELLY of Woodbury, District 22
SCHROEDER of Pottawattamie, District 54
STANLEY of Linn, District 43
CHRISTENSEN of Union, District 95

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 19, by inserting after line 20 the follow-
3 ing new sections:

4 Sec. 28. Chapter four hundred twenty-two (422),
5 Code 1971, is amended by adding as a new division
6 sections twenty-nine (29) through thirty-seven (37),
7 inclusive, of this Act.

8 Sec. 29. DEFINITIONS.

9 1. "Intangible personal property" means personal
10 property which is not in itself intrinsically valuable
11 but which derives its chief value from that which
12 it represents.

13 Intangible personal property includes, but is not
14 limited to:

15 a. Money and negotiable instruments, including
16 cash, money on deposit, certificates of deposit,
17 United States legal tender notes, circulating notes
18 of national banking associations, notes and
19 certificates of the United States payable on demand
20 and circulating or intended to circulate as currency,
21 all other notes, checks, cashier's and certified
22 checks, bills of exchange, and drafts.

23 b. Credits, including every contract, claim, or
24 demand, due or to become due, for money, labor, or
25 other valuable thing, every annuity or claim for a
26 sum of money receivable at stated periods, every
27 beneficial interest in the property of an estate or
28 trust, accounts receivable, judgments, liens,
29 debentures, bonds, and money or property secured by
30 deed, title bond, mortgage, or otherwise.

31 However, if a taxpayer owns or controls a credit
32 which consists of an underlying obligation evidenced
33 by one or more forms of security, the intangible
34 personal property tax shall be imposed only on the
35 underlying obligation.

36 c. Shares of stock of domestic corporations, as
37 provided in section thirty-two (32) of this Act.

38 d. Capital employed in the business of making
39 loans or investments within this state, by foreign
40 corporations or unincorporated entities, as provided
41 in section thirty-three (33) of this Act.

42 e. Domestic corporation and foreign corporation
43 shares or stocks not otherwise taxed under sections
44 thirty-two (32) or thirty-three (33) of this Act,
45 including mutual fund shares, and cooperative
46 association shares.

47 2. "Person" means in individual, partnership,
48 corporation, estate, trust, fiduciary, or other legal
49 entity.

50 3. "Domestic corporation" means a corporation

51 or association organized under the laws of this state,
52 except a credit union or a corporation or association
53 whose property is exempt from taxation, and includes
54 insurance companies, state banks as defined in section
55 five hundred fifty-four point one hundred three
56 (554.103) of the Code, and associations organized
57 under chapter five hundred thirty-four (534) of the
58 Code. Effective January 1, 1972, "domestic
59 corporation" includes a national bank which has its
60 principal office located within this state.

61 4. "Foreign corporation" includes every type of
62 corporation or association not a domestic corporation.

63 5. "Fiduciary" means a guardian, conservator,
64 trustee, executor, administrator, or receiver.

65 Sec. 30. IMPOSITION OF TAX. An annual tax of
66 six mills per dollar of actual value is imposed on
67 intangible personal property owned by a resident of
68 this state, or having a business, commercial, or
69 taxable situs in this state.

70 Determinations of value, residency, and situs shall
71 be made as of December thirty-first each year, for
72 the tax due the following year, under rules promulgated
73 by the director.

74 However, property exempt under the provisions of
75 chapter four hundred twenty-seven (427) of the Code,
76 or other state or federal law, is exempt from the
77 tax imposed by this section. Also, salaries, wages,
78 or payments expected for services to be rendered,
79 and pensions of the United States or of any state,
80 are exempt from the tax imposed by this section.

81 Sec. 31. DEDUCTIONS.

82 1. A taxpayer, other than a taxpayer subject to
83 sections thirty-two (32) or thirty-three (33) of this
84 Act, who owns intangible personal property subject
85 to the tax imposed by section thirty (30) of this
86 Act, may deduct from the total value of his intangible
87 personal property subject to taxation under this
88 division the amount of his debts owed in good faith.

89 A fiduciary or other taxpayer who controls
90 intangible personal property subject to the tax imposed
91 by section thirty (30) of this Act, may deduct debts
92 owed by the guardianship, conservatorship, trust,
93 estate, or receivership, or otherwise fairly
94 attributable to the property controlled by the
95 taxpayer, in accordance with rules made by the
96 director.

97 If a taxpayer is liable as surety or security for
98 another, he may deduct only the amount he expects
99 to be required to pay.

100 However, the following items are not deductible:

101 a. A deposit or security note given in aid of
102 the organization of a mutual insurance company for
103 the premiums of insurance.
104 b. An unpaid subscription for the formation of
105 any institution, society, corporation, or company.
106 c. An indebtedness contracted for the purchase
107 of United States bonds or other nontaxable property.
108 2. A taxpayer, other than a taxpayer subject to
109 sections thirty-two (32) or thirty-three (33) of this
110 Act, may deduct from the total value of his intangible
111 personal property subject to taxation under this
112 division the amount of five thousand dollars and may
113 also deduct the following types of property:
114 a. Noninterest-bearing intangible personal property
115 of the types described in section twenty-nine (29),
116 subsection one (1), paragraphs a and b, of this Act,
117 to the extent it exceeds the amount of five thousand
118 dollars.
119 b. Interest-bearing savings accounts and other
120 interest-bearing deposits which have been in the
121 custody of a bank located in this state for a period
122 of three months or more preceding December thirty-
123 first each year, for the determination of the tax
124 due the following year.
125 c. An interest in a real estate contract, or a
126 mortgage or note secured by real property, to the
127 extent that the real property involved is subject
128 to taxation by this state or a political subdivision
129 of this state.
130 d. An amount equal to the difference between his
131 personal property tax credit for the tax year actually
132 allowed under chapter four hundred twenty-seven A
133 (427A) of the Code, and twenty-seven hundred dollars.
134 3. Any person having control of property subject
135 to taxation under this division but not owned by the
136 person, may deduct the amount of the property which
137 is subject to being taxed under this division to the
138 owner of the property, if the owner is a resident
139 of this state.
140 Sec. 32. SPECIAL PROVISIONS RELATING TO DOMESTIC
141 CORPORATIONS. Every domestic corporation shall file
142 a return and pay the tax imposed by section thirty
143 (30) of this Act, based upon the actual value of the
144 shares of stock of its stockholders on the preceding
145 December thirty-first. If capital of the corporation
146 is invested in real property otherwise subject to
147 taxation by this state or a political subdivision
148 of this state, the value of that capital may be
149 deducted in determining the value of the shares of
150 stock. A corporation subject to this section shall

151 not be otherwise taxed upon its intangible personal
152 property.

153 A corporation may apportion to the owners of its
154 shares a pro rata portion of the tax imposed by this
155 section, may have a lien upon the value of the shares
156 for this tax, and may deduct the pro rata amount from
157 the dividends or earnings credited to each shareholder.

158 A corporation may enforce its lien, if the unpaid
159 dividends are not sufficient to pay the tax on each
160 share, by a public sale by the sheriff at the principal
161 office of the corporation, after giving thirty days'
162 notice to shareholders by certified mail of the time
163 and place of the sale.

164 Sec. 33. SPECIAL PROVISIONS RELATING TO LOAN OR
165 INVESTMENT COMPANIES. Every foreign corporation,
166 and every nonresident individual or unincorporated
167 entity, engaged in the business of making loans or
168 investments within the state of Iowa shall file a
169 return and pay the tax imposed by section thirty (30)
170 of this Act based upon its capital employed within
171 this state on the preceding December thirty-first.
172 However, this section does not apply to production
173 credit associations, or rural electrification
174 associations. As used in this section, "capital"
175 means capital employed in the business of making
176 loans or investments, either unsecured or on security
177 other than real property.

178 In computing the tax imposed by this section, a
179 pro rata portion of debts may be deducted in the same
180 proportion that the capital employed within this state
181 is to the total capital. However, the debts deducted
182 may not exceed eighty percent of the capital employed
183 within this state, and and amount of the debt deduction
184 must be reduced by the amount of any assets available
185 for use in connection with loans or investments in
188 this state, which have not been included in the compu-
187 tation of capital employed within this state.

188 Sec. 34. FILING REQUIREMENTS. Any person owning
189 or having control of intangible personal property
190 subject to taxation under this division shall file
191 an annual return listing all such property, allowable
192 deductions, amount of tax due, and other matters as
193 required by the director.

194 Every domestic corporation shall file an annual
195 information return listing each registered holder
196 of its debentures and bonds, and every foreign
197 corporation authorized to do business in this state
198 shall file an annual information return listing each
199 registered holder of its shares, debentures, and
200 bonds, whose mailing address is within this state,

201 of record as of the preceding December thirty-first.
202 The return shall list the names and addresses of each
203 such registered holder, together with the number and
204 class of shares, and the face amount and class of
205 debentures or bonds registered in the holder's name.

206 Every security broker and dealer registered under
207 the laws of this state shall file an annual information
208 return listing the name, address, number and class
209 of shares, and face amount and class of debentures
210 or bonds held by each customer whose mailing address
211 is within this state as of the preceding December
212 thirty-first.

213 Every person accepting deposits of money within
214 this state shall file an annual information return
215 listing the name, address, and balance on deposit
216 for each depositor on the preceding December thirty-
217 first, and indicating the amount continuously on
218 deposit for each depositor during the period beginning
219 on the preceding October first through the preceding
220 December thirty-first.

221 All returns required by this section are due January
222 first of each year and are delinquent beginning the
223 following May first. Any person subject to the tax
224 imposed by this division and subject to a tax imposed
225 by division two (II) or division three (III) of this
226 chapter shall file the returns required by this section
227 with the returns required by divisions two (II) or
228 three (III).

229 Sec. 35. ADMINISTRATIVE PROVISIONS. The director
230 shall provide appropriate forms for persons required
231 to file a return under this division, including a
232 simplified form for persons required to file a return,
233 but not required to pay tax because their allowable
234 deductions exceed their total taxable property.

235 The director shall make all rules necessary for
236 the administration of this division, subject to the
237 provisions of chapter seventeen A (17A) of the Code,
238 including rules for determining actual value of
239 intangible personal property which does not have a
240 readily ascertainable market value. In order to
241 determine the value of shares of domestic corporations
242 or foreign corporations authorized to do business
243 in this state, the director may require the filing
244 of verified financial statements by the corporations.

245 All applicable provisions of sections four hundred
246 twenty-two point twenty-four (422.24), four hundred
247 twenty-two point twenty-five (422.25), four hundred
248 twenty-two point twenty-six (422.26), four hundred
249 twenty-two point twenty-eight (422.28), four hundred
250 twenty-two point twenty-nine (422.29), and four hundred

251 twenty-two point thirty (422.30) of the Code apply
252 to taxpayers subject to this division, and to the
253 tax imposed by this division, except that the period
254 for examination, determination and assessment of
255 additional intangible personal property tax shall
256 in all cases be ten years, and except that penalties
257 applicable to corporate taxpayers shall be determined
258 as provided in section four hundred twenty-two point
259 forty (422.40) of the Code.

260 However, taxpayers complying with this division
261 after the effective date of this Act shall not be
262 held liable for failure to list any intangible property
263 with local taxing bodies in years prior to the
264 effective date of this Act.

265 Sec. 36. ENFORCEMENT PROVISIONS. In every action
266 in any court of this state for the collection on any
267 bonds, notes, demands, claims, or other evidences
268 of debt, the plaintiff shall be required to allege
269 in his pleadings or to prove at any time before final
270 judgment is entered, one of the following:

271 1. That the bonds, notes, or other evidences of
272 debt have been assessed for taxation for every tax
273 year, under the provisions of this division, during
274 which the plaintiff was owner of them, not exceeding
275 five years prior to that in which the suit or action
276 is brought.

277 2. That the bonds, notes, or other evidences of
278 debt sued upon are not taxable in the hands of the
279 plaintiff.

280 3. That the plaintiff has not paid, or is unable
281 to pay the taxes, penalties, and interest due, but
282 is willing for them to be paid out of the first
283 recovery on the evidence of debt sued upon.

284 When in any action it is ascertained that there
285 are unpaid taxes, penalties, and interest due on the
286 evidence of debt sought to be enforced, and the
287 plaintiff shows to the court that he has not paid
288 or is unable to pay the taxes, penalties, and interest,
289 but is willing for them to be paid out of the first
290 recovery on the evidence of debt, the court shall
291 enter as a part of the judgment that the amount of
292 taxes, penalties, and interest due and owing shall
293 be paid to the proper officer out of the first
294 collection on the judgment.

295 Sec. 37. ALLOCATION OF REVENUE. Ten percent of
296 the total moneys received from the intangible property
297 tax imposed by section thirty (30) of this Act shall
298 be deposited in the state general fund to defray
299 expense of administration. The remaining moneys
300 received from the tax shall be deposited in an

301 intangible property tax fund hereby established in
302 the office of the treasurer of state, and shall be
303 paid quarterly on warrants by the state comptroller,
304 after certification by the director of revenue, as
305 follows:

306 1. Fifty percent to the basic school tax
307 equalization fund of the basic school tax unit from
308 which the tax is collected, to be distributed in the
309 same manner as other funds in the basic school tax
310 equalization fund.

311 2. Thirty percent to the general fund of the city
312 or town from which the tax is collected.

313 3. Twenty percent to the general fund of the
314 county from which the tax is collected.

315 If the taxpayer maintains one or more offices for
316 the transaction of business, other than its principal
317 office, a portion of its tax shall be allocated to
318 each office, based upon a reasonable measure of the
319 business activity of each office. The director of
320 revenue shall prescribe for each type of taxpayer
321 a method of measuring the business activity of each
322 office. Taxpayers shall furnish all necessary
323 information for this purpose at the request of the
324 director.

325 Quarterly, the director of revenue shall certify
326 to the treasurer of state the amounts to be paid to
327 each basic school tax unit, city, town, and county
328 from the intangible property tax fund. All moneys
329 received from the intangible property tax are
330 appropriated according to the provisions of this
331 section.

332 Sec. 38. Section four hundred twenty point two
333 hundred four (420.204), Code 1971, is amended as
334 follows:

335 420.204 VALUATION. The assessed or taxable value
336 of all property except ~~moneys-and-credits-including~~
337 ~~moneyed-capital-other-than-moneyed-capital-within~~
338 ~~the-meaning-of-section-548-of-Title-12-of-the-United~~
339 ~~States-Code-as-amended~~ intangible personal property,
340 and the value at which it shall be listed and upon
341 which the levy shall be made, in special charter
342 cities, shall be ~~valued-and-assessed~~ as provided by
343 section 441.21. The levy so ascertained shall be
344 certified to the county treasurer of the county in
345 which such city is located ~~and-the-county-treasurer~~
346 ~~shall-pay-to-the-treasurer-of-such-city,-such-portion~~
347 ~~of-the-five-mill-tax-on-moneys-and-credits-collected~~
348 ~~within-such-city,-and-such-city's-share-of-the-moneys~~
349 ~~and-credits-tax-replacement-fund,-as-the-aggregate~~
350 ~~levy-so-certified-is-of-the-total-levy-obtained-by~~

351 ~~adding-such-certified-levy-to-the-levy-for-all-purposes~~
352 ~~except-city-purposes.~~

353 Sec. 39. Section four hundred twenty-two point
354 five (422.5), subsection seven (7), is amended as
355 follows:

356 7. In addition to the tax imposed in the above
357 subsections of this section, on all taxable income
358 in excess of nine thousand dollars, three-fourths
359 percent. This additional tax shall be effective for
360 all taxable years ending after January 1, 1965, except
361 that for taxable years beginning before January 1,
362 1965, and ending thereafter, shall be collected on
363 the basis of the proportion which the number of months
364 in any such fiscal year, commencing with the month
365 of January 1965, bears to the total year. ~~This~~
366 ~~additional-tax-shall-be-in-lieu-of-all-taxes-imposed~~
367 ~~by-section-429.2-on-the-property-therein-described~~
368 ~~of-individuals,-administrators,-executors,-guardians,~~
369 ~~conservators,-trustees-or-an-agent-or-nominee-thereof.~~

370 Sec. 40. Section four hundred twenty-two point
371 sixty-nine (422.69), Code 1971, is amended by striking
372 subsection two (2).

373 Sec. 41. Section four hundred twenty-eight point
374 three (428.3), Code 1971, is amended as follows:

375 428.3 AGENT PERSONALLY LIABLE. Any person acting
376 as the agent of another, and having in his possession
377 or under his control or management any ~~money,-notes,~~
378 ~~and-credits,-or~~ tangible personal property belonging
379 to such other person, with a view to investing or
380 loaning or in any other manner using or holding the
381 same for pecuniary profit, for himself or the owner,
382 shall be required to list the same at the real value,
383 and such agent shall be personally liable for the
384 tax on the same; and if he refuse to render the list
385 or to swear to the same, the amount of such ~~money,~~
386 ~~property, notes,-or-credits~~ may be listed and valued
387 according to the best knowledge and judgment of the
388 assessor.

389 Sec. 42. Section four hundred twenty-eight point
390 eight (428.8), Code 1971, is amended as follows:

391 428.8 PLACE OF LISTING. ~~Moneys-and-credits,~~
392 ~~notes,-bills,-bonds,-and-corporate-shares-or-stocks~~
393 ~~not-otherwise-assessed, Tangible personal property~~
394 shall be listed and assessed where the owner lives,
395 except as otherwise provided, and except that, if
396 tangible personal property ~~not-consisting-of-moneys,~~
397 ~~credits,-corporation-or-other-shares-of-stock,-or~~
398 ~~bonds,~~ has been kept in another assessment district
399 during the greater part of the year preceding the
400 first of January, or of the portion of that period

401 during which it was owned by the person subject to
402 taxation therefor, it shall be taxed where it has
403 been so kept.

404 Sec. 43. Section four hundred twenty-eight point
405 eleven (428.11), Code 1971, is amended as follows:

406 428.11 BUSINESS IN DIFFERENT DISTRICTS. When
407 a person, firm, or corporation is doing business in
408 more than one assessment district, the tangible
409 ~~property and-credits~~ existing in any one of such
410 districts, or arising from business done in such
411 district, shall be listed and taxed in that district,
412 ~~and-the-credits-not-existing-in-or-pertaining~~
413 ~~especially-to-the-business-in-any-district-shall-be~~
414 ~~listed-and-taxed-in-that-district-where-the-principal~~
415 ~~place-of-business-may-be.~~

416 Sec. 44. Section four hundred twenty-eight point
417 twenty-three (428.23), Code 1971, is amended as
418 follows:

419 428.23 MANUFACTURER TO LIST. Corporations
420 organized under the laws of this state for pecuniary
421 profit and engaged in manufacturing as defined in
422 section 428.20 shall list their real estate, and
423 tangible personal property not hereinbefore mentioned,
424 ~~and-moneys-and-credits~~ in the same manner as is
425 required of individuals.

426 Sec. 45. Section four hundred thirty-two point
427 five (432.5), Code 1971, is amended as follows:

428 432.5 DOMESTIC COMPANIES--SHARES OF STOCK. The
429 shares of stock of every insurance corporation or
430 association having capital stock, organized under
431 the laws of this state, shall be assessed for taxation
432 in the manner provided for the assessment of the
433 shares of corporate stock in ~~sections-431:1-to-431:5,~~
434 ~~inclusive~~ section 32 of this Act, and said shares
435 of stock shall not be otherwise assessed. ~~In-addition~~
436 ~~to-the-statement-required-in-section-431:2,-the~~
437 ~~corporation-shall-furnish-to-the-assessor-a-copy-of~~
438 ~~its-annual-report-made-to-the-commissioner-of~~
439 ~~insurance.~~

440 Sec. 46. Section four hundred thirty-two point
441 seven (432.7), Code 1971, is amended as follows:

442 432.7 ASSESSMENT. It shall be the duty of the
443 assessor, upon the receipt of said statements, and
444 from other information acquired by him, to assess
445 against every corporation or association referred
446 to in section 432.6, the value of all tangible personal
447 property owned by such corporation or association,
448 together with the actual value of each parcel of real
449 estate situated in the assessment district of such
450 assessor, and all the said property shall be assessed

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451 at the same rate, and for the same purposes as the
452 property of private individuals, as provided in section
453 441.21.

454 Sec. 47. Section four hundred forty-four point
455 three (444.3), Code 1971, is amended by striking
456 unnumbered paragraphs two (2) through five (5),
457 inclusive.

458 Sec. 48. Chapter four hundred thirty A (430A),
459 and sections four hundred twenty-eight point twelve
460 (428.12), four hundred thirty-two point eight (432.8),
461 four hundred thirty-two point nine (432.9), four
462 hundred forty-four point five (444.5), and five hundred
463 thirteen A point thirty-eight (513A.38) Code 1971,
464 are repealed.

465 2. Page 1, line 6, by inserting after the word
466 "tax" the words ", and adding an intangible personal
467 property tax with enforcement provisions including
468 penalties".

469 3. By renumbering the sections and internal
470 references to sections to conform to this amendment.

Filed - *w.D. 5/6*
April 22, 1971

By PRIEBE of Kossuth
District 6
SKINNER of Polk
District 60

HOUSE FILE 654

1 Amend House File 654, page 2, line 28, by adding after
2 the period the following:
3 "For purposes of determining relative wealth, the as-
4 sessed valuation of all municipally-owned utilities in
5 the state or the school district, as the case may be,
6 shall be included in the total assessed valuation of tax-
7 able property in the state or the school district as if
8 they were assessed at the same rate as provided for
9 investor-owned utilities by chapter four hundred twenty-
10 eight (428) of the Code."

Offered in Committee of the Whole By STROMER of Hancock
and Adopted *Motion to reconsider filed 4/23* District 8
April 22, 1971 *prevailed 4/30*
Amendment w.D. 4/30

HOUSE FILE 654

1 Amend House File 654 by adding thereto the following
2 new section:

3 1. An annual local vehicle tax at a rate of five
4 dollars per axle may be imposed by a city or town on
5 every vehicle which is required to be registered by the
6 state, and is registered to either of the following:

7 (1) A person residing within the city or town at the
8 time of registration of the vehicle.

9 (2) Any person, if the vehicle is usually kept,
10 garaged, or stored during the night and on weekends and
11 holidays within the limits of the city or town.

12 For the purpose of the tax authorized by this section,
13 "person" means the same as defined in section three
14 hundred twenty-one point one (321.1), subsection thirty-
15 five (35), of the Code, "vehicle" means any self-propel-
16 led vehicle subject to registration under section three
17 hundred twenty-one point eighteen (321.18) of the Code
18 and "axle" means "the assembly of housing and axle
19 shafts which supports and propels either a pair of wheels
20 or one wheel only".

21 2. A local vehicle tax may be imposed January first
22 following a favorable election.

23 Local officials shall confer with the commissioner of
24 public safety and obtain his assistance in drafting the
25 ordinance imposing a local vehicle tax. A certified
26 copy of the ordinance imposing a local vehicle tax shall
27 be filed with the commissioner of public safety as soon
28 as possible after passage. The commissioner of public
29 safety shall inform the appropriate county treasurers
30 and in cooperation with them shall collect and account
31 for all local vehicle taxes, crediting local vehicle tax
32 receipts to a local vehicle tax fund hereby established
33 in the office of the treasurer of state. The treasurer
34 of state shall remit annually at the beginning of each
35 fiscal year to the cities and towns which have imposed a
36 local vehicle tax their share of the balance in the local
37 vehicle tax fund. Local vehicle tax receipts may be
38 expended for any lawful municipal purpose.

39 3. Taxpayers shall pay a local vehicle tax to the
40 county treasurer or to the motor vehicle department
41 under the commissioner of public safety, at the time of
42 application for registration of the vehicle under the
43 provisions of sections three hundred twenty-one point
44 twenty (321.20), three hundred twenty-one point twenty-
45 three (321.23), three hundred twenty-one point twenty
46 five (321.25), three hundred twenty-one point forty
47 (321.40), three hundred twenty-one point forty-six
48 (321.46), or three hundred twenty-one point forty-seven
49 (321.47) of the Code. County treasurers and the motor

50 vehicle department shall require a person applying for
51 registration of a vehicle to state his residence and
52 where the vehicle is usually kept, garaged, or stored
53 during the night and on weekends and holidays, and shall
54 not issue a state registration certificate to the owner
55 of a vehicle on which a local vehicle tax is due, until
56 the local vehicle tax is paid.

57 Payment of a local vehicle tax shall be evidenced by
58 a stamp on the state registration certificate and by
59 issuance of a sticker, decal, or tag. The commissioner
60 of public safety shall prescribe by rule and the form of the
61 sticker, decal, or tag, a reasonable method of prorating
62 local vehicle taxes on vehicles originally registered
63 for part of a year only, and a reasonable method for
64 refunding part of local vehicle taxes when a refund of a
65 state registration fee is due under section three hundred
66 twenty-one point one hundred twenty-six (321.126) of the
67 Code.

68 Unpaid local vehicle taxes are a lien upon the vehicle
69 on which they are due. Penalties for late payment which
70 are comparable to the penalties for late payment of state
71 registration fees shall be imposed by the ordinance im-
72 posing a local vehicle tax. Willful violation of a
73 local vehicle tax ordinance is a public offense punish-
74 able by a fine of not more than one hundred dollars.

75 4. If two or more cities and towns impose an autho-
76 rized local tax jointly, the treasurer of state shall
77 credit the receipts to a joint account, and shall remit
78 to each qualified city or town a pro rata share of the
79 joint account, according to population figures determined
80 by the last federal decennial census. The share remitted
81 to each city and town shall be credited and expended as
82 provided for local taxes imposed by a single city or town.

83 If an authorized local tax is imposed countywide, the
84 treasurer of state shall credit the receipts to a joint
85 account, and shall remit to each qualified city or town
86 in the county a pro rata share of the joint account,
87 based upon the percentage of its population to the total
88 population of the county, and to the board of supervi-
89 sors, when the county is qualified, a pro rata share of
90 the joint account based upon the percentage of popula-
91 tion in the county outside of cities and towns, all
92 according to the population determined by the last federal
93 decennial census. The share remitted to each city and
94 town shall be credited and expended as provided for
95 local taxes imposed by a single city or town.

96 The share remitted to the board of supervisors may be
97 used for any lawful county government purpose. However
98 the county treasurer shall credit three-fourths of all
99 local sales and use tax moneys received to a special
100 account for property tax relief. Before the levies
101 authorized under section four hundred forty-four point
102 nine (444.9) of the Code are made, the board of super-

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103 visors shall subtract from the total amount computed in
104 dollars, as provided in section four hundred forty-four
105 point two (444.2) of the Code, an amount equal to the
106 amount credited to the special account for property tax
107 relief during the last preceding twelve month period,
108 and shall base the millage levies authorized under
109 section four hundred forty-four point nine (444.9) of
110 the Code upon the net amount so computed. In order for
111 a county to be qualified to receive remittances from the
112 treasurer of state, the board of supervisors, before
113 January fifteenth of each year, shall certify to the
114 treasurer of state that the required reduction has been
115 made.

116 5. Section three hundred twenty-one point thirty
117 (321.30), Code 1971, is amended by adding the following
118 new subsection:

119 "If any local vehicle taxes due have not been paid."

120 6. Section three hundred twenty-one point one hun-
121 dred thirty (321.130), Code 1971, is amended as follows:

122 321.130 FEES IN LIEU OF TAXES. The registration fees
123 imposed by this chapter upon private passenger motor
124 vehicles or semitrailers shall be in lieu of all state
125 taxes, general-or and local personal property taxes
126 based upon assessed valuation, to which motor vehicles
127 or semitrailers may be subject, and if a motor vehicle
128 or semitrailer ~~shall~~ has been registered at any
129 time under this chapter it shall not thereafter be sub-
130 ject to a personal property tax based upon assessed
131 valuation, unless such motor vehicle or semitrailer ~~shall~~
132 have has been in storage continuously as an unregistered
133 motor vehicle or semitrailer during the preceding
134 registration year.

Filed - w. d. 5/6
April 21, 1971

By ANDERSEN of Woodbury,	District 23
SCHWARTZ of Wapello,	District 97
DUNTON of Keokuk,	District 88
REX of Hamilton,	District 31
KELLY of Woodbury,	District 22
TROWBRIDGE of Mitchell,	District 9
BERGMAN of Lyon,	District 3
MENDENHALL of Allamakee,	District 13

House 7
April 23, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:
2 1. Page 19, by inserting after line 20 the following
3 new section:
4 "Section four hundred twenty-seven point one (427.1),
5 subsection nine (9), Code 1971, is amended as follows:
6 9. PROPERTY OF RELIGIOUS, LITERARY, AND CHARITABLE
7 SOCIETIES. All grounds and buildings used or under con-
8 struction by literary, scientific, charitable, benevolent,
9 agricultural, and religious institutions and societies
10 solely for their appropriate objects, ~~not-exceeding-three~~
11 ~~hundred-twenty-acres-in-extent-and-not-leased-or-otherwise~~
12 ~~used-or-under-construction-with-a-view-to-pecuniary-pro-~~
13 ~~fit~~ except property from which rental income is
14 derived. All deeds or leases by which such property is
15 held shall be filed for record before the property herein
16 described shall be omitted from the assesemnt. All such
17 property shall be listed upon the tax rolls of the dis-
18 trict or districts in which it is located and shall have
19 ascribed to it an actual fair market value and an assessed
20 or taxable value, as contemplated by section 441.21,
21 whether such property be subject to a levy or be exempted
22 as herein provided and such information shall be open to
23 public inspection."
24 2. Page 1, line 5, by inserting after the word
25 "penalties," the words "relating to property tax exemp-
26 tions,".

Filed - *Adopted as amended 5/7*
April 22, 1971

By TIEDEN of Clayton, District 14
FREEMAN of Buena Vista, District 15
CHRISTENSEN of Union, District 95

HOUSE FILE 654

1 Amend House File 654, page 14, line 25, by adding
2 after the period the following:
3 In addition, the board of directors, within four
4 months after the vote, shall submit to the school
5 budget review committee a proposal to reorganize with
6 adjacent school district or districts. If the
7 proposal is approved by the committee, the proposal
8 shall be submitted to the electors in the affected
9 districts within four months following committee
10 approval. If the proposal is rejected by the committee,
11 the committee shall recommend a plan to be submitted to
12 the voters within four months.

Offered in Committee of the Whole By LIPSKY of Linn, District 46
and Lost
April 22, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. By adding the following new sections:

3 (1). "Section four hundred twenty-five point one
4 (425.1), subsection four (4), Code 1971, is amended as
5 follows:

6 4. Annually the department of revenue shall estimate
7 the millage credit not to exceed ~~twenty-five~~ fifty mills
8 to be given to each dollar of eligible homestead valua-
9 tion based upon the estimated revenue that may be dis-
10 tributable from the homestead credit fund for the ensuing
11 year, and shall certify to the county auditor of each
12 county such millage credit and the amount in dollars
13 thereof. Each county auditor shall then enter such credit
14 against the tax levied on each eligible homestead in each
15 county payable during the ensuing year, designating on
16 the tax lists such credit as being from the homestead
17 credit fund, and credit shall then be given to the several
18 taxing districts in which such eligible homesteads are
19 located in an amount equal to the credits allowed on the
20 taxes of such homesteads. The amount of said credits
21 shall be apportioned by each county treasurer to the
22 several taxing districts as provided by law, in the same
23 manner as though the amount of the credit had been paid
24 by the owners of said homesteads; provided, however, that
25 the several taxing districts shall not be permitted to
26 draw the funds so credited until after the semiannual
27 allocations have been received by the county treasurer,
28 as provided in this chapter. Each county treasurer shall
29 show on each tax receipt the amount of credit received
30 from the homestead credit fund."

31 (2.) "Section four hundred twenty-five point one
32 (425.1), subsection five (5), unnumbered paragraph one
33 (1), Code 1971, is amended as follows:

34 In addition to the homestead credit of ~~twenty-five~~
35 fifty mills on ~~twenty-five~~ hundred dollars of assessed
36 valuation allowable under this chapter, in the event the
37 owner, as defined in this chapter, is over sixty-five
38 years of age, or is totally disabled, and provided that
39 his Iowa net income, as defined in section 422.7 plus
40 interest and dividends from federal securities and income
41 from social security and other tax-exempt retirement or
42 pension plans, when included with that of the spouse,
43 brother, sister, son, daughter, if any, living with the
44 claimant, is less than three thousand five hundred dollas
45 for the last twelve-month income tax accounting period,
46 there shall be credited by the county auditor on such
47 owner's eligible homestead, an amount equal to but not
48 exceeding the amount calculated as provided in this
49 section."

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50 2. Page 1, line 5, by inserting after the word
51 "penalties," the words "increasing the homestead tax
52 credit,".

Filed
April 22, 1971

By NORPEL of Jackson
District 52

HOUSE FILE 654

1 Amend House File 654 as follows:
2 1. Page 11, by striking lines 2 through 35,
3 inclusive.
4 2. Page 12, by striking line 1.
5 3. Page 12, by striking from lines 3 and 4 the words
6 ", and school district withholding tax,".
7 4. Page 1, line 3, by striking the words "including
8 withholding tax".

Filed - *Adopted 4/22*
April 21, 1971

By VARLEY of Adair
District 84

HOUSE FILE 654

1 Amend House File 654 as follows:
2 Page 9, line 13, by adding after the period the
3 following:
4 "However, if such millage rate will increase the
5 property tax measured in dollar amounts for a taxpayer
6 sixty-five years of age or older who has an adjusted gross
7 income computed for federal income tax purposes of less
8 than six thousand dollars, over the amount the taxpayer
9 paid in 1971, then the amount of taxes to be paid by such
10 taxpayer shall be reduced to the level of taxes paid in the
11 year 1971 and such taxpayer shall only be required to pay
12 the amount of taxes equal to that amount paid in the year
13 1971."

Offered in Committee of the Whole By LIPSKY of Linn
and Adopted *Motion to reconsider filed 4/27* District 46
April 22, 1971 *lost 4/28*

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Strike pages 2 through 6, inclusive, and lines 1
3 through 16, page 7, and insert in lieu thereof the following:
4 Section 1. STATE SCHOOL FOUNDATION PROGRAM. This Act
5 establishes a state school foundation program. Each
6 school district in the state is entitled to receive
7 during each school year as state school foundation aid,
8 an amount per pupil in fall enrollment equal to the amount
9 by which the state foundation base for that school year
10 exceeds the amount per pupil in fall enrollment in the
11 district which will be raised by the foundation property
12 tax to be levied in the district during that school year.
13 Sec. 2. STATE FOUNDATION BASE. The state foundation
14 base is approximately eighty percent of the state average
15 general fund per pupil expenditure and is determined as
16 follows:

17 1. Eighty percent of the state average per pupil ex-
18 penditure for the school year beginning July 1, 1969, is
19 determined to be six hundred forty dollars.

20 2. Prior to July first each year commencing in 1972,
21 the state comptroller shall compute a percentage growth
22 factor for the following school year. In 1972 he shall
23 also compute the percentage growth factors for the school
24 years beginning July 1, 1970, and July 1, 1971. To
25 compute the percentage growth factor for each school year,
26 the state comptroller shall determine the percent of in-
27 crease or decrease in revenue computed on a statewide
28 basis, for the total of the state sales and use taxes and
29 the individual and corporate income taxes; and the percent
30 of increase or decrease in the assessed valuation of tax-
31 able property; both percentages to be determined for each
32 year of the last three preceding calendar years for which
33 accurate figures are available. The sum of the percent-
34 ages obtained shall be divided by six to arrive at the
35 percentage growth factor for the following school fiscal
36 year. If there is a decrease in state revenue or assessed
37 valuation, there may be a negative growth factor. In
38 making computations, the comptroller shall adjust for
39 changes in rates or basis of the sales and use or income
40 taxes and for statewide changes in assessment practices.

41 3. For the school year beginning July 1, 1970, the
42 state comptroller shall multiply six hundred forty dollars
43 by the applicable percentage growth factor, and add the
44 product to six hundred forty dollars to determine the
45 state foundation base for that year.

46 4. For the school year beginning July 1, 1971, the
47 state comptroller shall multiply the state foundation
48 base for the school year beginning July 1, 1970, by the

49 applicable percentage growth factor, and add the product
50 to the state foundation base for the school year begin-
51 ning July 1, 1970, to determine the state foundation
52 base for the school year beginning July 1, 1971.

53 5. For each subsequent school year, the state comp-
54 troller shall multiply the current state foundation base
55 by the applicable percentage growth factor, and add the
56 product to the current state foundation base, which sum
57 shall be the amount of the state foundation base for the
58 subsequent year.

59 Sec. 3. FOUNDATION PROPERTY TAX. Each school district
60 shall cause to be levied each year beginning in 1972 for
61 the school general fund a foundation property tax of
62 twenty-seven and one half mills per dollar of assessed
63 valuation on all taxable property in the district. How-
64 ever, a school district which can meet its general fund
65 budget by a levy of less than twenty-seven and one half
66 mills per dollar of assessed valuation on all taxable
67 property in the district, shall levy only the lesser
68 amount needed. Each county auditor shall certify to
69 each school district within the county and to the state
70 comptroller not later than June first each year the
71 assessed valuation of taxable property in each school
72 district within the county.

73 Sec. 4. GENERAL FUND BUDGET. Subject to limitations
74 imposed by the school budget review committee or by state
75 law, the general fund budget of a school district shall
76 be determined as follows:

77 1. Determine estimated general fund expenditures ex-
78 clusive of gifts, and federal grants and aids, except
79 federal aids paid in anticipation of or reimbursement for
80 expenses caused by a federal activity in or near a school
81 district which would otherwise need to be paid from local
82 sources, by adding together the estimated amounts to be
83 expended for the school year, for administration, instruc-
84 tion, attendance services, health services, pupil trans-
85 portation services, fixed charges, operation and main-
86 tenance, community services, capital outlay, debt service,
87 and tuition paid other districts. The cost of food ser-
88 vices and student body activities shall not be included
89 in general fund costs.

90 2. From the total of the sums determined under sub-
91 section one (1) of this section deduct the following:

92 a. Estimated receipts from state appropriations for
93 handicapped children aid, vocational aid, driver ed-
94 ucation aid, and junior college aid.

95 b. Estimated general fund receipts from the following:
96 Tuition paid by individuals or by the state; transporta-
97 tion; services; rents; income on investment securities;

98 other general fund revenue receipts; general fund non-
99 revenue receipts; and transfers to the general fund other
100 than those resulting from clearing accounts, reorganiza-
101 tion and the return of principal of invested securities.

102 c. An estimate of the total amount determined on the
103 per pupil cost basis for children transported who live
104 within statutory walking distance from school.

105 Sec. 5. FALL ENROLLMENT. Fall enrollment shall be
106 determined by adding the resident pupils who are enrolled
107 on the second Friday of September of each year in public
108 elementary and secondary schools of the district, and in
109 special education schools for which tuition is paid by
110 the district whether the special education school is con-
111 ducted by a county board of education or another school
112 district.

113 Each school district shall certify its fall enrollment
114 to the state department of public instruction by September
115 twenty-fifth of each year, and the information shall be
116 promptly forwarded to the state comptroller.

117 Sec. 6. AVERAGE DAILY MEMBERSHIP. Prior to July
118 first each year, average daily membership for each school
119 district shall be determined by the department of public
120 instruction as follows:

121 1. Add the pupils who were members of a public
122 elementary or secondary school of the district, and the
123 pupils residing in the district who were members of a
124 special education school conducted and financed by a
125 county board of education or another school district, for
126 each day each such school was in session throughout the
127 current school year.

128 2. Divide the sum obtained in subsection one (1) of
129 this section by the number of days public elementary and
130 secondary school was in session in the district during
131 the current school year.

132 Sec. 7. PAYMENT OF STATE SCHOOL FOUNDATION AID. Prior
133 to July first each year beginning in 1972, the department
134 of public instruction shall certify to the state comptrol-
135 ler each school district's average daily membership, the
136 amount in dollars per pupil in average daily membership
137 in the district which will be raised by the foundation
138 property tax in the district, and other information nec-
139 essary for computation of state school foundation aid.
140 The state comptroller shall compute the amount of state
141 school foundation aid to be paid to each school district,
142 and certify the amount to each school district for use in
143 preparing budgets. He shall draw warrants in payment of
144 the state school foundation aid in three approximately
145 equal installments to be paid on approximately the first
146 day of November, February, and May of each school year.

147 All moneys received by a school district from the state

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148 under the provisions of this section shall be deposited
149 in the school district's general fund, and may be used
150 for any school general fund purposes.

151 Sec. 8. ADDITIONAL SCHOOL DISTRICT TAX AND SCHOOL
152 DISTRICT INCOME TAX. If a school district's general fund
153 budget per pupil in estimated fall enrollment exceeds the
154 state foundation base for the budget year, the difference
155 shall be provided by a combination of an additional levy
156 on all taxable property in the district and a school
157 district income tax in amounts which the school board
158 shall determine as follows:

159 2. Page 7, line 22, strike the word "formula" and
160 insert in lieu thereof the word "program".

161 3. Page 7, lines 22, 23, and 24, strike the words
162 "the amount which would have been received by the district
163 from the additional tax on industrial and utility property,".

164 4. Renumber remaining sections and correct internal
165 references to conform to this amendment.

Offered in committee of
whole and lost.
April 22, 1971

By JOHNSTON of Johnson
District 70
BRAY of Scott
District 77
GLUBA of Scott
District 76
SMALL of Johnson
District 69
MONROE of Des Moines
District 92

HOUSE FILE 654

1 Amend House File 654 as follows:
2 1. Strike page 2 and lines 1 through 20, inclusive,
3 of page 3, and insert in lieu thereof the following:
4 Section 1. SCHOOL FOUNDATION PROGRAM. This Act
5. establishes a school foundation program. Each public
6 school district in the state is entitled to receive
7 from the state during each school year a per pupil
8 amount equal to the amount by which the school foundation
9 base for that school year exceeds the amount per pupil
10 which will be raised by the school foundation property
11 tax levied in the district during that school year.
12 Sec. 2. SCHOOL FOUNDATION BASE.
13 1. The school foundation base for the 1972-1973
14 school year is the sum of the following components,
15 each modified by the percentage growth factor for that
16 school year:
17 a. A flat grant from the state of three hundred
18 twenty-five dollars per pupil.
19 b. An amount of three hundred fifty dollars per
20 pupil, to be raised primarily by the school foundation
21 property tax to be levied in the school district during
22 that school year.
23 2. Prior to July first each year commencing in 1972,
24 the state comptroller shall compute the percentage
25 growth factor for each of the two component parts of
26 the school foundation base, as follows:
27 a. Determine the percent of increase or decrease
28 in state revenue from taxes, adjusted for changes in
29 rates or basis, for each year of the last three calendar
30 years for which accurate figures are available, and
31 divide the total by three. The result is the percentage
32 growth factor for the flat grant component.
33 b. Determine the percent of increase or decrease
34 in the assessed valuation of taxable property in the
35 state, adjusted for statewide changes in assessment
36 practices, for each year of the last three calendar
37 years for which accurate figures are available, and
38 divide the total by three. The result is the percentage
39 growth factor for the property tax component.
40 c. In the determinations required under paragraphs
41 a and b of this subsection, if there is an average
42 decrease there will be a negative growth factor.
43 3. For the 1972-1973 school year, the state
44 comptroller shall determine the actual school foundation
45 base by multiplying each of the component amounts listed
46 in subsection one (1) of this section by its percentage
47 growth factor for that school year, and adding the
48 product obtained in each case to that component amount.
49 The two component amounts so modified constitute the
50 current school foundation base for the 1972-1973 school

51 year.

52 4. For each subsequent school year, the state
53 comptroller shall determine the actual school foundation
54 base by multiplying each of the component amounts of
55 the current school foundation base by the applicable
56 percentage growth factor for that school year, and
57 adding the product obtained in each case to that
58 component amount. The two current component amounts
59 so modified constitute the current school foundation
60 base for the subsequent year.

61 Sec. 3. SCHOOL FOUNDATION BASE COMPONENTS. As used
62 in this Act, unless otherwise indicated, references
63 to the school foundation base, to the flat grant
64 component, or to the property tax component, mean the
65 base or its components as modified by the comptroller
66 for the applicable school year, as provided in section
67 two (2) of this Act.

68 Sec. 4. SCHOOL FOUNDATION PROPERTY TAX AND STATE
69 SUPPLEMENT. Beginning with the 1972-1973 school year,
70 each public school district shall certify for its general
71 fund budget each year a foundation property tax of
72 thirty mills per dollar of assessed valuation on all
73 taxable property within the school district. However,
74 no school district shall certify a school foundation
75 property tax for any year higher than necessary to
76 raise a per pupil amount equal to the amount of the
77 property tax component of the school foundation base
78 for the budget year.

79 A school district which cannot raise a per pupil
80 amount equal to the amount of the property tax component
81 of the school foundation base for the budget year, by
82 a levy of thirty mills or less, is entitled to receive
83 from the state during that school year, as state
84 foundation property tax supplement, a per pupil amount
85 equal to the difference between the amount which will
86 be raised by a thirty mill levy in the district, and
87 the amount of the property tax component of the school
88 foundation base for the budget year.

89 Not later than June first each year, each county
90 auditor shall certify to each school district within
91 the county the assessed valuation of taxable property
92 within that district, and shall certify to the state
93 comptroller and the department of public instruction
94 the assessed valuation of taxable property in each
95 school district within the county.

96 Sec. 5. COMPUTATION AND PAYMENT OF STATE AID. Prior
97 to July fifteenth each year, the state comptroller shall
98 determine an accurate approximation of the amount of
99 state school aid to be paid to each school district
100 in the state, as provided in sections one (1) through

101 four (4) of this Act, including the flat grant component
102 of the school foundation base and the state foundation
103 property tax supplement, and shall certify the estimated
104 amount to each school district for use in preparing budgets.

105 As soon as possible each year, the state comptroller
106 shall compute the actual amount due each school district
107 in the state under the provisions of sections one (1)
108 through (4) of this Act, and shall pay the amount
109 due to each school district in three approximately equal
110 installments to be paid on approximately the first days
111 of November, February, and May of each school year.
112 However, if the amount appropriated for state school
113 aid for a school year is insufficient to pay in full
114 the amounts computed by the state comptroller to be
115 due to each school district, then the amount paid to
116 each school district shall be reduced by the state comp-
117 troller in the proportion that the total amount
118 appropriated is to the total amount due to all school
119 districts in the state.

120 All moneys received by a school district from the
121 state under the provisions of this section shall be
122 deposited in the school district's general fund, and
123 may be used for any school general fund purposes.

124 2. Page 5, strike lines 6 through 35, inclusive.

125 3. Page 6, strike from lines 8 and 9 the words
126 "property tax levied that year, and from state aid based
127 on the foundation formula: and insert in lieu thereof
128 the word "base".

129 4. Page 7, lines 20, 21, and 22, strike the words
130 "property tax, the state aid that would have been re-
131 ceived under the school foundation formula for that
132 school year" and insert in lieu thereof the words and
133 figure "base provided in section two (2) of this Act".

134 5. Page 7, lines 29, 30, and 31, strike the words
135 and figures "the total Iowa net income as defined in
136 section four hundred twenty-two point seven (422.7)
137 of the Code,".

138 6. Page 8, strike lines 6 through 35, inclusive,
139 and page 9, strike lines 1 through 30, inclusive, and
140 insert in lieu thereof the following:

141 3. Determine sixty-five percent of the net amount
142 determined in subsection one (1) of this section. The
143 millage rate necessary to raise this sixty-five percent
144 amount if spread at a uniform rate over all taxable
145 property within the district is the additional school
146 district property tax for other than industrial and
147 utility property, for the 1972-1973 school year.

148 4. Determine thirty-five percent of the net amount
149 determined in subsection one (1) of this section, and

150 divide this thirty-five percent amount by the total
151 state individual income tax in the district as deter-
152 mined in subsection two (2) of this section. The
153 quotient obtained is the rate of school district in-
154 come tax and is hereby imposed as a surtax on the amount
155 of state income tax paid on incomes earned in 1971 for
156 the 1972-1973 school year and on state income tax paid
157 on incomes earned in 1972 for the 1973-1974 school year.
158 However, the surtax rate shall not exceed fifty percent,
159 and any part of the net amount to be raised under this
160 section which cannot be raised by a surtax of fifty
161 percent or less, shall be added to the amount to be
162 raised under subsection three (3) of this section.
163 The surtax for the 1974-1975 school year and every
164 school year thereafter and the additional school district
165 property tax levy on other than industrial and utility
166 property for the 1972-1973 school year and every school
167 year thereafter shall be determined by the state
168 comptroller in the manner set forth in subsection five
169 (5) of this section.

170 5. a. Determine the total amount needed for the
171 school district's general fund budget for the current
172 year less anticipated receipts from all sources except
173 the additional school district property tax on other
174 than industrial and utility property and the school
175 district income tax.

176 b. Determine the total assessed valuation of tax-
177 able property in the school district for the current
178 calendar year, and the total state individual income
179 tax and school district income tax collected from the
180 district as shown on the individual tax returns of
181 individuals residing in the school district on December
182 thirty-first of the most recently completed calendar
183 year or at the time of filing for those on other than
184 a calendar year basis and filing within the most recently
185 completed calendar year. The director of revenue shall
186 report to the state comptroller the amount of state
187 individual income tax and school district income tax
188 collected for the current school year on or about October
189 twentieth of the current school year.

190 c. Subtract the school district income tax deter-
191 mined in paragraph b of this subsection from the amount
192 obtained in paragraph a of this subsection. The millage
193 rate necessary to raise this net amount if spread at
194 a uniform rate over all taxable property in the district
195 is the additional school district property tax for other
196 than industrial and utility property, to be levied in
197 the current school year.

198 d. Determine the amount to be raised by the tax
199 to be levied under the provisions of paragraph c of

200 this subsection, and determine an amount which is in
201 a ratio of thirty-five to sixty-five with that amount.
202 The second amount is the amount to be raised by the
203 school district income surtax. Divide this amount by
204 the amount of state individual income tax determined
205 in paragraph b of this subsection to determine the
206 surtax to be imposed on the incomes earned during the
207 current calendar year. However, the surtax rate shall
208 not exceed fifty percent, and any part of the net amount
209 to be raised under this paragraph which cannot be raised
210 by a surtax of fifty percent or less, shall be added
211 to the amount to be raised under paragraph c of this
212 subsection. The state comptroller shall certify to
213 the director of revenue on or about June first of each
214 year, or as soon as possible if the school budget is
215 subject to an election as provided in section eighteen
216 (18) of this Act, the surtax to be imposed for each
217 school district on the incomes earned during that year
218 of all individuals residing in the school district on
219 December thirty-first of the current calendar year,
220 or at the time of filing for those on other than a
221 calendar year basis and filing within the current
222 calendar year.

223 7. Page 12, strike lines 10 through 35, strike page
224 13, and strike lines 1 through 25 on page 14.

225 8. Page 12, insert after line 9 the following new
226 section:

227 Sec. 17. REFERENDUM ON EXCESS EXPENDITURES. If
228 the general fund budget of any school district includes
229 expenditures of more than one hundred ten percent of
230 the state average general fund expenditure per pupil
231 in average daily membership, the school board shall
232 submit to the voters of the school district at the next
233 regular school election, the question of whether the
234 excess expenditures are acceptable to the voters, or
235 whether the school board shall be directed to reduce
236 expenditures or reorganize the district. The question
237 submitted to the voters shall state clearly the
238 percentage by which the budgeted general fund
239 expenditures exceed the state average general fund
240 expenditure per pupil, and shall require the voters
241 to state whether the school board shall be directed
242 to reorganize the district unless the budgeted general
243 fund expenditures for the following school year are
244 reduced.

245 If a majority of those voting favors reorganization
246 of the school district unless general fund expenditures
247 are reduced, and if the budgeted general fund
248 expenditures for the next following school year are
249 more than one hundred ten percent of the state average

House 22
April 23, 1971

250 general fund expenditures per pupil in average daily
251 membership, the school board shall again submit to the
252 voters of the school district, at the regular school
253 election during that year, the question of whether the
254 excess expenditures are acceptable to the voters, or
255 whether the school board shall be required to reduce
256 expenditures or reorganize the district. The question
257 submitted to the voters shall state clearly the
258 percentage by which the school district's budgeted
259 general fund expenditures exceed the state average
260 general fund expenditure per pupil, and shall require
261 the voters to state whether the school board shall be
262 required to reorganize the school district unless the
263 expenditures are reduced.

264 If a majority of those voting favors requiring re-
265 organization of the school district unless general fund
266 expenditures are reduced, and if the school board is
267 unable to reduce the budgeted general fund expenditures
268 for the next following school year to less than one
269 hundred ten percent of the state average general fund
270 expenditures per pupil, the school board shall, prior
271 to July first following the second election, submit
272 to the county board of education a plan for
273 reorganization as provided in chapter two hundred
274 seventy-five (275) of the Code, and the county board
275 shall proceed to carry out a reorganization of the
276 school district under the provisions of chapter two
277 hundred seventy-five (275) of the Code. However, the
278 petition of the voters required in section two hundred
279 seventy-five point twelve (275.12), subsection one (1),
280 of the Code, is not required, but the petition shall
281 be made by the board of directors of the school district.
282 The plan submitted by the school board may be modified
283 by the county board of education. In making a
284 determination of division of assets and liabilities
285 after reorganization, as provided in section two hundred
286 seventy-five point twenty-nine (275.29) of the Code,
287 the boards shall, if practicable, assign bonded
288 indebtedness to the school district which retains the
289 use of the buildings for which the bonded indebtedness
290 was incurred.

291 9. Renumber sections and correct internal references
292 to section numbers as necessary.

Filed - Last 4/28

April 22, 1971

Div. 1
Motion to reconsider filed 4/29
prevailed 4/30

Lines 1 thru 137 adopted as amended 5/6

Line 138 " 292 withdrawn 5/6

Motion to reconsider line 1-137 filed 5/6

By STROMER of Hancock, District 8
LOGEMANN of Worth, District 7
WINKELMAN of Calhoun, District 26
CURTIS of Cherokee, District 25
TAYLOR of Dubuque, District 51
NIELSEN of Shelby, District 53

House 23
April 23, 1971

SCHROEDER of	
Pottawattamie,	District 54
STOKES of Plymouth,	District 2
TROWBRIDGE of Floyd,	District 9
FISHER of Greene,	District 56
FREEMAN of	
Buena Vista,	District 15
WIRTZ of Palo Alto,	District 16
CHRISTENSEN of Union,	District 95
FISCHER of Grundy,	District 35
KRUSE of O'Brien,	District 4
REX of Hamilton,	District 31
PIERSON of Mahaska,	District 87
NYSTROM of Boone,	District 55
EDELEN of Emmet,	District 5
BERGMAN of Osceola,	District 3
WAUGH of Monona,	District 27
STRAND of Poweshiek,	District 68
PELLETT of Cass,	District 83
McELROY of Fremont,	District 82

- 1 Amend House File 654 as follows:
2 1. Page 2, line 23, by striking the words "aver-
3 age daily membership" and inserting in lieu thereof
4 the words "fall enrollment".
5 2. Page 2, lines 27 and 28, by striking the
6 words "average daily membership" and inserting in lieu
7 thereof the words "fall enrollment".
8 3. Page 2, line 31, by striking the words "aver-
9 age daily membership" and inserting in lieu thereof
10 the words "fall enrollment".
11 4. Page 4 by striking all of lines 28 through 35.
12 5. Page 5, by striking all of lines 1 through 5.
13 6. Page 13, line 21, by striking the words "in
14 average daily membership".
15 7. Page 13, lines 22 and 23, by striking the
16 words "in average daily membership".
17 8. Page 13, lines 33 and 34, by striking the
18 words "in average daily membership".

Offered in the committee of By KEHE of Bremer
the whole and adopted. District 12
April 23, 1971

HOUSE FILE 654

- 1 Amend the Priebe, Skinner amendment to House
2 File 654 filed April 22, 1971, line 28 by striking
3 the words "accounts receivable,".

Filed - *w. o. 5/6* By PRIEBE of Kossuth
April 23, 1971 District 6

HOUSE FILE 654

- 1 Amend the Stromer et al Amendment, filed April 22nd,
2 by striking all of lines 74 through 78 inclusive, and
3 inserting in lieu thereof the following:
4 "if this 30 mill levy generates more than \$350 per
5 census child, the excess shall be collected and sent
6 to the treasurer of Iowa, to be credited to the gen-
7 eral fund."

Offered in Committee of the By UBAN of Black Hawk
Whole and Lost District 38
April 23, 1971

HOUSE FILE 654

- 1 Amend the Stromer amendment to House File 654, as
2 found on pages 1056 through 1062 of the House Journal for
3 April 22, 1971, as follows:
4 1. Line 38, insert after the word "three." the
5 following:
6 "In determining the increase or decrease in assessed
7 valuation after 1972, increases which result from reassess-
8 ment of existing property which has not been improved since
9 the last assessment shall not be included, but increases
10 which result from assessment of property constructed or
11 improved since the last assessment shall be included."

Offered in Committee of By WINKELMAN of Calhoun, District 26
the Whole and Lost *Motion to* CURTIS of Cherokee, District 25
April 23, 1971 *reconsider filed 4/26*

House 4
April 26, 1971

HOUSE FILE 654

- 1 Amend the Stromer amendment to House File 654, as
2 found on pages 1056 through 1061, inclusive, of the House
3 Journal for April 22, 1971, as follows:
4 1. Line 197, insert after the period the following:
5 "However, the maximum amount of dollars which may be
6 raised under this paragraph in any year after 1972 is
7 limited to the amount of dollars raised under this para-
8 graph in the last preceding year, plus the dollar amount
9 determined by multiplying the amount for the last preced-
10 ing year by the percentage growth factor for the property
11 tax component for the current year, as determined under
12 section two (2), subsection two (2), paragraph b, of this
13 Act."
14 2. Line 212, insert after the word "subsection" the
15 following:
16 ", but if this will increase the amount to be raised
17 under paragraph c beyond the maximum amount permitted,
18 the school board shall submit to the voters of the school
19 district, at the next regular school election, the
20 question of whether the school district income tax may
21 exceed a fifty percent surtax. The question submitted
22 shall state the percentage of school district income tax
23 required in order to meet the proposed budget. If a
24 majority of those voting approves the stated percentage
25 of school district income tax, the percentage approved
26 shall be the maximum percentage of school district
27 income tax for that district for subsequent years. If a
28 majority of those voting does not approve the stated
29 percentage of school district income tax, the school
30 board shall adjust the budget to an amount which can be
31 raised by not more than a fifty percent surtax, and
32 shall certify the adjusted budget to the county board of
33 supervisors, county auditor, and state comptroller."

Offered in Committee of the
Whole. Amendment 1 lost,
Amendment 2 withdrawn.
April 23, 1971

By WINKELMAN of Calhoun
District 26
CURTIS of Cherokee,
District 25

House 5
April 26, 1971

HOUSE FILE 654

- 1 Amend House File 654 page 4, by adding after
2 the period in line 23 the following:
3 "Shared-time students shall be counted on the
4 basis of number of hours of instruction in a
5 public school proportionate to a full-time student
6 enrolled in the district."

Offered in Committee of the Whole
and Adopted

By BLOUIN of Dubuque
District 49

House 4
April 23, 1971

HOUSE FILE 654

- 1 Amend House File 654 as follows:
- 2 1. Page 2, line 4, by striking the words "twenty-
- 3 seven and one-half" and inserting in lieu thereof the
- 4 word "twenty".
- 5 2. Page 2, lines 7 and 8, by striking the words
- 6 "twenty-seven and one-half" and inserting in lieu thereof
- 7 the word "twenty".

Offered in Committee
of the Whole and lost
April 22, 1971

By SCOTT of Cerro Gordo,	District 18
DUNTON of Keokuk,	District 88
COCHRAN of Webster,	District 29
RODGERS of Dallas,	District 85
MIDDLESWART of Warren,	District 93
WYCKOFF of Benton,	District 42
WELLS of Linn,	District 44
KNOBLAUCH of Carroll,	District 28
McCORMICK of Delaware,	District 48
HUSAK of Tama,	District 41
RADL of Linn,	District 43

HOUSE FILE 654

- 1 Amend House File 654 as follows:
- 2 1. By striking all of page 6.
- 3 2. Page 7, by striking all of lines 1 through 10,
- 3 inclusive.
- 5 3. Page 7, by striking all of line 12 and insert-
- 6 ing in lieu thereof the words "TAX. The".
- 7 4. Page 7, by striking from lines 22, 23, and 24
- 8 the words "the amount which would have been received
- 9 by the district from the additional tax on industrial
- 10 and utility property,".

Filed - Lost 4/23
April 22, 1971

By FISCHER of Grundy
District 35

EXPLANATION TO AMENDMENT

This amendment eliminates the classification of industrial and utility property into a separate property tax category subject to a millage levy which does not apply to anyone else.

HOUSE FILE 654

- 1 Amend the Priebe and Skinner amendment to House File
2 654, by striking from page 13 the following:
3 "1. Fifty percent to the basic school tax
4 equalization fund of the basic school tax unit from
5 which the tax is collected, to be distributed in the
6 same manner as other funds in the basic school tax
7 equalization fund.
8 2. Thirty percent to the general fund of the city
9 or town from which the tax is collected.
10 3. Twenty percent to the general fund of the
11 county from which the tax is collected."
12 and by inserting in lieu thereof the following:
13 "1. Fifty percent to the general fund of the city
14 or town from which the tax is collected.
15 2. Forty percent to the general fund of the county
16 from which the tax is collected."

Filed - w. d. 5/6
April 22, 1971

By PRIEBE of Kossuth
District 6

HOUSE FILE 654

- 1 Amend House File 654, page 5 by adding after
2 line 2 the following:
3 "3. Shared-time students shall
4 be counted on the basis of number of hours of
5 instruction in a public school proportionate to a
6 full-time student enrolled in the district."

Offered in Committee of the Whole
and Adopted.
April 22, 1971

By BLOUIN of Dubuque
District 49

HOUSE FILE 654

- 1 Amend House File 654 as follows:
2 1. Page 6, line 12, strike the words "school system".
3 2. Page 6, line 14, strike the word "system".
4 3. Page 6, line 16, strike the words "school system".
5 4. Page 6, lines 21 and 22, strike the words "school
6 system".
7 5. Page 6, line 23, strike the words "school system".
8 6. Page 7, line 8, strike the words "school system".

Offered in Committee of the Whole and Adopted By HOLDEN of Scott
April 22, 1971 District 75

HOUSE FILE 654

- 1 Amend House File 654, as follows:
2 1. Page 8, line 20, by inserting after the word
3 "levy" the words "on other than industrial and utility
4 property".
5 2. Page 8, line 27, by inserting after the word "tax"
6 the words "on other than industrial and utility property".
7 3. Page 9, line 11, by inserting after the word
8 "district" the words "other than industrial and utility
9 property".

Offered in Committee of the Whole and Adopted By HOLDEN of Scott

House 9
April 23, 1971

HOUSE FILE 654

1 House File 654 as amended as follows:
2 1. Page 19, by inserting after line 20 the following
3 new section:
4 Sec. 28. SALES TAX CREDIT.
5 1. Every resident individual who files an individual
6 income tax return for the calendar year 1971, or for a
7 fiscal year beginning after January 1, 1971 but not later
8 than December 31, 1971, shall be entitled to a sales tax
9 refund for the calendar or fiscal year, whether or not
10 the resident individual is required to file a personal
11 income tax return or pay the tax. The amount of refund
12 shall be computed in accordance with the following table:
13 If the gross income of the resident individual and
14 his spouse is less than four thousand dollars, the refund
15 allowed to the resident individual is as follows:
16 One exemption \$40.00
17 Two exemptions 51.00
18 Three exemptions 56.00
19 Four or more exemptions 63.00
20 2. No resident individual shall be eligible to claim
21 the sales tax refund if the individual has been claimed
22 as a dependent on another resident individual's Iowa
23 individual income tax return. The term "gross income"
24 means gross receipts or income, whether taxable or non-
25 taxable, for one resident individual and his spouse.
26 Nothing shall be deducted or excluded from the gross
27 income in determining whether people are eligible for
28 the sales tax refund in this Act.
29 The term "resident individual" means a person who has
30 resided in the state for the full taxable year.
31 3. The department of revenue shall promulgate rules
32 and regulations with respect to the refunds for this
33 section including the manner and requirements for claim-
34 ing credit for or refund of the amount thereof in the
35 same manner as state income tax refunds, and in accor-
36 dance with the provisions of sections four hundred
37 twenty-two point sixteen (422.16) and four hundred
38 twenty-two point seventy-four (422.74) of the Code.
39 2. Page 1, line 6, by inserting after the word "tax"
40 the words "and providing for a sales tax credit".

Filed - Last 5/5
April 22, 1971

By FREEMAN of Buena Vista
District 15
ROORDA of Jasper,
District 67
ELLSWORTH of Dubuque
District 50

House 2
April 27, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 2, line 14, insert after the word "district"
3 the words ", and the performance classification of each
4 school district".

5 2. Page 2, line 16, insert after the period the
6 following:

7 "The result is the amount of per pupil state aid the
8 district is entitled to receive if it is a class three
9 school district. A class two school district is entitled
10 to receive one hundred ten percent of its class three per
11 pupil state aid. A class one school district is entitled
12 to receive one hundred twenty percent of its class three
13 per pupil state aid. The standards for performance classi-
14 fication of school districts are as follows:

15 1. A school district is classified as a class one
16 district if more than one percent of the students in the
17 district are members of a racial minority or are culturally
18 deprived, and the district offers comprehensive course
19 offerings including programs for college and noncollege-
20 bound students as follows:

21 a. At least two vocational sequences beyond present
22 minimum state standards for noncollege-bound students.

23 b. Programs for physically and mentally handicapped
24 students.

25 c. At least two offerings beyond present minimum
26 state standards in other academic areas.

27 d. Programs designed for dropouts and potential drop-
28 outs.

29 e. At least two experimental or innovative programs.

30 2. A school district is classified as a class two
31 district if more than one-half of one percent of the
32 students in the district are members of a racial minority
33 or are culturally deprived, and the district offers compre-
34 hensive course offerings including programs for college
35 and noncollege-bound students as follows:

36 a. At least one vocational sequence beyond present
37 minimum state standards for noncollege-bound students.

38 b. Programs for physically and mentally handicapped
39 students.

40 c. At least one offering beyond present minimum
41 state standards in other academic areas.

42 d. At least one experimental or innovative program.

43 3. A school district is classified as a class three
44 district if it meets present minimum state standards but
45 does not qualify for a higher classification.

46 The state superintendent of public instruction shall
47 make rules and regulations to implement the classification
48 of school districts and shall determine the proper classi-

House 3
April 27, 1971

49 fication of each district, according to the standards pro-
50 vided in this section. As used in this section, students
51 who are culturally deprived means students who, because of
52 poverty, neglect, delinquency, or cultural or linguistic
53 isolation from the community at large, have need of special
54 educational assistance in order that their level of educa-
55 tional attainment may be raised to the level appropriate
56 for students of their age."

57 3. Page 3, line 1, insert after the word "aid" the
58 words "for its performance classification".

Filed - *Revised not german 4/27*
April 26, 1971

By LIPSKY of Linn
District 46
STANLEY of Linn
District 45

HOUSE FILE 654
FISCAL NOTE

Date prepared April 22, 1971

Requested by Representative Freeman.

Prepared in regard to amendment to H.F. 654, an Act relating to state aid for schools, school district property tax, etc. Following is the fiscal effect in dollars of the legislative proposal as required by House Rule 38.

No estimate available.

Statistics are not available upon which an estimate of the fiscal effect of this amendment can be based.

Source: Department of Revenue

Filed
April 26, 1971

By GERRY D. RANKIN
Legislative Fiscal Director

HOUSE CLIP SHEET
Wednesday, April 28, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 19, by adding after line 20, the following
3 new sections:

4 Sec. 28. DEFINITIONS. For the purposes of this
5 Act, unless the context otherwise requires:

6 1. "Income" means net income as defined in section
7 four hundred twenty-two point seven (422.7) of the Code,
8 plus, the amount of capital gains excluded from the
9 adjusted gross income, interest and dividends from
10 federal securities, social security benefits, and income
11 from other tax-exempt retirement or pension plans.

12 2. "Homestead" means homestead as defined in section
13 four hundred twenty-five point eleven (425.11) of the
14 Code, and in addition, includes a dwelling or part of
15 multi-dwelling which is owned or rented and in which
16 the person claiming the credit actually resides and
17 a mobile home which is owned or rented by the person
18 claiming the credit and in which the person claiming
19 the credit actually resides.

20 3. "Property taxes accrued" means property taxes
21 levied on the homestead in the preceding year, exclusive
22 of special assessments, delinquent interest and charges,
23 and collectible during the same year in which the credit
24 is claimed.

25 4. "Gross rent" means rental paid solely for the
26 right of occupancy of a homestead, exclusive of charges
27 for any utilities, services, furnishings, or personal
28 property appliances furnished by the landlord as a part
29 of the rental agreement.

30 5. "Rent constituting property taxes accrued" means
31 twenty percent of the gross rent actually paid on the
32 homestead during the preceding calendar year by the
33 person claiming the credit.

34 Sec. 29. CLAIM FOR PROPERTY TAXES ACCRUED. Any person
35 sixty-five years of age or older or totally disabled shall
36 be entitled to a credit against his state income taxes for
37 property taxes accrued based upon his income. The amount
38 of any credit shall be computed in accordance with the
39 following table:

40		He shall be entitled to
41		a credit against his
42		state income taxes equal
43	If the person's	to the amount by which
44	income is:	the property taxes ac-
45		crued on his homestead
46		exceeds the following
47		percentage of his income:
48	Less than \$1,000	2%
49	\$1,000 or over and less than \$2,000	3%
50	\$2,000 or over and less than \$3,000	4%
51	\$3,000 or over and less than \$4,000	5%
52	\$4,000 or over and less than \$5,000	6%
53	\$5,000 or over and less than \$6,000	7%

54 Any person sixty-five years of age or older or totally
55 disabled with an income of six thousand dollars or more
56 shall receive no credit against his income taxes for
57 property taxes accrued.

58 When a homestead is owned by two or more persons
59 as joint tenants or tenants in common and one or more
60 of these persons does not reside in the homestead, the
61 property tax is the same proportion of the property
62 tax levied as the proportion of ownership of the
63 homestead by the person claiming the credit.

64 When a person owns his homestead for part of the
65 preceding year and rents it or a different homestead
66 for a part of that year, property tax means only the
67 property tax on the homestead multiplied by the
68 percentage of twelve months that the property was owned
69 and occupied by the person claiming the credit.

70 In no event shall the credit exceed the amount of
71 the property tax accrued.

72 Sec. 30. CLAIM FOR RENT CONSTITUTING PROPERTY TAXES
73 ACCRUED. Any person who is not eligible for the credit
74 provided in section two (2) of this Act and who is
75 sixty-five years of age or older or is totally disabled
76 shall be entitled to a credit against his state income
77 taxes for rent constituting property taxes accrued based
78 upon his income. The amount of any credit shall be com-
79 puted in accordance with the following table:

80		He shall be entitled to
81		a credit against his
82		state income taxes equal
83	If the person's	to the amount by which
84	income is:	the rent constituting
85		property taxes accrued
86		on his homestead exceeds
87		the following percentage
88		of his income:

89	Less than \$1,000	2%
90	\$1,000 or over and less than \$2,000	3%
91	\$2,000 or over and less than \$3,000	4%
92	\$3,000 or over and less than \$4,000	5%
93	\$4,000 or over and less than \$5,000	6%
94	\$5,000 or over and less than \$6,000	7%

95 Any person sixty-five years of age or older or totally
96 disabled with an income of six thousand dollars or more
97 shall receive no credit against his income taxes for rent
98 constituting property taxes accrued.

99 If a claim is based on rent constituting property
100 taxes accrued, the person filing the claim shall have
101 rented property during the entire preceding calendar
102 year for which he has filed a claim.

103 If two or more persons are qualified to file a claim
104 for the same homestead, the persons shall determine
105 which person shall file the claim.

106 Sec. 31. CLAIM AS INCOME TAX CREDIT OR REBATE.
107 If the allowable amount of a claim filed pursuant to
108 section two (2) or section three (3) of this Act exceeds
109 the income tax due on the person's income, or if there
110 is no income tax due, the amount of the claim not used
111 as a credit against state income taxes shall be paid
112 to the person making the claim from the state general
113 fund.

114 No interest shall be paid on any payment made to
115 any person under the provisions of this Act.

116 Sec. 32. LIMITATIONS. The credit allowed under
117 the provisions of this Act shall be subject to the
118 following limitations:

119 1. Only one person shall be entitled to the credit
120 for a homestead for each taxable year.

121 2. The amount of the credit which shall be allowed
122 in any taxable year for property taxes accrued or rent
123 constituting property taxes accrued shall not exceed
124 three hundred dollars.

125 Sec. 33. SATISFACTION OF OUTSTANDING TAX LIABILITIES.
126 The amount of any claim payable under the provisions
127 of this Act may be applied by the director of revenue
128 against any outstanding tax liability in the name of
129 the state against the person filing the claim.

130 Sec. 34. FILING DATE. No credit for property taxes
131 accrued or rent constituting property taxes accrued
132 shall be allowed or paid unless the claim is filed with
133 the director of revenue on or before April thirtieth
134 of each year.

135 In the case of illness, absence, or disability, or
136 when in the judgment of the director of revenue good
137 cause exists, he may extend the time for filing a claim
138 under the provisions of this Act for a period not to
139 exceed six months.

140 Sec. 35. PROOF OF CLAIM. Every person filing a
141 claim for a credit for property taxes accrued or rent
142 constituting property taxes accrued shall submit the
143 following proof to the director of revenue to support
144 his claim:

145 1. That he was sixty-five years of age or totally
146 disabled before midnight on December thirty-first of
147 the year immediately preceding the year the tax was
148 levied or the rent was paid.

149 2. Statement of income.

150 3. Receipts for rent paid.

151 4. Name and address of the owner or manager of property
152 rented.

153 5. Property taxes accrued.

154 6. Description of the property claimed as a homestead.

155 7. A statement that the property taxes accrued have
156 been or will be paid.

157 8. A statement that there are no delinquent property
158 taxes on the homestead.

159 . Sec. 36. ADMINISTRATION--RULES AND REGULATIONS.

160 The director of revenue shall prescribe and make
161 available the necessary forms with instructions for
162 persons filing a claim for property taxes accrued or
163 rent constituting property taxes accrued, including
164 forms which may be filed as a part of the individual
165 state income tax return.

166 The director may promulgate rules and regulations
167 necessary to carry out the provisions of this Act.

168 Sec. 37. AUDIT OF CLAIM. The department of revenue
169 shall audit each claim and if the director of revenue
170 determines that the amount of the credit has been
171 incorrectly determined, he shall redetermine the claim
172 and give notice, in writing, to the person filing the
173 claim of the redetermination and his reasons for it.
174 The redetermination shall be final unless appealed to
175 the district court within thirty days of receipt of
176 the notice.

177 Sec. 38. DENIAL OF CLAIM. Any person who files
178 a claim for a credit which is excessive and was filed
179 with fraudulent intent shall be guilty of a misdemeanor.
180 Upon conviction of the person filing the excessive and
181 fraudulent claim, the director of revenue shall disallow
182 the credit in full. If the claim has been paid or the
183 credit allowed against income tax, the credit allowed
184 against the income tax shall be canceled and the amount
185 paid shall be recovered in the same manner as delinquent
186 income taxes.

187 Sec. 39. RENTAL DETERMINATION. If a homestead is
188 rented by a person from another person under
189 circumstances deemed by the director of revenue not
190 to be at arm's length, the director may determine the
191 rent constituting property taxes accrued at arm's length,
192 and the determination shall be final.

193 Sec. 40. PUBLIC WELFARE RECIPIENTS EXCLUDED. Any
194 person who is a recipient of public funds for the payment
195 of the taxes or rent during the period for which the
196 claim is filed shall not be entitled to benefits provided
197 in sections twenty-eight (28) through forty-one (41),
198 inclusive, of this Act.

199 Sec. 41. APPEALS. If a claim for property taxes
200 accrued or rent constituting property taxes accrued
201 is filed and is disallowed in whole or in part, the
202 person making such claim may appeal the disallowance
203 by filing a petition in the district court within thirty
204 days from the date the claim was disallowed.

205 Sec. 42. Section four hundred twenty-five point
206 one (425.1), Code 1971, is amended by striking subsection
207 five (5).

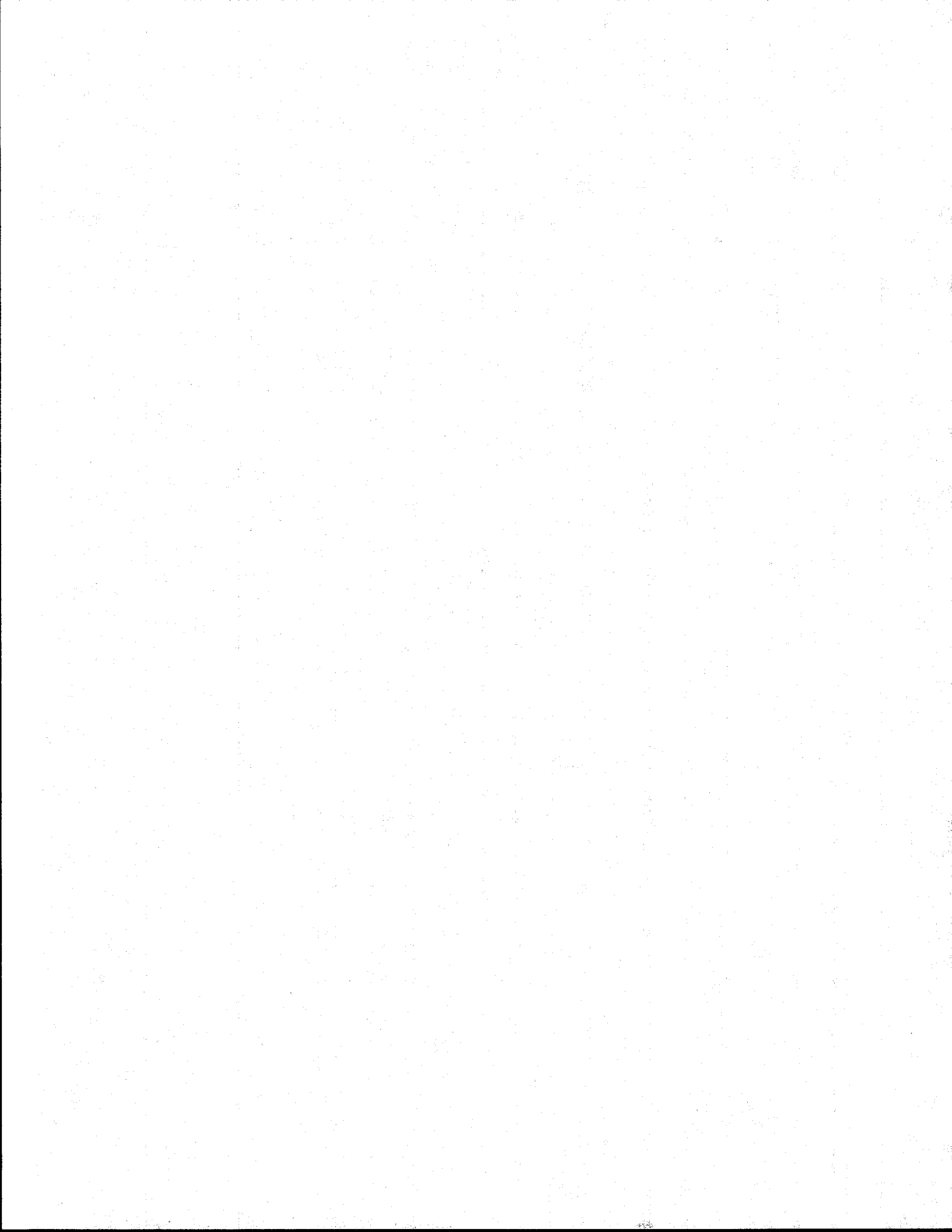
208 2. Page 1, line 5, by inserting after the word "pen-
209 alties," the words "providing property tax relief for

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April 28, 1971

210 persons sixty-five years of age and older or totally
211 disabled,".

Filed - w.o. 5/6
April 27, 1971

By GLUBA OF SCOTT, District 76
COCHRAN OF WEBSTER, District 29
SMALL OF JOHNSON, District 69
KINLEY OF POLK, District 66
ANANIA OF POLK, District 65
MC CORMICK OF DELAWARE, District 48
BLOUIN OF DUBUQUE, District 49
PATTON OF BUCHANAN, District 20
WILLITS OF POLK, District 57
MIDDLESWART OF WARREN, District 93
LARSON OF STORY, District 34
NORPEL OF JACKSON, District 52
BRAY OF SCOTT, District 77
JOHNSTON OF JOHNSON, District 70
UBAN OF BLACK HAWK, District 38
HUSAK OF TAMA, District 41
WELLS OF LINN, District 44
SCOTT OF CERRO GORDO, District 18
MONROE OF DES MOINES, District 92
WYCKOFF OF BENTON, District 42
DOUGHERTY OF MONROE, District 94
KENNEDY OF CHICKASAW, District 11
JESSE OF POLK, District 58
SCHWARTZ OF WAPELLO, District 97
BENNETT OF POLK, District 59
MAYBERRY OF WEBSTER, District 30
FRANKLIN OF POLK, District 64
RADL OF LINN, District 43
DUNTON OF KEOKUK, District 88
SCHMEISER OF DES MOINES, District 91
SKINNER OF POLK, District 60
DOYLE OF WOODBURY, District 21
EWELL OF BLACK HAWK, District 39
SARGISSON OF WOODBURY, District 24



House 13
April 28, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 14, by inserting after line 25 the following
3 section:

4 "A school district which has a fall enrollment of less
5 than six hundred pupils for the school year commencing
6 July 1, 1970 and ending June 30, 1971 shall formulate a
7 plan for reorganization and a referendum on reorganization
8 of the school district shall be held pursuant to this sec-
9 tion.

10 The school board shall, prior to October 1, 1971, submit
11 to the county board of education of the county in which the
12 school district is located a plan for reorganization with a
13 contiguous school district. The combined fall enrollments
14 for September, 1971 of the school districts involved in the
15 reorganization plan shall be at least one thousand two
16 hundred pupils.

17 The provisions of section two hundred seventy-five point
18 twelve (275.12), subsections two (2) and three (3), and
19 sections two hundred seventy-five point fourteen (275.14),
20 two hundred seventy-five point fifteen (275.15), and two
21 hundred seventy-five point sixteen (275.16) of the Code
22 shall apply to this section, except that any reference to
23 'petition' shall mean 'the plan submitted by the local
24 school board'. The provisions of sections two hundred
25 seventy-five point eighteen (275.18), two hundred seventy-
26 five point nineteen (275.19), two hundred seventy-five
27 point twenty (275.20), and two hundred seventy-five point
28 twenty-two (275.22) through two hundred seventy-five point
29 thirty-one (275.31), inclusive, of the Code shall apply to
30 this section."

31 2. By renumbering the remaining sections and correcting
32 internal references as necessary in accordance with this
33 amendment.

Filed - *Revised out german 4/28*
April 27, 1971

By KENNEDY OF CHICKASAW
District 11

HOUSE FILE 654

1 Amend the Freeman et al. amendment to House File 654,
2 filed on April 22, 1971 appearing on page 1054 of the House
3 Journal by inserting in line 23 after the period the words
4 "This subsection shall not apply to the property of
5 educational institutions, which shall be subject to subsec-
6 tion eleven (11) of this section."

Filed - *Adopted 5/10*
April 27, 1971

By FREEMAN OF BUENA VISTA
District 15

House 12
April 28, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 14, by inserting after line 25 the following
3 section:

4 "A school district which has a fall enrollemnt of less
5 than six hundred pupils for the school year commencing
6 July 1, 1970 and ending June 30, 1971 shall reorganize
7 pursuant to this section. The school board shall, prior
8 to October 1, 1971, submit to the county board of education
9 of the county in which the school district is located a
10 plan for reorganization with a contiguous school district.
11 The combined fall enrollments for September, 1971 of the
12 school districts involved in the reorganization plan shall
13 be at least one thousand two hundred pupils.

14 The provisions of section two hundred seventy-five
15 point twelve (275.12), subsections two (2) and three (3)
16 and sections two hundred seventy-five point fourteen
17 (275.14), two hundred seventy-five point fifteen (275.15),
18 and two hundred seventy-five point sixteen (275.16) of the
19 Code shall apply to a reorganization required by this
20 section, except that any reference to 'petition' shall mean
21 'the plan submitted by the local school board' and except
22 that the county board may alter, but shall not dismiss the
23 plan.

24 A special election for election of a board of directors
25 shall be held within thirty days following the decision of
26 the county board or state department of public instruction
27 and shall be called by the county superintendent pursuant
28 to section two hundred seventy-five point twenty-five
29 (275.25) of the Code.

30 The newly-formed school district shall be established
31 on July 1, 1972. The districts required to reorganize shall
32 pay all expenses incurred by the county superintendent and
33 the county board of education in connection with the pro-
34 ceedings, including the election of the first board of
35 directors.

36 The provisions of sections two hundred seventy-five
37 point twenty-eight (275.28) through two hundred seventy-
38 five point thirty-one (275.31), inclusive, of the Code
39 shall apply to this section."

40 2. By renumbering the remaining sections and correct-
41 ing internal references as necessary in accordance with
42 this amendment.

Filed ^{Withdrawn} ~~April 27, 1971~~ ^{not germane 4/28}
April 27, 1971

KENNEDY OF CHICKASAW
District 11

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 19, by inserting after line 20 the following
3 new sections:

4 Sec. 28. Section four hundred twenty-six point one
5 (426.1), Code 1971, is amended as follows:

6 426.1 AGRICULTURAL LAND CREDIT FUND. There is hereby
7 created as a permanent fund in the office of the treasurer
8 of state a fund to be known as the agricultural land credit
9 fund, and for the purpose of establishing and maintaining
10 said fund for each fiscal year there is appropriated thereto
11 from ~~funds-in~~ the general fund ~~not-otherwise-appropriated~~
12 ~~the-sum-of-eighteen-million-dollars~~ an amount sufficient to
13 carry out the provisions of this chapter. ~~Any-balance-in~~
14 ~~said-fund-on-June-30-shall-revert-to-the-general-fund.~~

15 Sec. 29. Section four hundred twenty-six point three
16 (426.3), Code 1971, is amended as follows:

17 426.3 WHERE CREDIT GIVEN. The agricultural land credit
18 fund shall be apportioned each year in the manner herein-
19 after provided so as to give a credit against the tax on
20 each tract of agricultural lands within the several school
21 districts of the state in which the millage for the general
22 school fund exceeds twenty twenty-seven and one half mills;
23 the amount of such credit on each tract of such lands shall
24 be the amount the tax levied for the general school fund
25 exceeds the amount of tax which would be levied on said
26 tract of such lands were the levy for the general school
27 fund twenty twenty-seven and one-half mills for the
28 previous year, ~~except-in-the-case-of-a-deficiency-in-the~~
29 ~~agricultural-land-credits-fund-to-pay-said-credits-in-full,~~
30 ~~in-which-case-the-credit-on-each-eligible-tract-of-such~~
31 ~~lands-in-the-state-shall-be-proportionate-and-shall-be~~
32 ~~applied-as-hereinafter-provided.~~ The agricultural land
33 credit as provided herein shall not be made to any taxpayer
34 on any portion of his property upon which he may obtain a
35 homestead credit, as provided by chapter 425.

36 Sec. 30. Section four hundred twenty-six point six
37 (426.6), unnumbered paragraph one (1), Code 1971, is amended
38 as follows:

39 The agricultural land tax credit allowed each year shall
40 be computed as follows: On or before the first of June the
41 county auditor shall list by school districts all tracts of
42 agricultural lands which they are entitled to credit here-
43 under, together with the taxable value for the previous
44 year, together with the budget from each school district
45 for the previous year, and the tax rate determined for the
46 general fund of the district in the manner prescribed in
47 section 444.3 for the previous year, and if such tax rate
48 is in excess of twenty twenty-seven and one-half mills he
49 shall multiply the millage which is in excess of twenty
50 twenty-seven and one-half mills by the total taxable value
51 of the agricultural lands entitled to credit hereunder in

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April 28, 1971

52 the district, and on or before the first of June certify
53 the amount thereof to the state comptroller.

54 Sec. 31. Section four hundred twenty-six point seven
55 (426.7), Code 1971, is amended as follows:

56 426.7 WARRANTS DRAWN BY COMPTROLLER. After receiving
57 from the several county auditors of the state the
58 certifications provided for in section 426.6, and on or
59 before March 15, the state comptroller shall draw warrants
60 on the agricultural land credits fund created by this
61 chapter, payable to the county treasurers of the several
62 counties of the state in the total amount certified by the
63 county auditors of the respective counties and mail said
64 warrants to the county auditors of said counties, ~~provided~~
65 ~~that in the event the agricultural land credits fund is~~
66 ~~insufficient to pay in full the total of the amounts~~
67 ~~certified to the state comptroller on the first of June, he~~
68 ~~shall prorate the fund to the several county treasurers and~~
69 ~~notify the several county auditors of the pro-rata per-~~
70 ~~centage on or before August 1.~~

71 Sec. 32. Section four hundred twenty-six point eight
72 (426.8), Code 1971, is amended as follows:

73 426.8 APPORTIONMENT BY AUDITOR. ~~Upon receiving the~~
74 ~~pro-rata percentage from the state comptroller, the~~ The
75 county auditor shall determine the amount thereof of tax
76 credit to be credited to each tract of agricultural land,
77 and shall enter upon tax lists as a credit against the tax
78 levied on each tract of agricultural land on which there
79 has been made an allowance of credit before delivering
80 said tax lists to the county treasurer. Upon receipt of
81 the comptroller's warrant by the county auditor, he shall
82 deliver said warrant to the county treasurer for ap-
83 portionment. The county treasurer shall show on each tax
84 receipt the amount of tax credit for each tract of
85 agricultural land. In case of change of ownership the
86 credit shall follow the title.

87 Sec. 33. Section four hundred twenty-six point nine
88 (426.9), Code 1971, is repealed.

89 2. Amend the title, page 1, line 5, by inserting after
90 the word "penalties," the words "increasing the
91 agricultural land tax credit,".

92 3. Renumber the sections and correct internal
93 references to sections as necessary to conform to this
94 amendment.

Filed
August 27, 1971

NIELSEN OF SHELBY
District 53
FISHER OF GREEN
District 56

House 17
April 28, 1971

HOUSE FILE 654

- 1 Amend the Gluba et al. amendment to House File 654
2 as follows:
3 1. By striking lines 6 through 11, inclusive, and
4 inserting in lieu thereof the following:
5 1. "Income" means the net income as defined in
6 section four hundred twenty-two point seven (422.7) of the
7 Code of the person claiming the credit, plus the amount of
8 capital gains excluded from the adjusted gross income,
9 interest and dividends from federal securities, social
10 security benefits, and income from other tax-exempt retire-
11 ment or pension plans and includes any income of the spouse,
12 brother, sister, son, and daughter of the person claiming
13 the credit, if living with the person claiming the credit.
14 2. By adding the following new section:
15 "The provisions of sections twenty-eight (28) through
16 forty-two (42), inclusive, of this Act shall become effec-
17 tive January 1, 1972."
18 3. Renumber sections and correct internal references
19 as necessary in accordance with this amendment.

Filed - W.D.
April 27, 1971

By GLUBA OF SCOTT
District 76

HOUSE FILE 654
(CORRECTED AMENDMENT)

- 1 Amend House File 654 as follows:
2 1. Page 15, by adding after line 8 the following new
3 section:
4 "Sec. 20. Section four hundred twenty-two point nine
5 (422.9), subsection two (2), paragraph b, Code 1971, is
6 amended as follows:
7 b. Add the amount of federal income taxes paid or
8 accrued as the case may be, during the tax year, adjusted
9 by any federal income tax refunds. Provided, however,
10 that where married persons, ~~who have filed a joint federal~~
11 ~~income tax return, file separately, such total shall be~~
12 ~~divided between them according to the portion thereof paid~~
13 ~~or accrued, as the case may be, by each they shall file a~~
14 joint state income tax return; and provided further that
15 where a taxpayer has used an optional standard deduction
16 on his federal return, he shall use the optional standard
17 deduction provided for above."
18 2. By renumbering the following sections and any
19 internal references requiring the same.

Filed
April 21, 1971

By FREEMAN of Buena Vista, District 15
KELLY of Woodbury, District 22
SCHROEDER of Pottawattamie, District 54
STANLEY of Linn, District 43
CHRISTENSEN of Union, District 95

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 5, strike lines 23 through 35, inclusive,
3 strike pages 6, 7, 8, and strike lines 1 through 30,
4 page 9, and insert in lieu thereof the following:

5 Sec. 7. ALLOWABLE GROWTH. To determine the total
6 allowable growth in dollars for each school district
7 each year, the state comptroller shall add together
8 the following amounts:

9 1. The percent of increase or decrease in taxable
10 property in the district for the current calendar year
11 over the last preceding calendar year, multiplied by
12 the part of the district's allowable general fund bud-
13 get for the last preceding school year which was
14 raised by property taxes.

15 2. The percentage growth factor for the state, as
16 determined by the percentage increase or decrease in
17 state general fund revenues, multiplied by the part of
18 the district's allowable general fund budget for the
19 last preceding school year which was raised by state
20 aid.

21 Sec. 8. ADDITIONAL SCHOOL DISTRICT PROPERTY TAX
22 LEVY. The state comptroller shall determine the
23 additional school district property tax levy, which is
24 in addition to the foundation property tax levy, as
25 follows:

26 1. The district cost per student for the current
27 school year ending June thirtieth each year, plus the
28 allowable growth in dollars, shall determine the dis-
29 trict cost per student for the school year beginning
30 July first each year.

31 2. The district cost per student multiplied by the
32 estimated fall enrollment for the school year beginning
33 July first each year, shall determine the maximum general
34 fund budget for the district.

35 3. Subject to the maximum millage in section nine
36 (9) of this Act, the general fund budget of the district
37 less the amounts to be received from the school founda-
38 tion property tax and from state aid shall determine
39 the amount needed to be raised by the additional school
40 district property tax levy.

41 No later than December first of each year the state
42 comptroller shall notify the county auditor of each
43 county the amount, both in dollars and mills, of the
44 additional property tax levy. The county auditor or
45 auditors shall spread the additional property tax levy
46 over all the property in the school district.

47 Sec. 9. MAXIMUM MILLAGE LEVY. For the purpose of
48 determining the maximum millage a school district may
49 cause to be levied without a referendum, for school
50 years subsequent to the 1972-1973 school year, the
51 state comptroller shall determine the sum of the four-

52 dation property tax levy and the additional property
53 tax levy, in mills. When this total millage rate exceeds
54 the district general fund levy in mills for the school
55 year which began July 1, 1972, he shall adjust the
56 district general fund budget to the millage levy equal
57 to the millage levy for the school year beginning July
58 1, 1972, unless the district votes to accept the
59 additional budgeted amount as provided in section ten
60 (10) of this Act.

61 Sec. 10. REFERENDUM. If a school district exceeds
62 its maximum millage as provided in section nine (9)
63 of this Act, the school board shall submit to the voters
64 of the school district, at a special election called
65 for that purpose, the question of whether the board
66 shall limit its budget as adjusted by the comptroller,
67 or shall adopt the budget as proposed. The question
68 submitted to the voters shall state clearly the differ-
69 ence in the additional school district property tax
70 rate and the school district income tax rate which will
71 result if the board limits its budget or if it adopts
72 the budget as proposed.

73 If a majority of those voting favors adoption of
74 the limited budget, the board of directors of the school
75 district shall alter its budget as adjusted by the state
76 comptroller, and shall certify the corrected budget
77 to the county auditor and the state comptroller.

78 If a majority of those voting favors adoption of
79 the budget as proposed, the excess amount shall be
80 raised by a combination of property tax and school
81 district income tax, as provided in the following sec-
82 tions.

83 Sec. 11. SCHOOL DISTRICT PROPERTY TAX AND INCOME
84 tax on budget excess.

85 1. If the voters of a school district favor the
86 adoption of a budget which contains a millage levy in
87 excess of the maximum millage provided in section nine
88 (9) of this Act, the state comptroller shall determine
89 the remaining school district property tax and the
90 school district income tax, based on the excess amount
91 needed, as follows:

92 a. Determine the total assessed valuation of tax-
93 able property in the school district for the 1972
94 calendar year, the total Iowa net income as defined
95 in section four hundred twenty-two point seven (422.7)
96 of the Code, and the total amount of state individual
97 income tax as shown on the individual tax returns of
98 individuals residing in the school district on December
99 31, 1971, or at the time of filing for those on other
100 than a calendar year basis and included in the depart-
101 ment of revenue 1971 income tax annual statistical re-
102 port. The director of revenue shall certify to the
103 state comptroller on or before May 1, 1973, the total
104 Iowa net income and total state income tax of individuals
105 residing in each school district on December 31, 1971.

106 b. Add the total amounts of Iowa net income in the
107 district and the total assessed valuation of taxable
108 property in the district as determined in paragraph
109 a of this section, and divide the sum into the excess
110 amount needed. Multiply the quotient obtained by the
111 total amount of Iowa net income and divide the result
112 by the amount of the total state income tax for the
113 district as determined in paragraph a of this section.
114 The quotient obtained is the rate of school district
115 income tax and is hereby imposed as a surtax on the
116 amount of state income tax paid on incomes earned in
117 the year of imposition. If a surtax is necessary for
118 an ensuing year, it shall be determined by the state
119 comptroller in the manner set forth in subsection two
120 (2) of this section.

121 2. a. Determine the excess amount needed.

122 b. Determine the total assessed valuation of taxable
123 property in the school district for the current calendar
124 year and the total amount of school district income
125 tax as shown on the individual tax returns of individuals
126 residing in the school district on December thirty-first
127 of the most recently completed calendar year or at the
128 time of filing for those on other than a calendar year
129 basis and filing within the most recently completed
130 calendar year. The director of revenue shall report
131 to the state comptroller the amount of school district
132 income tax collected for the current school year on
133 or about October twentieth of the current school year.

134 c. Subtract the school district income tax determined
135 in paragraph b of this subsection from the amount
136 obtained in paragraph a of this subsection and divide
137 the result by the total assessed valuation of taxable
138 property in the district for the current calendar year.
139 The quotient obtained multiplied by one thousand is
140 the millage rate to be levied on the assessed valuation
141 of taxable property in the district, in addition to
142 the school foundation property tax and the additional
143 school district property tax, for school general fund
144 purposes for the current school year.

145 An equivalent percentage, based upon one percent
146 for each ten mills, is the base for determining the
147 surtax to be imposed on the incomes earned during the
148 next year. Multiply the percentage times the total
149 Iowa net income of the district and divide the result
150 by the amount of the total state income tax reported
151 for the district. The quotient obtained is the sur-
152 tax to be imposed on the incomes earned during the
153 current calendar year. The state comptroller shall
154 certify to the director of revenue the surtax to be
155 imposed for each school district on the incomes earned
156 during that year of all individuals residing in the
157 school district on December thirty-first of the current

House 9
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158 calendar year, or at the time of filing for those on
159 other than a calendar year basis and filing within the
160 current calendar year.
161 2. Page 12, strike lines 10 through 35, strike page } *Div. 2*
162 13, and strike lines 1 through 25 on page 14.
163 3. Renumber sections and correct internal references
164 to section numbers as necessary.

Filed - *Withdrawn 5/3*
April 27, 1971

KREAMER OF POLK
District 63
VARLEY OF ADAIR
District 84

HOUSE FILE 654

1 Amend House File 654, page 9, by inserting
2 after line 30 the following new section:
3 "Section four hundred twenty-five point one
4 (425.1), subsection five (5), paragraph one (1), Code
5 1971, is amended as follows:
6 5. In addition to the homestead credit of
7 twenty-five mills on twenty-five hundred dollars of
8 assessed valuation allowable under this chapter, in
9 the event the owner, as defined in this chapter, is
10 over sixty-five years of age, or is totally disabled,
11 and provided that his Iowa net income, as defined in
12 section 422.7, plus interest and dividends from
13 federal securities and income from social security
14 and other tax-exempt retirement or pension plans, when
15 included with that of the spouse, brother, sister, son,
16 daughter, if any, living with the claimant, is less
17 than ~~three-thousand-five-hundred~~ four thousand dollars
18 for the last twelve-month income tax accounting
19 period, there shall be credited by the county auditor
20 on such owner's eligible homestead, ~~an amount equal~~
21 ~~to-but-not-exceeding-the-amount-calculated-as-provided~~
22 ~~in-this-section-~~ an additional amount not to exceed
23 thirty-five mills on two thousand dollars of assessed
24 valuation allowable under this chapter."

Filed - *Withdrawn 4/28*
April 27, 1971

By WELDEN OF HARDIN
District 32

House 14
April 28, 1971

~~HOUSE FILE 654~~

1 Amend House File 654 as follows:
2 1. Page 19, by inserting after line 20 the following
3 new sections:
4 Sec. 28. ~~Section four hundred twenty-seven point one~~
5 ~~(427.1), subsection two (2), Code 1971, is amended as~~
6 follows:
7 2. MUNICIPAL AND MILITARY PROPERTY. The property of a
8 county, township, city, town, school corporation, levee
9 district, drainage district or military company of the
10 state of Iowa, when devoted to public use and not held for
11 pecuniary profit. However, the exemptions provided under
12 this subsection for the property of cities and towns shall
13 not apply to property of a municipal utility and the proper-
14 ty of municipal utilities shall be subject to taxation.
15 Sec. 29. Each year, on or before May first, municipally-
16 owned utilities shall file a verified statement listing all
17 property owned by the municipally-owned utility in the of-
18 fice of the director of revenue, and the director of revenue
19 shall determine the value and shall assess the property of
20 municipally-owned utilities in the same manner as he deter-
21 mines the value and assesses other comparable public
22 utility property, except that electric lines and associated
23 facilities operated at less than thirty-four thousand five
24 hundred volts and substations, transformers and associated
25 facilities operated at less than thirty-four thousand five
26 hundred volts on the low voltage side are defined as
27 distribution lines and the actual value thereof for the
28 purpose of section four hundred thirty-seven point six
29 (437.6) of the Code shall be twenty-five percent of the
30 original cost of the distribution lines.

Filed - w. o. 5/7
April 27, 1971

By FISHER OF GREENE
District 56
ROORDA OF JASPER
District 67

HOUSE FILE 654

1 Amend the Stromer et al amendment to House File
2 654, filed April 22, 1971, page 1, line 18 by striking
3 the word "twenty-five".

Offered in committee
of the whole
and adopted.
April 27, 1971

By STROMER OF HANCOCK
District 8

House 14
April 29, 1971

HOUSE 14 7 521

1 Amend the Shaw, et al amendment to House File 654 as
2 follows:
3 1. By adding after section 20 the following new
4 section:
5 "Section four hundred twenty-two point nine (422.9),
6 subsection two (2), paragraph 'b', Code 1971, is amended
7 as follows:
8 b. Add the amount of federal income taxes paid or
9 accrued as the case may be, during the tax year, adjusted
10 by any federal income tax refunds and limited to twenty
11 percent of the taxpayer's net income. Provided, however,
12 that where married persons, who have filed a joint federal
13 income tax return, file separately, such total shall be
14 divided between them according to the portion thereof paid
15 or accrued, as the case may be, by each; ~~and provided fur-~~
16 ~~ther that where a taxpayer has used an optional standard~~
17 ~~deduction on his federal return, he shall use the optional~~
18 ~~standard deduction provided for above."~~
19 2. Renumber sections and correct internal references
20 as necessary in accordance with this amendment.

Filed
April 28, 1971

By SMALL of Johnson
District 69
GLUBA of Scott
District 76
UBAN of Black Hawk
District 38

House 17
April 29, 1971

104 than a calendar year basis and included in the depart-
105 ment of revenue 1971 income tax annual statistical re-
106 port. The director of revenue shall certify to the
107 state comptroller on or before May 1, 1973, the total
108 Iowa net income and total state income tax of individuals
109 residing in each school district on December 31, 1971.

110 2. Add the total amounts of Iowa net income in the
111 district and the total assessed valuation of taxable
112 property in the district as determined in subsection
113 one (1) of this section, and divide the sum into the
114 excess amount needed. The quotient obtained multiplied
115 by one thousand is the millage rate to be levied in
116 excess of the maximum millage for school general fund
117 purposes for the current school year and the next
118 following school year. Multiply the quotient obtained
119 by the total amount of Iowa net income and divide the
120 result by the amount of the total state income tax for
121 the district as determined in subsection one (1) of
122 this section. The final quotient obtained is the rate
123 of school district income tax and is hereby imposed
124 as a surtax on the amount of state income tax paid on
125 incomes earned in the year of imposition, and in the
126 following year. After the taxes determined under this
127 section have been imposed for two years, a district
128 must hold another election and recompute the tax rate
129 if it votes to exceed its maximum millage.

130 2. Strike section 8, including lines 2 through 35,
131 inclusive, page 13, and lines 1 through 25, inclusive,
132 page 14, and insert in lieu thereof the following:

133 If a school board applies to the school budget review
134 committee for an allotment of special funds the committee
135 may make an allotment from any funds appropriated
136 specifically for this purpose, making allowance for
137 prorating the appropriated funds among the districts
138 who apply, in proportion to their needs. The committee,
139 in determining whether to grant special funds, shall
140 consider unique and unusual circumstances including,
141 but not limited to, unusual increases or decreases in
142 enrollments, natural disasters, unusual transportation
143 problems, and initial staffing problems, and shall grant
144 permission for the election only if unique and unusual
145 circumstances exist in the district.

146 The school budget review committee may call in any
147 county board of education or joint county board of
148 education for the purpose of reviewing its budget as
149 it relates to the individual districts within the county.

150 3. Renumber sections and correct internal references
151 to section numbers as necessary.

Filed - Last 5/3
April 28, 1971

*Motion to reconsider prevailed 5/4
Adopted as amended 5/4*

By KREAMER OF POLK, District 63
VARLEY OF ADAIR, District 84

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Strike all of pages 2 through 13, inclusive,
3 and lines 1 through 25 of page 14, and insert in lieu
4 thereof the following:

5 Section 1. STATE SCHOOL FOUNDATION PROGRAM. This
6 Act establishes a state school foundation program.
7 Each school district in the state is entitled to receive
8 per pupil in fall enrollment state school foundation
9 aid, which shall be the amount equal to the difference
10 between the foundation property tax plus miscellaneous
11 income in the district, and the state foundation base.

12 Sec. 2. STATE FOUNDATION BASE. The state foundation
13 base for school years beginning after July 1, 1972,
14 shall be as follows:

15 1. For the school year beginning July 1, 1972,
16 seventy percent of the state cost per student.

17 2. For the school year beginning July 1, 1973,
18 seventy-five percent of the state cost per student.

19 3. For the school year beginning July 1, 1974, and
20 all subsequent school years, eighty percent of the
21 state cost per student."

22 Sec. 3. STATE COST PER STUDENT. The state cost
23 per student for the school year beginning July 1, 1971,
24 shall be nine hundred twenty dollars. The state cost
25 per student for the school year beginning on July 1,
26 1972, and for each succeeding school year shall have
27 added to the previous year's state cost per student
28 the dollar equivalent of the state percent of allowable
29 growth limited to a maximum amount of forty-six dollars
30 for the school year beginning on July 1, 1972, forty-
31 eight dollars for the school year beginning on July
32 1, 1973, and fifty-one dollars for the school year
33 beginning on July 1, 1974.

34 The state percent of allowable growth is the percent
35 of increase in revenue computed on a statewide basis
36 for the sales and use taxes and the individual and cor-
37 porate income taxes as well as the percent of increase
38 in assessments for property tax for each year of the
39 last three years. The sum of the individual percen-
40 tages thus obtained shall be divided by six to arrive
41 at the percent of allowable growth for the state. In
42 making such computations the comptroller shall adjust
43 for changes in rates or basis of the income tax or
44 sales and use tax and for statewide changes in assess-
45 ment practices. He shall thereupon certify the percent
46 of allowable growth per pupil to the several school
47 districts of the state on or before February fifteenth
48 of each year. For the purpose of this subsection,
49 "year" means calendar year.

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 5, strike lines 23 through 35, inclusive,
3 strike pages 6, 7, 8, and strike lines 1 through 30,
4 page 9, and insert in lieu thereof the following:

5 Sec. 7. ALLOWABLE GROWTH. To determine the total
6 allowable growth in dollars for each school district
7 each year, the state comptroller shall add together
8 the following amounts:

9 1. The percent of increase or decrease in taxable
10 property in the district for the current calendar year
11 over the last preceding calendar year, multiplied by
12 the part of the district's allowable general fund bud-
13 get for the last preceding school year which was raised
14 by property taxes.

15 2. The percentage growth factor for the state, as
16 determined in section six (6) of this Act, multiplied
17 by the part of the district's allowable general fund
18 budget for the last preceding school year which was
19 raised by state aid.

20 Sec. 8. MAXIMUM GENERAL FUND BUDGET AND ADDITIONAL
21 SCHOOL DISTRICT PROPERTY TAX LEVY. The state comptroller
22 shall determine the additional school district property
23 tax levy, which is in addition to the foundation property
24 tax levy, as follows:

25 1. The district cost per student for the current
26 school year ending June thirtieth each year, plus the
27 allowable growth in dollars, shall determine the dis-
28 trict cost per student for the school year beginning
29 July first each year.

30 2. The district cost per student multiplied by the
31 estimated fall enrollment for the school year beginning
32 July first each year, shall determine the maximum general
33 fund budget for the district.

34 3. Subject to the maximum millage in section ten
35 (10) of this Act, the maximum general fund budget of
36 the district less the amounts to be received from the
37 school foundation property tax and from state aid shall
38 determine the amount to be raised by the additional
39 school district property tax levy.

40 No later than December first of each year the state
41 comptroller shall notify the county auditor of each
42 county the amount, both in dollars and mills, of the
43 additional property tax levy. The county auditor or
44 auditors shall spread the additional property tax levy
45 over all the property in the school district.

46 Sec. 9. SPECIAL FUNDS. A school district which
47 has unique and unusual circumstances which cause its
48 anticipated general fund expenditures to exceed its
49 maximum general fund budget may apply to the school
50 budget review committee for an allotment of any special

51 funds appropriated for this purpose.

52 Sec. 10. MAXIMUM MILLAGE LEVY. For the purpose
53 of determining the maximum millage a school district
54 may cause to be levied without a referendum, for school
55 years subsequent to the 1972-1973 school year, the
56 state comptroller shall determine the sum of the foun-
57 dation property tax levy and the additional property
58 tax levy, in mills. When this total millage rate exceeds
59 the district general fund levy in mills for the school
60 year which began July 1, 1972, he shall adjust the
61 district general fund budget so that the millage levy
62 is equal to the millage levy for the school year
63 beginning July 1, 1972, unless the district votes to
64 accept the additional budgeted amount as provided in
65 section eleven (11) of this Act.

66 Sec. 11. REFERENDUM. If a school district exceeds
67 its maximum millage as provided in section ten (10)
68 of this Act, the school board shall submit to the voters
69 of the school district, at a special election called
70 for that purpose, the question of whether the board
71 shall limit its budget as adjusted by the comptroller,
72 or shall adopt the budget as proposed. The question
73 submitted to the voters shall state clearly the excess
74 school district property tax rate and the school district
75 income tax rate which will result if the board adopts
76 the budget as proposed, and shall state that the same
77 rate of excess property tax and income tax may be imposed
78 for two years.

79 If a majority of those voting favors limiting the
80 budget, the board of directors of the school district
81 shall alter its budget as adjusted by the state
82 comptroller, and shall certify the corrected budget
83 to the county auditor and the state comptroller.

84 If a majority of those voting favors adoption of
85 the budget as proposed, the excess amount shall be
86 raised by a combination of property tax and school
87 district income tax, as in section twelve (12) of this Act.

88 Sec. 12. SCHOOL DISTRICT PROPERTY TAX AND INCOME
89 TAX ON BUDGET EXCESS. If the voters of a school district
90 favor the adoption of a budget which contains a millage
91 levy in excess of the maximum millage provided in section
92 ten (10) of this Act, the state comptroller shall
93 determine the remaining school district property tax
94 and the school district income tax, based on the excess
95 amount needed, as follows:

96 1. Determine the total assessed valuation of tax-
97 able property in the school district for the 1972
98 calendar year, the total Iowa net income as defined
99 in section four hundred twenty-two point seven (422.7)
100 of the Code, and the total amount of state individual
101 income tax as shown on the individual tax returns of
102 individuals residing in the school district on December
103 31, 1971, or at the time of filing for those on other

50 If the percent of allowable growth of the state
51 should be less than zero, the previous year's state
52 cost per student shall prevail the following year.

53 Sec. 4. FOUNDATION PROPERTY TAX. The maximum state
54 foundation property tax levy shall be:

55 1. For the school year beginning July 1, 1972, and
56 for the school year beginning July 1, 1973, twenty-seven
57 and one-half mills per dollar of assessed valuation
58 on all taxable property in the district as of January
59 1, 1972, and as of January 1, 1973, respectively.

60 2. For the school year beginning July 1, 1974, and
61 all subsequent school years, thirty mills per dollar
62 of assessed valuation on all taxable property in the
63 district as of January 1, 1974, and on each subsequent
64 January thereafter.

65 If a school district can meet its general fund budget
66 or the state foundation base by a levy on the assessed
67 valuation on all taxable property in the district less
68 than specified in this section, it shall levy only the
69 lesser amount needed.

70 No later than December first of each year the state
71 comptroller shall notify the county auditor of each
72 county the amount, both in dollars and mills, of the
73 foundation property tax levy. The county auditor or
74 auditors shall spread the foundation property tax over
75 all the taxable property in the school district.

76 Sec. 5 DISTRICT COST PER STUDENT. The district
77 cost per student beginning July first each year is the
78 allowable growth in dollars limited to the maximum
79 amounts defined in section four (4) of this Act, added
80 to the actual cost per student of the district for the
81 current year ending June thirtieth.

82 Sec. 6. FALL ENROLLMENT. Fall enrollment shall
83 be determined by adding the resident pupils who are
84 enrolled on the second Friday of September of each year
85 in public elementary and secondary schools of the
86 district, and in special education schools for which
87 tuition is paid by the district whether the special
88 education school is conducted by a county board of
89 education or another school district. Each school
90 district shall certify to the state department of public
91 instruction by September twenty-fifth of each year the
92 fall enrollment in the school districts, and such fall
93 enrollment information shall be promptly forwarded to
94 the state comptroller.

95 Sec. 7. ADDITIONAL SCHOOL DISTRICT PROPERTY TAX
96 LEVY. The state comptroller shall determine the addi-
97 tional school district property tax levy, which is in
98 addition to the foundation property tax levy, as follows:

99 1. The district cost per student for the current
100 school year ending June thirtieth each year, plus the
101 allowable growth in dollars, shall determine the dis-
102 trict cost per student for the school year beginning

103 July first each year.

104 2. The district cost per student multiplied by the
105 estimated fall enrollment for the school year beginning
106 July first each year, shall determine the maximum gen-
107 eral fund budget for the district.

108 3. The state foundation base subtracted from the
109 general fund budget of the district for the school year
110 beginning July 1, 1972, shall determine the amount
111 needed to be raised by the additional school district
112 property tax levy.

113 No later than December first of each year, the state
114 comptroller shall notify the county auditor of each
115 county as to the amount, both in dollars and mills,
116 of the additional property tax levy. The county audi-
117 tor or auditors shall spread the additional property
118 tax levy over all the property in the school district.

119 Sec. 8. MAXIMUM MILLAGE LEVY. For the purpose of
120 determining the maximum millage levy in a school dis-
121 trict the state comptroller shall determine the sum
122 of the foundation property tax levy and the additional
123 property tax levy, in mills. When this total millage
124 rate exceeds the district general fund levy in mills
125 for the school year which began July 1, 1970, he shall
126 adjust the district general fund budget to the millage
127 levy equal to the millage levy for the school year
128 beginning July 1, 1970.

129 Sec. 9. GUARANTEED STATE AID. For the school year
130 beginning July 1, 1972, and for that year only, the
131 state will provide specific funds, called guaranteed
132 state aid, to any school district to insure that its
133 total general fund millage excluding the millage that
134 could be raised under section thirteen (13) of this
135 Act will not exceed that of the school year beginning
136 July 1, 1970.

137 There is hereby appropriated from the general fund
138 of the state to the department of public instruction
139 funds sufficient to pay the guaranteed state aid. The
140 state comptroller shall pay this aid no later than May
141 15, 1973.

142 Sec. 10. MISCELLANEOUS INCOME. Miscellaneous income
143 is all revenues of a school district general fund budget,
144 exclusive of the state foundation property tax, the
145 state foundation aid, guaranteed state aid, and the
146 additional school district property tax levy.

147 Sec. 11. SCHOOL BUDGET REVIEW COMMITTEE. There
148 is hereby established a school budget review committee,
149 hereafter referred to as the committee, which shall
150 consist of the superintendent of public instruction,
151 the state comptroller, and three members appointed by
152 the governor to represent the public and to serve three-
153 year staggered terms. Those serving as public members
154 on the effective date of this Act shall continue to
155 serve out their unexpired terms. The committee shall
156 meet and hold hearings each year in May in Des Moines
157 for purposes of authorizing a school district to propose

158 a budget exceeding the limitations of section nine (9)
159 of this Act, and shall continue in session until it
160 has reviewed budgets of school districts, as provided
161 in section thirteen (13) of this Act. It may call in
162 school board members and employees as necessary for
163 the hearings. Legislators shall be notified of hearings
164 concerning school districts in their constituencies.

165 The committee shall adopt its own rules of procedure.
166 The superintendent of public instruction shall serve
167 as chairman, and the state comptroller shall serve as
168 secretary. The committee members representing the
169 public shall be entitled to receive a per diem equal
170 to the per diem of members of the board of public
171 instruction and their necessary travel and other expenses
172 while engaged in their official duties. Expense payments
173 shall be made from appropriations to the department
174 of public instruction.

175 Sec. 12. DUTIES OF THE COMMITTEE.

176 1. The school budget review committee may recommend
177 the revision of any rules, regulations, directives,
178 or forms relating to school district budgeting and
179 accounting, confer with local school boards or their
180 representatives and make recommendations relating to
181 any budgeting or accounting matters, and may direct
182 the superintendent of public instruction or the state
183 comptroller to make studies and investigations of school
184 costs in any school district whose budget has been
185 submitted to the committee. The committee shall report
186 to each session of the general assembly, which report
187 shall include any recommended changes in laws relating
188 to school districts, and shall set out the number of
189 hearings held pursuant to this Act, the reasons for
190 any authorized increases in school costs, and other
191 information as the committee deems advisable.

192 2. The committee may review the budget of any school
193 district as follows:

194 a. If the budget or proposed budget shows district
195 costs per student in fall enrollment of more than the
196 state cost per student.

197 b. If the total general fund budget or proposed
198 budget has increased over the previous year by a percent
199 greater than the percentage growth factor computed by
200 the state comptroller as provided in section four (4)
201 of this Act.

202 c. If in the judgment of the committee, the proposed
203 budget shows total general fund expenditures to be
204 unreasonably high in relation to the comparative cost
205 factors of the school district, even if the expenditures
206 do not exceed the state cost per student for the year.

207 3. The committee may authorize for the local school
208 board a school budget in excess of limitations provided
209 for in section four (4) of this Act as follows:

210 a. The additional school district property tax levy
211 may be increased up to three mills for general fund
212 purposes over the limitation provided in section nine
213 (9) of this Act.

214 b. Additional supplemental state aid may be made
215 to any district from any discretionary funds appropri-
216 ated specifically to the committee for this purpose.

217 If the committee does not authorize for the local
218 school boards the school district's budget, it shall
219 state its recommendations in terms of a specific reduc-
220 tion in the general fund expenditures included in the
221 budget, and in terms of the projected reduction in the
222 tax rate of the school district, as determined under
223 section nine (9) of this Act, and shall notify the
224 local school board of its recommendations through the
225 state comptroller.

226 If the school budget review committee makes a recom-
227 mendation, the school board shall follow the recommen-
228 dation or shall submit to the voters of the school dis-
229 trict, at the regular election or at a special election
230 called for that purpose, the question of whether the
231 board shall adopt the recommendations of the budget
232 review committee, or shall approve the budget as pro-
233 posed. The question submitted to the voters shall
234 state clearly the projected difference in the tax rate
235 of the school district which will result if the board
236 adopts the recommendations of the school budget review
237 committee, and of the budget proposed.

238 If a majority of those voting favors adoption of
239 the recommendation of the school budget review committee,
240 the board of directors of the school district shall
241 revise its budget and records as recommended.

242 The school board shall certify the result of an
243 election required under this section to the school
244 budget review committee, to the county auditor, and
245 to the state comptroller, within ten days following
246 the election.

247 The committee, when authorizing school budgets in
248 excess of limitations provided in this Act, shall con-
249 sider each district's circumstances and facts which
250 are unique and unusual. Such unique and unusual circum-
251 stances and facts may be considered by the committee,
252 including but not limited to any unusual increases or
253 decreases in enrollments, natural disasters, unusual
254 transportation problems, and initial staffing problems.

255 Failure by any school district to provide information
256 or to appear before the committee as requested for the
257 accomplishment of review or hearing shall constitute
258 justification for the committee to instruct the state
259 comptroller to withhold any state aid to that district
260 until the committee's inquiries are satisfied completely.

261 Sec. 13. COUNTY BOARD REVIEW. The school budget
262 review committee may call in any county board of edu-
263 cation for the purpose of reviewing its budget as it
264 relates to the individual districts within the county.

265 Sec. 14. APPROPRIATIONS. There is hereby appro-
266 priated each year from the general fund of the state
267 an amount necessary to pay the state school foundation
268 aid.

269 All state aids paid under sections one (1) through
270 twenty (20), inclusive, of this Act, unless otherwise
271 stated shall be in installments due on or about Septem-
272 ber 15, December 15, March 15, and May 15 of each year,
273 and the installments shall be as nearly equal as pos-
274 sible as determined by the state comptroller, taking
275 into consideration the relative budget and cash position
276 of the state resources.

277 All moneys received by a school district from the
278 state under the provisions of this Act, including the
279 guaranteed state aid, shall be deposited in the general
280 fund of the school district.

281 Sec. 15. TENTATIVE BUDGET. Not later than December
282 first for each ensuing fiscal year, the board of direc-
283 tors of each school district shall set a tentative bud-
284 get in dollars of the amount the district may spend
285 on each program in the system as defined by the school
286 budget review committee and in the forms so prescribed.
287 This prospectus of program and allotted dollars as
288 approved by the board shall guide the superintendent
289 when preparing the proposed budget for that year. These
290 limitations submitted by the board of directors to the
291 superintendent of schools for the district shall be
292 promptly forwarded to the committee.

293 Sec. 16. MAXIMUM MILLAGE REDUCTION. If the func-
294 tioning of the state foundation program as provided
295 in this Act causes a yearly reduction in excess of ten
296 percent in a local school district's total millage for
297 the general fund for the school year beginning July
298 1, 1972, based on the total millage for the general
299 fund for the school year beginning July 1, 1970, then
300 the reduction shall be limited to a ten percent reduction
301 each successive year and the limitation shall be com-
302 puted by the state comptroller with notification to
303 the local school board.

304 For the school years beginning July 1, 1975, and
305 later there will be no maximum millage reduction in
306 any school district.

307 Sec. 17. ESTIMATES OF MISCELLANEOUS AIDS. No later
308 than September first of each year, the department of
309 public instruction shall certify to the state comp-
310 troller the amounts of any state aids other than the
311 amounts provided in this Act that will be received by

312 each school district in the state. In the event any
313 estimate of state aids in any school budget certified
314 to the auditor as provided by section twenty-four point
315 seventeen (24.17) of the Code is more or less than the
316 amount of state aids certified to the state comptroller
317 by the department of public instruction as provided
318 by this section, the state comptroller shall certify
319 to the county auditors the final millage for each school
320 district.

321 Sec. 18. RULES AND REGULATIONS. The superintendent
322 of public instruction, after consultation with the state
323 comptroller, may adopt rules and regulations and defini-
324 tions of terms as necessary and proper for the adminis-
325 tration of sections one (1) through twenty (20), inclu-
326 sive, of this Act.

327 Sec. 19. LOCAL BUDGET LAW. Provisions of chapter
328 twenty-four (24) of the Code shall apply to this Act.

329 Sec. 20. EFFECTIVE DATE OF THE ACT. The effective
330 date of this Act is July 1, 1972, unless otherwise pro-
331 vided.

332 2. Page 14, line 32, strike the figure "18" and
333 insert in lieu thereof the figure "20".

334 3. Page 15, strike ~~lines 9 through 35, inclusive,~~
335 and insert in lieu thereof the following:

336 Sec. 20. Section four hundred twenty-two point five
337 (422.5), subsections one (1) through seven (7), code
338 1971, are amended as follows:

339 1. On the first one thousand dollars of taxable
340 income, or any part thereof, ~~three-fourths-of~~ one
341 percent.

342 2. On the second thousand dollars of taxable income,
343 or any part thereof, ~~one-and-one-half~~ two percent.

344 3. On the third thousand dollars of taxable income,
345 or any part thereof, ~~two-and-one-fourth~~ three percent.

346 4. On the fourth thousand dollars of taxable income,
347 or any part thereof, ~~three~~ four percent.

348 5. On the fifth, sixth and seventh thousand dollars
349 of taxable income, or any part thereof, ~~three-and-three~~
350 ~~fourths~~ five percent.

351 6. On the eighth thousand dollars of taxable income,
352 or any part thereof, ~~four-and-one-half~~ six percent,
353 and on all taxable income in excess of seven thousand
354 dollars, ~~four-and-one-half~~ six percent.

355 7. In addition to the tax imposed in the above sub-
356 sections of this section, on all taxable income in
357 excess of nine thousand dollars, ~~three-fourths~~ one
358 percent. ~~This-additional-tax-shall-be-effective-for~~
359 ~~all-taxable-years-ending-after-January-4,-1965,-except~~
360 ~~that-for-taxable-years-beginning-before-January-4,-1965,~~
361 ~~and-ending-thereafter,-shall-be-collected-on-the-basis~~
362 ~~of-the-proportion-which-the-number-of-months-in-any~~
363 ~~such-fiscal-year,-commencing-with-the-month-of-January~~
364 ~~1965,-bears-to-the-total-year.--This-additional-tax~~

365 ~~shall-be-in-lieu-of-all-taxes-imposed-by-section-429-2~~
366 ~~on-the-property-therein-described-of-individuals,~~
367 ~~administrators,-executors,-guardians,-conservators,~~
368 ~~trustees-or-an-agent-or-nominee-thereof.~~

369 Sec. 21. Section four hundred twenty-two point
370 thirty-three (422.33), unnumbered paragraphs two (2),
371 three (3) and four (4), Code 1971, are amended as
372 follows:

373 On the first twenty-five thousand dollars of taxable
374 income, or any part thereof, the rate of four six
375 percent.

376 On taxable income between twenty-five thousand dollars
377 and one hundred thousand dollars or any part thereof,
378 the rate of six eight percent.

379 On taxable income of one hundred thousand dollars
380 or more, the rate of eight ten percent.

381 Sec. 22. The foregoing provisions of sections twenty
382 (20) and twenty-one (21) of this Act shall become
383 effective for all taxable years ending after January
384 1, 1971, except that for taxable years beginning before
385 January 1, 1971, and ending thereafter, the tax collected
386 shall be collected on the basis of the proportion which
387 the number of months in any such fiscal year commencing
388 with the month of January 1971, bears to the total year.

389 4. Page 16, strike lines 1 through 7, inclusive.

390 5. Page 16, strike lines 22 through 32, inclusive.

391 6. Page 17, strike lines 33, 34, and 35.

392 7. Page 18, strike lines 1 through 16, inclusive.

393 8. Page 19, strike lines 15 through 20, inclusive.

394 9. Renumber remaining sections and correct internal
395 references in accordance with this amendment.

396 10. Page 1, amend the title by striking from line 2
397 the words "imposing a school district income tax", and
398 by striking lines 3 through 6, inclusive, and inserting
399 in lieu thereof the words "increasing the state individ-
400 ual and corporate income tax, and providing appropria-
401 tions for state aid".

Filed
April 28, 1971

Div. 1, lines 1 thru 328 last 4/29
Motion to reconsider filed 4/29

By SHAW OF SCOTT, District 78
KEHE OF BREMER, District 12
PELTON OF CLINTON, District 74
SCHWARTZ OF WAPELLO, District 97
KREAMER OF POLK, District 63
ANDERSEN OF WOODBURY, District 23
KELLY OF WOODBURY, District 22
SCHROEDER OF POTTAWATTAMIE, District 54
HANSEN OF BLACK HAWK, District 37
MOLLETT OF POTTAWATTAMIE, District 80
NYSTROM OF BOONE, District 55
LAWSON OF CERRO GORDO, District 17

HOUSE CLIP SHEET
Thursday, April 29, 1971

HOUSE FILE 654

- 1 Amend the Fisher, Roorda amendment to House File
- 2 654, filed April 27, 1971 as follows:
- 3 1. By inserting before the word "Each" in line
- 4 15 the following: "Section four hundred twenty-eight
- 5 point twenty-four (428.24), Code 1971, is amended by
- 6 adding the following new paragraph:".
- 7 2. Line 16, by inserting after the word
- 8 "statement" the following:", as prescribed by the
- 9 director of revenue,".

Filed - *W.D. 5/7*
April 28, 1971

By FISHER of Greene
District 56
ROORDA of Jasper
District 67

HOUSE FILE 654

- 1 Amend the Gluba et al amendment to House File 654
- 2 filed April 27, 1971, as follows:
- 3 Line 108, by striking the words "section two (2)
- 4 or section three (3) and inserting in lieu thereof
- 5 the following: "section twenty-nine (29) or section
- 6 thirty (30)".

Filed - *W.D. 5/6*
April 28, 1971

By GLUBA of Scott
District 76

HOUSE FILE 654

- 1 Amend House File 654 as follows:
- 2 1. Page 3, line 3, by inserting after the word
- 3 "amount" the words "equal to less than three hundred
- 4 dollars".
- 5 2. Page 3, line 4, by striking the words "which,
- 6 added to the" and inserting in lieu thereof a period
- 7 3. Page 3, by striking lines 5 through 9, inclusive.

Filed - *W.D. 4/30*
April 28, 1971

By WINKELMAN of Calhoun
District 26

House 3
April 29, 1971

HOUSE FILE 654

- 1 Amend House File 654 by inserting on page 3 after line 3
- 2 the words "state aid per pupil in fall enrollment which is
- 3 less than two hundred dollars. Subject to the two hundred
- 4 dollar minimum, no district shall receive during a school
- 5 year an amount of".

Offered in Committee of the Whole and Adopted
April 28, 1971
Motion to reconsider filed 4/29, lost 4/30

By DEN HERDER
District 1
ROORDA of Jasper
District 67
CURTIS of Cherokee
District 25

HOUSE FILE 654

- 1 Amend the Shaw et. al amendment to House File 654,
- 2 filed Wednesday, April 28, 1971, by striking all of
- 3 Sec. 16 from pages 12 and 13.

Filed - *Adopted 4/29*
April 28, 1971

By SCHROEDER of Pottawattamie
District 54
KNOKE of Pottawattamie
District 79
MOLLETT of Pottawattamie
District 80
HANSEN of Black Hawk
District 37
KELLY of Woodbury
District 22
ALT of Polk
District 61

House 2
April 29, 1971

HOUSE FILE 654

1 Amend House File 654, page 14, by adding after line 25
2 the following new section:
3 "Section two hundred seventy-nine point thirty-four
4 (279.34), Code 1971, is amended as follows:
5 279.34 SUMMARY OF WARRANTS PUBLISHED. In each
6 consolidated district and in each independent or community
7 city or town school district, ~~except districts of over one~~
8 ~~hundred twenty five thousand population~~, the board shall
9 quarterly publish by one insertion in at least one news-
10 paper published in the district, if there is a newspaper
11 published in the district, a statement verified by
12 affidavit of the secretary of the board showing a summary
13 of the proceedings of the board pertaining to financial
14 matters or expenses to the district for the previous
15 quarter, including the list of all warrants issued by the
16 board, the names of the persons, firms or corporations
17 receiving same, the amount thereof and the reason there-
18 for; except that warrants issued to persons regularly
19 employed by the school district for services regularly
20 performed by them need be listed not oftener than
21 annually. The publication shall also include the number
22 of warrants outstanding and the balance of funds on hand.
23 The fee for publication of the statement provided for
24 herein shall not exceed three-fifths of the legal
25 publication fee provided by statute for the publication of
26 legal notices.

Offered in Committee of
the Whole and Ruled
not Germane.
April 28, 1971

By RADL of Linn
District 43
WAUGH of Crawford
District 27
SORG of Linn
District 47

House 12
April 29, 1971

HOUSE FILE 654

1 Amend the Shaw, et al amendment to House File 654 as
2 follows:
3 1. By adding after section 20 the following new sec-
4 tion:
5 "Section four hundred twenty-two point nine (422.9),
6 Code 1971, is amended by adding the following new subsec-
7 tion:
8 'The deductions otherwise allowable under this section
9 are subject to one of the following limitations, at the tax-
10 payer's option:
11 a. A maximum amount equal to twenty-five percent of
12 the taxpayer's net income for all deductions otherwise
13 allowable other than the medical expense deduction and non-
14 reimbursable casualty loss, plus the total medical expense
15 deduction and non-reimbursable casualty losses otherwise
16 allowable.
17 b. A maximum amount equal to fifty percent of the
18 taxpayer's net income for all deductions otherwise allow-
19 able.'"
20 2. Renumber sections and correct internal references
21 as necessary in accordance with this amendment.

Filed
April 28, 1971

By SMALL of Johnson
District 69
GLUBA of Scott
District 76
COCHRAN of Webster
District 29

HOUSE FILE 654

1 Amend the Shaw, et al manedment to House File 654 as
2 follows:
3 1. By adding after section 20 the following new sec-
4 tion:
5 "Section four hundred twenty-two point nine (422.9),
6 subsection two (2), Code 1971, is amended by striking
7 paragraph 'b'.
8 2. Renumber sections and correct internal references
9 as necessary in accordance with this amendment.

Filed
April 28, 1971

By SMALL of Johnson
District 69
GLUBA of Scott
District 76
UBAN of Black Hawk
District 38

House 26
April 30, 1971

HOUSE FILE 654

1 Amend the Shaw, et al amendment to House File
2 654 filed April 28, 1971, by inserting after the
3 period in line 89 the following:
4 "Shared-time students shall be counted on the
5 basis of number of hours of instruction in a public
6 school proportionate to a full-time student enrolled
7 in the district."

Offered in committee
of the whole
and adopted.
April 29, 1971

By BLOUIN of Dubuque
District 49

HOUSE FILE 654

1 Amend House File 654 as follows:
2 1. Page 14, by inserting after line 25 the following
3 section:
4 "A school district which has a fall enrollment of less
5 than six hundred pupils for the school year commencing
6 July 1, 1970 and ending June 30, 1971 shall formulate a
7 plan for reorganization and a referendum on reorganization
8 of the school district shall be held pursuant to this sec-
9 tion.
10 The school board shall, prior to October 1, 1971, submit
11 to the county board of education of the county in which the
12 school district is located a plan for reorganization with a
13 contiguous school district. The combined fall enrollments
14 for September, 1971 of the school districts involved in the
15 reorganization plan shall be at least one thousand two
16 hundred pupils.
17 The provisions of section two hundred seventy-five point
18 twelve (275.12), subsections two (2) and three (3), and
19 sections two hundred seventy-five point fourteen (275.14),
20 two hundred seventy-five point fifteen (275.15), and two
21 hundred seventy-five point sixteen (275.16) of the Code
22 shall apply to this section, except that any reference to
23 'petition' shall mean 'the plan submitted by the local
24 school board'. The provisions of sections two hundred
25 seventy-five point eighteen (275.18), two hundred seventy-
26 five point nineteen (275.19), two hundred seventy-five
27 point twenty (275.20), and two hundred seventy-five point
28 twenty-two (275.22) through two hundred seventy-five point
29 thirty-one (275.31), inclusive, of the Code shall apply to
30 this section."
31 2. By renumbering the remaining sections and correcting
32 internal references as necessary in accordance with this
33 amendment.

Filed - *Revised not germane 5/10*
April 29, 1971

By KENNEDY of Chickasaw
District 11

HOUSE CLIP SHEET

Friday, April 30, 1971

HOUSE FILE 654

1 Amend the Kreamer and Varley amendment to House File
2 654, filed April 28, 1971, and found on pages 1155 through
3 1158 of the House Journal, as follows:
4 1. Line 45, insert before the word "property" the word
5 "taxable".
6 2. Strike lines 130, 131, and 132 and insert in lieu
7 thereof the following:
8 "2. Strike section 18, including lines 2 through 35,
9 inclusive, page 13, and lines 1 through 25, inclusive,
10 page 14, and insert in lieu thereof the following:
11 Sec. 18. DUTIES OF COMMITTEE."

Filed - *Adopted 5/3*
April 29, 1971

By KREAMER of Polk
District 63
VARLEY of Adair
District 84

HOUSE FILE 654

1 Amend the Kreamer and Varley amendment to House File
2 654 filed April 28, 1971, and found on pages 1155 through
3 1158 of the House Journal, by inserting in line 126 after
4 the word "year" the words ", or in a tax year ending during
5 either year, by individuals residing in the school district
6 on December thirty-first of the year for which the tax is
7 due, or at the time of filing during that year for those on
8 other than a calendar year basis".

Filed - *Adopted 5/3*
April 29, 1971

By KREAMER of Polk
District 63
VARLEY of Adair
District 84

HOUSE FILE 654

1 Amendment to Shaw, et al amendment:
2 1. In line sixteen (16), following the word "seventy",
3 add the word "five".
4 2. In line eighteen (18), strike the word "seventy-five" and
5 add in lieu thereof the words "seventy-seven and one-half".

Offered in committee
of the whole
and lost.
April 29, 1971

By JOHNSTON of Johnson
District 70

HOUSE FILE 654

- 1 Amend House File 654 as follows:
- 2 1. Page 15, strike lines 9 through 35, inclusive.
 - 3 2. Page 16, strike lines 1 through 7, inclusive.
 - 4 3. Page 16, strike lines 22 through 32, inclusive.
 - 5 4. Page 17, strike lines 33, 34, and 35.
 - 6 5. Page 18, strike lines 1 through 16, inclusive.
 - 7 6. Page 19, strike lines 15 through 20, inclu-
 - 8 sive, and insert in lieu thereof the following:
 - 9 Sec. 27. Chapter four hundred twenty-two (422),
 - 10 Code 1971, is amended by striking sections four hundred
 - 11 twenty-two point four (422.4) through four hundred
 - 12 twenty-two point fourteen (422.14), inclusive, and
 - 13 inserting in lieu thereof sections twenty-eight (28)
 - 14 through thirty-six (36), inclusive, of this Act.
 - 15 Sec. 28. As used in this division, unless the
 - 16 context otherwise requires:
 - 17 1. "Taxpayer" means any person subject to a tax
 - 18 imposed by this division.
 - 19 2. "Person" means an individual, trust, estate,
 - 20 fiduciary, corporation, partnership, or other entity.
 - 21 3. "Individual" means a natural person.
 - 22 4. "Fiduciary" means a guardian, trustee, executor,
 - 23 administrator, receiver, or conservator.
 - 24 5. "Corporation" means a corporation, joint stock
 - 25 company, or association.
 - 26 6. "Taxable income" means "taxable income" as
 - 27 defined in section sixty-three (63) of the Internal
 - 28 Revenue Code, and computed in accordance with all
 - 29 applicable provisions of chapter one (1), subtitle
 - 30 A of the Internal Revenue Code.
 - 31 7. "Adjusted gross income" means "adjusted gross
 - 32 income" as defined in section sixty-two (62) of the
 - 33 Internal Revenue Code.
 - 34 8. "Resident" means an individual who is domiciled
 - 35 in the state or who maintains a permanent place of
 - 36 abode within the state.
 - 37 9. "Resident estate or trust" means:
 - 38 a. The estate of a decedent who at his death was
 - 39 domiciled in this state.
 - 40 b. A trust created by will of a decedent who at
 - 41 his death was domiciled in this state, or
 - 42 c. A trust created by, or consisting of property
 - 43 of, a person domiciled in this state.
 - 44 10. "Internal Revenue Code" means the United
 - 45 States Internal Revenue Code of 1954, Title twenty-
 - 46 six (26), U.S.C., and the applicable regulations of
 - 47 the Internal Revenue Service, as amended to and
 - 48 including January 1, 1971.
 - 49 11. "Employer" means a person who has a right

50 to exercise control as to how, when, and where services
51 are to be performed.

52 12. "Withholding agent" means a person, or any
53 governmental unit, responsible for the payment of
54 wages to a resident, or for the payment of any income
55 allocable to Iowa to a nonresident.

56 13. "Wages" means the same as defined in section
57 three thousand four hundred one, subsection a (3401a)
58 of the Internal Revenue Code.

59 14. "Other person", when used in relation to
60 withholding tax, means any person properly empowered
61 to act on behalf of an individual payee.

62 15. "Paid" means "paid or accrued" or "paid or
63 incurred" and shall be construed according to the
64 method of accounting which is used for the computation
65 of income.

66 16. "Received" means "received" or "accrued",
67 according to the method of accounting which is used
68 for the computation of income.

69 17. Any term not otherwise defined has the same
70 meaning as when used in a comparable context in the
71 Internal Revenue Code.

72 Sec. 29.

73 1. Subject to section thirty (30) of this Act, an
74 Iowa income tax determined in accordance with the
75 following table is imposed on the taxable income of
76 every married individual who makes a single return
77 jointly with his spouse and every surviving spouse:
78 If the taxable income in a taxable
79 year is:

	The tax is:
80 Not over \$1,000.....	2.8% of the tax-
81	able income.
82 Over \$1,000 but not over \$2,000.....	\$28, plus 3%
83	of excess over \$1,000.
84 Over \$2,000 but not over \$3,000.....	\$58, plus 3.2%
85	of excess over \$2,000.
86 Over \$3,000 but not over \$4,000.....	\$90, plus 3.4%
87	of excess over \$3,000.
88 Over \$4,000 but not over \$8,000.....	\$124, plus 3.8%
89	of excess over \$4,000.
90 Over \$8,000 but not over \$12,000.....	\$276, plus 4.4%
91	of excess over \$8,000.
92 Over \$12,000 but not over \$16,000....	\$452, plus 5%
93	of excess over \$12,000.
94 Over \$16,000 but not over \$20,000....	\$652, plus 5.6%
95	of excess over \$16,000.
96 Over \$20,000 but not over \$24,000....	\$876, plus 6.4%
97	of excess over \$20,000.
98 Over \$24,000 but not over \$28,000....	\$1,132, plus 7.2%
99	of excess over \$24,000.
100 Over \$28,000 but not over \$32,000....	\$1,420, plus 7.8%
101	of excess over \$28,000.
102 Over \$32,000 but not over \$36,000....	\$1,732, plus 8.4%
103	of excess over \$32,000.

104	Over \$36,000 but not over \$40,000....	\$2,068, plus 9%
105		of excess over \$36,000.
106	Over \$40,000 but not over \$44,000....	\$2,428, plus 9.6%
107		of excess over \$40,000.
108	Over \$44,000 but not over \$52,000....	\$2,812, plus 10%
109		of excess over \$44,000.
110	Over \$52,000 but not over \$64,000....	\$3,612, plus 10.6%
111		of excess over \$52,000.
112	Over \$64,000 but not over \$76,000....	\$4,884, plus 11%
113		of excess over \$64,000.
114	Over \$76,000 but not over \$88,000....	\$6,204, plus 11.6%
115		of excess over \$76,000.
116	Over \$88,000 but not over \$100,000...	\$7,596, plus 12%
117		of excess over \$88,000.
118	Over \$100,000 but not over \$120,000..	\$9,036, plus 12.4%
119		of excess over \$100,000.
120	Over \$120,000 but not over \$140,000..	\$11,516, plus 12.8%
121		of excess over \$120,000.
122	Over \$140,000 but not over \$160,000..	\$14,076, plus 13.2%
123		of excess over \$140,000.
124	Over \$160,000 but not over \$180,000..	\$16,716, plus 13.6%
125		of excess over \$160,000.
126	Over \$180,000 but not over \$200,000..	\$19,436, plus 13.8%
127		of excess over \$180,000.
128	Over \$200,000.....	\$22,196, plus 14%
129		of excess over \$200,000.
130	2. Subject to section thirty (30) of this Act, an	
131	Iowa income tax determined in accordance with the	
132	following table is imposed on the taxable income of	
133	every individual who is the head of a household:	
134	If the taxable income in a taxable	
135	year is:	The tax is:
136	Not over \$1,000.....	2.8% of the tax-
137		able income.
138	Over \$1,000 but not over \$2,000.....	\$28, plus 3.2%
139		of excess over \$1,000.
140	Over \$2,000 but not over \$4,000.....	\$60, plus 3.6%
141		of excess over \$2,000.
142	Over \$4,000 but not over \$6,000.....	\$132, plus 3.8%
143		of excess over \$4,000.
144	Over \$6,000 but not over \$8,000.....	\$208, plus 4.4%
145		of excess over \$6,000.
146	Over \$8,000 but not over \$10,000.....	\$296, plus 4.6%
147		of excess over \$8,000.
148	Over \$10,000 but not over \$12,000....	\$388, plus 5%
149		of excess over \$10,000.
150	Over \$12,000 but not over \$14,000....	\$488, plus 5.4%
151		of excess over \$12,000.
152	Over \$14,000 but not over \$16,000....	\$596, plus 5.6%
153		of excess over \$14,000.
154	Over \$16,000 but not over \$18,000....	\$708, plus 6.2%
155		of excess over \$16,000.
156	Over \$18,000 but not over \$20,000....	\$832, plus 6.4%
157		of excess over \$18,000.

158	Over \$20,000 but not over \$22,000....	\$960, plus 7%
159		of excess over \$20,000.
160	Over \$22,000 but not over \$24,000....	\$1,100, plus 7.2%
161		of excess over \$22,000.
162	Over \$24,000 but not over \$26,000....	\$1,244, plus 7.6%
163		of excess over \$24,000.
164	Over \$26,000 but not over \$28,000....	\$1,396, plus 8.2%
165		of excess over \$26,000.
166	Over \$28,000 but not over \$32,000....	\$1,560, plus 8.4%
167		of excess over \$28,000.
168	Over \$32,000 but not over \$36,000....	\$1,896, plus 9%
169		of excess over \$32,000.
170	Over \$36,000 but not over \$38,000....	\$2,256, plus 9.6%
171		of excess over \$36,000.
172	Over \$38,000 but not over \$40,000....	\$2,448, plus 10.2%
173		of excess over \$38,000.
174	Over \$40,000 but not over \$44,000....	\$2,652, plus 10.4%
175		of excess over \$40,000.
176	Over \$44,000 but not over \$50,000....	\$3,068, plus 11%
177		of excess over \$44,000.
178	Over \$50,000 but not over \$52,000....	\$3,728, plus 11.2%
179		of excess over \$50,000.
180	Over \$52,000 but not over \$64,000....	\$3,952, plus 11.6%
181		of excess over \$52,000.
182	Over \$64,000 but not over \$70,000....	\$5,344, plus 11.8%
183		of excess over \$64,000.
184	Over \$70,000 but not over \$76,000....	\$6,052, plus 12.2%
185		of excess over \$70,000.
186	Over \$76,000 but not over \$80,000....	\$6,784, plus 12.4%
187		of excess over \$76,000.
188	Over \$80,000 but not over \$88,000....	\$7,280, plus 12.6%
189		of excess over \$80,000.
190	Over \$88,000 but not over \$100,000....	\$8,288, plus 12.8%
191		of excess over \$88,000.
192	Over \$100,000 but not over \$120,000..	\$9,824, plus 13.2%
193		of excess over \$100,000.
194	Over \$120,000 but not over \$140,000..	\$12,464, plus 13.4%
195		of excess over \$120,000.
196	Over \$140,000 but not over \$160,000..	\$15,144, plus 13.6%
197		of excess over \$140,000.
198	Over \$160,000 but not over \$180,000..	\$17,864, plus 13.8%
199		of excess over \$160,000.
200	Over \$180,000.....	\$20,624, plus 14%
201		of excess over \$180,000.

202 3. Subject to section thirty (30) of this Act, an
203 Iowa income tax determined in accordance with the
204 following table is imposed on the taxable income of
205 every individual who is not a married individual,
206 a surviving spouse, or the head of a household:
207 If the taxable income in a taxable
208 year is:
209 Not over \$500
210

The tax is:
2.8% of the tax-
able income.

211	Over \$500 but not over \$1,000.....	\$14, plus 3%
212		of excess over \$500.
213	Over \$1,000 but not over \$1,500.....	\$29, plus 3.2%
214		of excess over \$1,000.
215	Over \$1,500 but not over \$2,000.....	\$45, plus 3.4%
216		of excess over \$1,500.
217	Over \$2,000 but not over \$4,000.....	\$62, plus 3.8%
218		of excess over \$2,000.
219	Over \$4,000 but not over \$6,000.....	\$138, plus 4.2%
220		of excess over \$4,000.
221	Over \$6,000 but not over \$8,000.....	\$222, plus 4.8%
222		of excess over \$6,000.
223	Over \$8,000 but not over \$10,000.....	\$318, plus 5%
224		of excess over \$8,000.
225	Over \$10,000 but not over \$12,000....	\$418, plus 5.4%
226		of excess over \$10,000.
227	Over \$12,000 but not over \$14,000....	\$526, plus 5.8%
228		of excess over \$12,000.
229	Over \$14,000 but not over \$16,000....	\$642, plus 6.2%
230		of excess over \$14,000.
231	Over \$16,000 but not over \$18,000....	\$766, plus 6.8%
232		of excess over \$16,000.
233	Over \$18,000 but not over \$20,000....	\$902, plus 7.2%
234		of excess over \$18,000.
235	Over \$20,000 but not over \$22,000....	\$1,046, plus 7.6%
236		of excess over \$20,000.
237	Over \$22,000 but not over \$26,000....	\$1,198, plus 8%
238		of excess over \$22,000.
239	Over \$26,000 but not over \$32,000....	\$1,518, plus 9%
240		of excess over \$26,000.
241	Over \$32,000 but not over \$38,000....	\$2,058, plus 10%
242		of excess over \$32,000.
243	Over \$38,000 but not over \$44,000....	\$2,658, plus 11%
244		of excess over \$38,000.
245	Over \$44,000 but not over \$50,000....	\$3,318, plus 12%
246		of excess over \$44,000.
247	Over \$50,000 but not over \$60,000....	\$4,038, plus 12.4%
248		of excess over \$50,000.
249	Over \$60,000 but not over \$70,000....	\$5,278, plus 12.8%
250		of excess over \$60,000.
251	Over \$70,000 but not over \$80,000....	\$6,558, plus 13.2%
252		of excess over \$70,000.
253	Over \$80,000 but not over \$90,000....	\$7,878, plus 13.6%
254		of excess over \$80,000.
255	Over \$90,000 but not over \$100,000...	\$9,238, plus 13.8%
256		of excess over \$90,000.
257	Over \$100,000.....	\$10,618, plus 14%
258		of excess over \$100,000.

259 4. Subject to section thirty (30) of this Act, an
260 Iowa income tax determined in accordance with the
261 following table is imposed on the taxable income of
262 every married individual who does not make a single

263	return jointly with his spouse, and of every estate	
264	and trust:	
265	If the taxable income in a taxable	
266	year is:	The tax is:
267	Not over \$500.....	2.8% of the taxable income
268	Over \$500 but not over \$1,000.....	\$14, plus 3%
269		of excess over \$500.
270	Over \$1,000 but not over \$1,500.....	\$29, plus 3.2%
271		of excess over \$1,000.
272	Over \$1,500 but not over \$2,000.....	\$45, plus 3.4%
273		of excess over \$1,500.
274	Over \$2,000 but not over \$4,000.....	\$62, plus 3.8%
275		of excess over \$2,000.
276	Over \$4,000 but not over \$6,000.....	\$138, plus 4.4%
277		of excess over \$4,000.
278	Over \$6,000 but not over \$8,000.....	\$226, plus 5%
279		of excess over \$6,000.
280	Over \$8,000 but not over \$10,000.....	\$326, plus 5.6%
281		of excess over \$8,000.
282	Over \$10,000 but not over \$12,000....	\$438, plus 6.4%
283		of excess over \$10,000.
284	Over \$12,000 but not over \$14,000....	\$566, plus 7.2%
285		of excess over \$12,000.
286	Over \$14,000 but not over \$16,000....	\$710, plus 7.8%
287		of excess over \$14,000.
288	Over \$16,000 but not over \$18,000....	\$866, plus 8.4%
289		of excess over \$16,000.
290	Over \$18,000 but not over \$20,000....	\$1,034, plus 9%
291		of excess over \$18,000.
292	Over \$20,000 but not over \$22,000....	\$1,214, plus 9.6%
293		of excess over \$20,000.
294	Over \$22,000 but not over \$26,000....	\$1,406, plus 10%
295		of excess over \$22,000.
296	Over \$26,000 but not over \$32,000....	\$1,806, plus 10.6%
297		of excess over \$26,000.
298	Over \$32,000 but not over \$38,000....	\$2,442, plus 11%
299		of excess over \$32,000.
300	Over \$38,000 but not over \$44,000....	\$3,102, plus 11.6%
301		of excess over \$38,000.
302	Over \$44,000 but not over \$50,000....	\$3,798, plus 12%
303		of excess over \$44,000.
304	Over \$50,000 but not over \$60,000....	\$4,518, plus 12.4%
305		of excess over \$50,000.
306	Over \$60,000 but not over \$70,000....	\$5,758, plus 12.8%
307		of excess over \$60,000.
308	Over \$70,000 but not over \$80,000....	\$7,038, plus 13.2%
309		of excess over \$70,000.
310	Over \$80,000 but not over \$90,000....	\$8,358, plus 13.6%
311		of excess over \$80,000.
312	Over \$90,000 but not over \$100,000...	\$9,718, plus 13.8%
313		of excess over \$90,000.
314	Over \$100,000.....	\$11,098, plus 14%
315		of excess over \$100,000.

316 5. In addition to the other taxes imposed by this
317 section, an Iowa income tax is imposed on the income
318 of each taxpayer on whose income a tax is imposed
319 for the taxable year under section fifty-six (56)
320 of the Internal Revenue Code, in the amount of twenty
321 percent of the tax imposed on the taxpayer for the
322 taxable year under section fifty-six (56) of the
323 Internal Revenue Code.

324 6. In addition to the other taxes imposed by this
325 section, an Iowa income tax is imposed on a taxpayer's
326 income from interest and dividends on foreign
327 securities or securities of states and other political
328 subdivisions, to the extent such income is excluded
329 from adjusted gross income. The tax imposed under
330 this subsection is an amount equal to ten percent
331 of such income.

332 7. Income derived from interest on federal
333 securities shall be included in taxable income.
334 However, a taxpayer who has such income may credit
335 against his Iowa income tax computed as otherwise
336 provided in this section, an amount equal to the
337 amount of Iowa income tax which would be applicable
338 to such income if it were the taxpayer's only taxable
339 income, as computed under subsections one (1) through
340 four (4) of this section.

341 Sec. 30. The Iowa income tax as determined under
342 section twenty-nine (29) of this Act is subject to
343 an adjustment for income not allocable to Iowa, as
344 follows:

345 1. In the case of a nonresident individual, estate,
346 or trust, income derived from sources within this
347 state is allocable to Iowa. Income is derived from
348 sources within this state if it is derived from the
349 ownership, sale, or exchange of property located
350 within this state, if it is received for services
351 performed within this state, or if it is derived from
352 any business or occupation carried on within this
353 state.

354 2. In the case of an individual, estate, or trust
355 which was a resident for part of the taxable year,
356 income is allocable to Iowa if it is received during
357 the period of Iowa residency, or if it is received
358 during the period of nonresidency and is derived from
359 sources within this state.

360 3. In the case of a resident individual, estate,
361 or trust, income is allocable to Iowa unless it is
362 not derived from sources within this state, and an
363 income tax has been imposed on it and paid to another
364 state or territory of the United States, or the
365 District of Columbia.

366 4. The taxpayer shall determine the percentage
367 that income allocable to Iowa is of adjusted gross

368 income.

369 5. The Iowa income tax as computed under section
370 twenty-nine (29) of this Act multiplied by the
371 percentage determined in subsection four (4) of this
372 section is the net payable Iowa income tax.

373 Sec. 31. Every individual who receives income
374 allocable to Iowa during a taxable year, and who is
375 required to file a federal income tax return for that
376 taxable year, shall complete, sign, and file an Iowa
377 individual income tax return.

378 If an individual is unable to make his own return,
379 the return shall be made by an agent, guardian, or
380 other person charged with the care of the person or
381 property of the individual.

382 Sec. 32. Every fiduciary shall complete, sign,
383 and file an Iowa fiduciary income tax return for any
384 individual, estate, or trust for which he acts, if
385 the individual, estate, or trust receives income
386 allocable to Iowa during a taxable year and is required
387 to file a federal fiduciary tax return for that taxable
388 year.

389 Sec. 33. The director may require any individual
390 or fiduciary required to file an Iowa individual or
391 fiduciary income tax return for any taxable year,
392 to also furnish a true copy of any federal income
393 tax return filed for that taxable year. Every
394 individual and fiduciary shall notify the director
395 in writing of any modification of his taxable income
396 upon which a computation of Iowa income tax has been
397 based. A statement of the facts shall accompany this
398 notice, which shall be filed within thirty days after
399 the modification, at which time the taxpayer shall
400 pay any additional Iowa income tax resulting from
401 a change in taxable income, or shall be entitled to
402 a refund of any excess Iowa income tax paid.

403 Sec. 34. If the federal income tax liability of
404 husband or wife is determined on separate federal
405 returns, their Iowa tax liabilities imposed by this
406 division shall be separately determined.

407 If the federal income tax liability of husband
408 and wife is determined on a joint federal return,
409 their Iowa tax liability imposed by this division
410 shall be determined on the basis of their joint federal
411 tax liability.

412 Sec. 35. The director shall provide a simplified
413 return for reporting the Iowa income tax imposed on
414 individuals by this division. In addition to the
415 simplified individual income tax return, the director
416 shall prescribe and supply forms for all necessary
417 state income tax returns. State forms shall conform

418 to federal income tax return forms, so far as
419 practicable. Failure to receive or obtain a form
420 does not relieve any taxpayer from the obligation
421 to make a return and pay the tax imposed by this
422 chapter. The individual income tax return form shall
423 provide space for indicating the county and the school
424 district of the taxpayer's residence, and his adjusted
425 gross income and income allocable to Iowa. A return
426 which does not include this information is an
427 incomplete return.

428 A taxpayer may show amounts on his Iowa income
429 tax return in whole dollar amounts in the same manner
430 as permitted under section six thousand one hundred
431 two (6102) of the Internal Revenue Code, and the
432 regulations issued under that section.

433 Sec. 36. Net payable Iowa income tax due shall
434 be paid in full at the time of filing the return.
435 Iowa income tax returns and the net payable Iowa
436 income tax shall be due and payable and shall become
437 delinquent on or before the last day of the fourth
438 month after the expiration of the taxable year. In
439 case of sickness, absence, or other disability, or
440 whenever good cause exists, the director may allow
441 further time for filing returns.

442 When a taxpayer is permitted to file a late return,
443 interest at the rate of six percent per annum on the
444 total tax due, from the time when the return became
445 delinquent, shall be added and paid.

446 Sec. 37. Section four hundred twenty-two point
447 sixteen (422.16), subsections eight (8), nine (9),
448 and subsection eleven (11), paragraphs "a" and "e",
449 Code 1971, are amended as follows:

450 8. An employer or withholding agent shall be
451 liable for the payment of the tax required to be
452 deducted and withheld or the amount actually deducted,
453 whichever is greater, under subsections 1 and 12 of
454 this section; and any amount deducted and withheld
455 as tax under subsections 1 and 12 of this section
456 during any calendar year upon the wages of any
457 employee, nonresident, or other person shall be allowed
458 as a credit to the employee, nonresident, or other
459 person against the tax imposed by ~~section-422:5~~ this
460 division, irrespective of whether or not such tax
461 has been, or will be, paid over by the employer or
462 withholding agent to the department as provided by
463 this chapter.

464 9. The amount of any overpayment of the individual
465 income tax liability of the employee taxpayer,
466 nonresident, or other person which may result from
467 the withholding and payment of withheld tax by the
468 employer or withholding agent to the department under
469 subsections 1 and 12 hereof, as compared to the

470 individual income tax liability of the employee
471 taxpayer, nonresident, or other person properly and
472 correctly determined under the provisions of section
473 ~~422:4; -to-and-including-section-422:25~~ this division;
474 may be credited against any income tax or installment
475 thereof then due the state of Iowa and any balance
476 of one dollar or more shall be refunded to the employee
477 taxpayer, nonresident or other person with interest
478 at six percent per annum, such interest to begin to
479 accrue forty-five days after the date the return was
480 due to be filed or was filed, whichever is the later
481 date. Amounts less than one dollar shall be refunded
482 to the taxpayer, nonresident, or other person only
483 upon written application, in accordance with section
484 422.74, only if such application is filed within
485 twelve months after the due date of the return.
486 Refunds in the amount of one dollar or more provided
487 for by this subsection shall be paid by the state
488 treasurer by means of warrants drawn by the comptroller
489 at the direction of the director, or an authorized
490 employee of the department, and the taxpayer's return
491 of income shall constitute a claim for refund for
492 this purpose, except in respect to amounts of less
493 than one dollar. There is hereby appropriated, out
494 of any funds in the state treasury not otherwise
495 appropriated, a sum sufficient to carry out the
496 provisions of this subsection.

497 11. a. Every person or married couple filing
498 a joint return shall make a declaration of estimated
499 tax if his or their Iowa income tax attributable to
500 income other than wages subject to withholding can
501 reasonably be expected to amount to fifty dollars
502 or more for the taxable year, except that, in the
503 cases of farmers and fishermen, the exceptions provided
504 in the Internal Revenue Code of 1954 with respect
505 to such declarations shall apply. The declaration
506 ~~provided-for-herein~~ shall be filed ~~on-or-before-the~~
507 ~~last-day-of-the-fourth-month-of-the-taxpayer's-tax~~
508 ~~year-for-which-such-declaration-is-filed~~ at the same
509 time as the Iowa income tax return for the same taxable
510 year, in such form as the director may require by
511 regulations. The estimated tax shall be paid in
512 quarterly installments. The first installment shall
513 be paid at the time of filing the declaration. The
514 other installments shall be paid ~~on-or-before-June~~
515 ~~30; -September-30; -and-January-31~~ at the same time
516 as installments are required to be paid under the
517 Internal Revenue Code. However, at the election of
518 the person or married couple filing jointly, any
519 installment of the estimated tax may be paid prior
520 to the date prescribed for its payment. Whenever
521 a person or married couple filing a joint return have

522 reason to believe that his or their Iowa income tax
523 may increase or decrease, either for purposes of
524 meeting the requirement to file a declaration of
525 estimated tax or for the purpose of increasing or
526 decreasing such declaration, an amended estimate shall
527 be file by him or them to reflect such increase or
528 decrease in estimated Iowa income tax.

529 e. Any amount of tax paid on a declaration of
530 estimated tax shall be a credit against the amount
531 of tax found payable on a final, completed return,
532 as provided in subsection 9 hereof, relating to the
533 credit for the tax withheld against the tax found
534 payable on a return properly and correctly prepared
535 under the provisions of ~~section-422:5;-to-and-includ-~~
536 ~~ing-section-422:25~~ this division, and any overpayment
537 of one dollar or more shall be refunded to the taxpayer
538 and such return shall constitute a claim for refund
539 for this purpose. Amounts less than one dollar shall
540 be refunded to the taxpayer only upon written
541 application in accordance with section 422.74, but
542 only if such application is filed within twelve months
543 after the due date for ~~the~~ return. The civil penalties
544 provided by the Internal Revenue Code ~~of-1954~~ for
545 failure to file a declaration or for underpayment
546 of the tax payable shall apply to persons required
547 to file declarations and make payments of estimated
548 tax under the provisions of this section. Underpayment
549 of estimated tax shall be determined in the same
550 manner as provided under the provisions of the Internal
551 Revenue Code ~~of-1954~~ and the exceptions therein
552 provided shall also apply.

553 Sec. 38. Section four hundred twenty-two point
554 thirty-two (422.32), unnumbered paragraph two (2),
555 Code 1971, is amended as follows:

556 The Except as otherwise provided in this section,
557 the words, terms, and phrases defined in subsections
558 1;-and-3-to-10;-section-422:4, division II, when used
559 in this division, shall have the meanings ascribed
560 to them in said section 28 of this Act except where
561 the context clearly indicates a different meaning.

562 Sec. 39. Section four hundred twenty-two point
563 forty-two (422.42), subsection thirteen (13), Code
564 1971, is amended as follows:

565 13. "Services" means all acts or services rendered,
566 furnished, or performed, other than services performed
567 on tangible personal property delivered into interstate
568 commerce, or services used in processing of tangible
569 personal property for use in taxable retail sales
570 or services, for an "employer" as defined in section
422:4;-~~subsection-15~~ 28 of this Act, for a valuable
consideration by any person engaged in any business
or occupation specifically enumerated in this division.

574 The tax shall be due and collectible when the service
575 is rendered, furnished, or performed for the ultimate
576 user thereof.

577 Sec. 40. Section four hundred twenty-two point
578 sixty-nine (422.69) is amended by striking subsection
579 two (2).

580 Sec. 41. Section one hundred thirty-five D point
581 twenty-two (135D.22), subsection one (1), Code 1971,
582 is amended as follows:

583 1. Multiply the number of square feet of floor
584 space each mobile home contains when parked and in
585 use by ten cents, except that if the owner of a mobile
586 home is sixty-five years of age or older and his net
587 ~~income-as-defined-in-section-422:7~~ adjusted gross
588 income as determined for federal income tax purposes,
589 plus interest and dividends from federal securities
590 and income from social security and other tax-exempt
591 retirement or pension plans, when included with that
592 of his spouse is less than thirty-five hundred dollars
593 per year, the semiannual tax shall be computed by
594 multiplying the number of square feet of floor space
595 the mobile home contains when parked and in use by
596 seven and one-half cents. In computing floor space
597 the exterior measurements of the mobile home shall
598 be used as shown on the certificate of registration
599 and title, but not including any area occupied by
600 any hitching device.

601 Sec. 42. Section one hundred thirty-five D point
602 twenty-eight (135D.28), unnumbered paragraph one (1),
603 Code 1971, is amended as follows:

604 135D.28 OWNERS OVER SIXTY-FIVE YEARS OF AGE.
605 If the owner of a mobile home is sixty-five years
606 of age or older and his ~~net-income-as-defined-in~~
607 ~~section-422:7~~ adjusted gross income as determined
608 for federal income tax purposes, plus interest and
609 dividends from federal securities and income from
610 social security and other tax-exempt retirement or
611 pension plans, when included with that of his spouse
612 is less than thirty-five hundred dollars per year,
613 the owner may apply for the lower tax rate.

614 Sec. 43. Section four hundred point three (400.3),
615 unnumbered paragraph two (2), Code 1971, is amended
616 as follows:

617 Such plan for group insurance may include insurance
618 coverage for an employee's dependents. The term
619 "dependent" shall have the same meaning as in section
620 ~~422:12; -subsection-3~~ 152, Internal Revenue Code of
621 1954.

622 Sec. 44. Section four hundred twenty-five point
623 one (425.1), subsection five (5), Code 1971, is amended
624 as follows:

625 5. In addition to the homestead credit of twenty-

626 five mills on twenty-five hundred dollars of assessed
627 valuation allowable under this chapter, in the event
628 the owner, as defined in this chapter, is over sixty-
629 five years of age, or is totally disabled, and provided
630 that his ~~Iowa net income, as defined in section 422:7~~
631 adjusted gross income as determined for federal income
632 tax purposes, plus interest and dividends from federal
633 securities and income from social security and other
634 tax-exempt retirement or pension plans, when included
635 with that of the spouse, brother, sister, son,
636 daughter, if any, living with the claimant, is less
637 than three thousand five hundred dollars for the last
638 twelve-month income tax accounting period, there shall
639 be credited by the county auditor on such owner's
640 eligible homestead, an amount equal to but not
641 exceeding the amount calculated as provided in this
642 section.

643 Sec. 45. Section four hundred forty-two point
644 five (422.5), Code 1971, is amended as follows:
645 442.5 INDIVIDUAL INCOME TAX CERTIFIED TO BASIC
646 TAX UNIT. On or before August 15, 1967, and each
647 year thereafter, the department of revenue shall make
648 an accounting of the individual state income tax
649 collected under division II of chapter 422, applicable
650 to tax returns for the most recent completed tax year,
651 ~~as defined by section 422:4, subsection 4,~~ from
652 taxpayers in each of the various school districts
653 in the state and certify to the state comptroller
654 and the state department of public instruction forty
655 percent of the total credited from the taxpayers of
656 each basic school tax unit.

657 Sec. 46. Section four hundred forty-two point
658 eleven (442.11), subsection two (2), Code 1971, is
659 amended as follows:

660 2. The total adjusted gross income, as defined
661 ~~by section 422:7,~~ determined for federal income tax
662 purposes, less amounts not allocable to Iowa, as
663 reported in the manner required by section 422:21
664 35 of this Act, for the last preceding calendar year
665 or taxable year by residents of each public high
666 school district in the state for which data or
667 estimates are available.

668 Sec. 47. Section four hundred fifty point four
669 (450.4), subsection five (5), Code 1971, is amended
670 as follows:

671 5. On the value of that portion of installment
672 payments which will be includable as ~~net income as~~
673 ~~defined in section 422:7 as~~ in adjusted gross income
674 as determined for federal income tax purposes, received
675 by a beneficiary under an annuity which was purchased
676 under an employees pension or retirement plan.

677 Sec. 48. Section four hundred fifty-one point

House 15
April 30, 1971

678 one (451.1), subsection eight (8), Code 1971, is
679 amended as follows:

680 8. The term "Internal Revenue Code of 1954" shall
681 have the same meaning as ~~ascribed to it~~ "Internal
682 Revenue Code", as defined in section 422:4 28,
683 subsection 10, of this Act.

684 Sec. 49. Sections four hundred twenty-two point
685 nineteen (422.19), four hundred twenty-two point
686 twenty-one (422.21), and four hundred twenty-two point
687 twenty-four (422.24), Code 1971, are repealed.

688 7. Renumber sections and correct internal
689 references as necessary in accordance with this
690 amendment.

691 8. Page 1, amend the title by striking from lines
692 5 and 6 the words ", and increasing the state sales
693 and use tax".

Filed - *Withdrawn 5/6*
April 29, 1971

By UBAN of Black Hawk
District 38
MCCORMICK of Delaware-Jones
District 48
KNOBLAUCH of Carroll-Crawford
District 28
COCHRAN of Webster-Calhoun
District 29
DUNTON of Iowa-Keokuk
District 88
HUSAK of Black Hawk-Tama
District 41
WELLS of Linn
District 44
KENNEDY of Chickasaw
District 11
WYCKOFF of Benton-Black Hawk
District 42
WILLITS of Polk
District 57
LARSON of Story-Jasper
District 34
EWELL of Black Hawk
District 39
BRAY of Scott
District 77
SMALL of Johnson
District 69

April 30, 1971

HOUSE FILE 654

1 Amend the Shaw et al amendment to House File 654
2 as follows:

3 1. By striking section 20 and inserting in lieu
4 thereof the following new sections:

5 Sec. 20. Section four hundred twenty-two point
6 four (422.4), Code 1971, is amended by striking
7 subsection one (1) and inserting in lieu thereof the
8 following:

9 1. The words "net income" mean that portion of
10 a person's base income for a tax year which is
11 allocable under the provisions of section four hundred
12 twenty-two point eight (422.8), of the Code, less
13 the standard exemption allowed by section four hundred
14 twenty-two point nine (422.9) of the Code.

15 Sec. 21. Section four hundred twenty-two point
16 four (422.4), subsections three (3), four (4), seven
17 (7), ten (10), and seventeen (17), Code 1971, are
18 amended as follows:

19 3. The words "income-year" mean the calendar year
20 or the fiscal year upon the basis of which the net
21 base income is computed under this division.

22 4. The words "tax year" mean the calendar year,
23 or the fiscal year ending during such calendar year,
24 upon the basis of which the net base income is computed
25 under this division.

26 7. The word "paid", for the purposes of the
27 deductions under this division, means "paid or accrued"
28 or "paid or incurred", and the terms "paid or incurred"
29 and "paid or accrued" shall be construed according
30 to the method of accounting upon the basis of which
31 the net base income is computed under this division.
32 The term "received", for the purpose of the computation
33 of net base income under this division, means "received
34 or accrued", and the term "received or accrued" shall
35 be construed according to the method of accounting
36 upon the basis of which the net base income is computed
37 under this division.

38 10. The word "individual" means a natural person;
39 and where an individual is permitted to file as a
40 corporation, under the provisions of the Internal
41 Revenue Code of 1954, such fictional status shall
42 not be recognized for purposes of this chapter, and
43 such individual's taxable adjusted gross income shall
44 be computed as required under the provisions of the
45 Internal Revenue Code of 1954 relating to individuals
46 not filing as a corporation, with the adjustments
47 allowed by this chapter.

48 17. "Internal Revenue Code of 1954" means the
49 Internal Revenue Code of 1954, as amended to and

50 including January 1, 1970 1971, and as further amended
51 by the Tax Reform Act of 1969, including provisions
52 therein to be later effective.

53 Sec. 22. Section four hundred twenty-two point
54 five (422.5), Code 1971, is amended by striking the
55 section and inserting in lieu thereof the following:

56 422.5 TAX IMPOSED. A tax is imposed upon every
57 resident of this state, and upon that part of the
58 net income of any nonresident which is derived from
59 any property, trust, or other source within this
60 state, including any business, trade, profession,
61 or occupation carried on within this state, which
62 tax shall be levied, collected, and paid annually
63 upon and with respect to the taxpayer's entire net
64 income at rates as follows:

65 1. On the first one thousand dollars of net income,
66 or any part thereof, one percent.

67 2. On the second thousand dollars of net income,
68 or any part thereof, two percent.

69 3. On the third thousand dollars of net income,
70 or any part thereof, three percent.

71 4. On the fourth and fifth thousand dollars of
72 net income, or any part thereof, four percent.

73 5. On the sixth and seventh thousand dollars of
74 net income, or any part thereof, five percent.

75 6. On the eighth and ninth thousand dollars of
76 net income, or any part thereof, six percent.

77 7. On the tenth, eleventh, and twelfth thousand
78 dollars of net income, or any part thereof, seven
79 percent.

80 8. On the thirteenth, fourteenth, and fifteenth
81 thousand dollars of net income, or any part thereof,
82 eight percent.

83 9. On the sixteenth, seventeenth, and eighteenth
84 thousand dollars of net income, or any part thereof,
85 nine percent.

86 10. On the nineteenth, twentieth, and twenty-first
87 thousand dollars of net income, or any part thereof,
88 ten percent.

89 11. On the twenty-second thousand dollars of net
90 income, or any part thereof, eleven percent, and on
91 all net income in excess of twenty-two thousand
92 dollars, eleven percent.

93 However, no tax shall be imposed on any resident
94 or nonresident whose base income, as defined in section
95 four hundred twenty-two point seven (422.7) of the
96 Code, is three thousand dollars or less; but in the
97 event that the payment of tax under this division
98 would reduce the base income to less than three
99 thousand dollars, then the tax shall be reduced to
100 that amount which would result in allowing the tax-
101 payer to retain a base income of three thousand
102 dollars. The preceding sentence does not apply to
103 estates or trusts. For the purpose of this paragraph,
104 the entire base income, including any part not

105 allocated to Iowa, shall be taken into account. If
106 the combined base income of a husband and wife exceeds
107 three thousand dollars, neither of them shall receive
108 the benefit of this paragraph, whether they file a
109 joint return or separate returns. An unmarried person
110 under twenty-one years of age who is a dependent of
111 his parent or parents as defined in the Internal
112 Revenue Code of 1954, shall not receive the benefit
113 of this paragraph if the combined base income of his
114 parents exceeds three thousand dollars.

115 The provisions of this division apply to all
116 salaries received by federal officials or employees
117 of the United States government.

118 Sec. 23. Section four hundred twenty-two point
119 six (422.6), Code 1971, is amended as follows:

120 422.6 INCOME FROM ESTATES OR TRUSTS. The tax
121 imposed by section 422.5 shall apply to and become
122 a charge against estates and trusts with respect to
123 their taxable net income, and the rates shall be the
124 same as those applicable to individuals. The fiduciary
125 shall be responsible for making the return of income
126 for the estate or trust for which he acts, whether
127 such income be taxable to the estate or trust or to
128 the beneficiaries thereon.

129 Sec. 24. Section four hundred twenty-two point
130 seven (422.7), unnumbered paragraph one (1), Code
131 1971, is amended as follows:

132 422.7 "NET BASE INCOME"--HOW COMPUTED. The term
133 "net base income" means the adjusted gross income
134 as properly computed for federal income tax purposes
135 under the Internal Revenue Code of 1954, with the
136 following adjustments:

137 Sec. 25. Section four hundred twenty-two point
138 seven (422.7), Code 1971, is amended by adding the
139 following new subsections:

140 1. "Add an amount equal to fifty percent of the
141 excess of the net long-term capital gain for the tax
142 year over the net short-term capital loss for such
143 year, to the extent deducted from gross income in
144 the computation of adjusted gross income."

145 2. "Add an amount equal to the amount of tax
146 imposed by this chapter to the extent deducted from
147 gross income in the computation of adjusted gross
148 income for the tax year."

149 3. "A resident of Iowa who is on active duty in
150 the armed forces of the United States, as defined
151 in the United States Code, title ten (10), section
152 one hundred one (101), for more than six continuous
153 months, shall not include any income received for
154 such service performed after the effective date of
155 this Act, in computing base income."

156 4. "Subtract an amount equal to all amounts
157 included in adjusted gross income which are exempt
158 from taxation by this state, either by reason of its
159 constitution or by reason of the constitution,

160 treaties, or statutes of the United States."

161 Sec. 26. Section four hundred twenty-two point
162 eight (422.8), unnumbered paragraph one (1) and
163 subsections two (2) and three (3), Code 1971, are
164 amended as follows:

165 422.8 ALLOCATION OF INCOME EARNED IN IOWA AND
166 OTHER STATES. Under rules and regulations prescribed
167 by the director, net base income of individuals,
168 estates and trusts shall be allocated as follows:

169 2. In the case of nonresident taxpayers, if any
170 net base income is received from a business, trade,
171 profession, or occupation carried on partly within
172 and partly without the state of Iowa, only such portion
173 of said net base income as is fairly and equitably
174 attributable to that part of the business, trade,
175 profession, or occupation carried on within the state
176 of Iowa shall be allocated to Iowa; income from any
177 property, trust, estate or other source within Iowa
178 shall be allocated to Iowa, except that annuities,
179 interest on bank deposits and interest-bearing
180 obligations, and dividends shall be allocated to Iowa
181 only to the extent to which the same are derived from
182 a business, trade, profession, or occupation carried
183 on within the state of Iowa.

184 3. Taxable Base income of resident and nonresident
185 estates and trusts shall be allocated in the same
186 manner as individuals.

187 Sec. 27. Section four hundred twenty-two point
188 nine (422.9), Code 1971, is amended by striking the
189 section and inserting in lieu thereof the following:

190 "In computing net income under this chapter, there
191 shall be allowed as an exemption, the sum of the
192 amounts determined under subsections one (1) and two
193 (2) of this section, multiplied by a fraction, the
194 numerator of which is the amount of the person's base
195 income allocable to this state for the tax year, as
196 determined pursuant to section four hundred twenty-
197 two point eight (422.8) of the Code, and the
198 denominator of which is the person's total base income
199 for the tax year.

200 1. Each person shall be allowed a basic exemption
201 of one thousand dollars.

202 2. Persons other than fiduciaries shall be allowed
203 an additional amount of one thousand dollars for each
204 exemption in excess of one allowable to such person
205 for the tax year under section one hundred fifty-one
206 (151) of the Internal Revenue Code of 1954.

207 3. If a husband and wife file separate state
208 returns, each must take at least his own basic
209 exemption of one thousand dollars on his separate
210 return."

211 Sec. 28. Section four hundred twenty-two point
212 twelve (422.12), Code 1971, is repealed.

213 Sec. 29. Section four hundred twenty-two point
214 thirteen (422.13), subsections one (1) and two (2),
215 Code 1971, are amended as follows:

216 1. Every resident of Iowa who is required to file
217 a federal income tax return under the Internal Revenue
218 Code of 1954, or who has a net base income of one
219 thousand dollars or more for the tax year from sources
220 taxable under this division, shall make ~~and-sign,~~
221 sign, and file a return.

222 2. Every nonresident who is required to file a
223 federal income tax return under the Internal Revenue
224 Code of 1954 and who has a net base income of one
225 thousand dollars or more for the tax year from sources
226 taxable under this division, shall make ~~and-sign,~~
227 sign and file a return.

228 Sec. 30. Section four hundred twenty-two point
229 fourteen (422.14), subsection one (1), Code 1971,
230 is amended as follows:

231 1. Every fiduciary subject to taxation under the
232 provisions of this division, as provided in section
233 422.6, shall make ~~and-sign,~~ sign, and file a return
234 for the individual, estate or trust for whom or for
235 which he acts, if the taxable base income thereof
236 amounts to six-hundred one thousand dollars or more.
237 A nonresident fiduciary shall file a copy of the
238 federal income tax return for the current tax year
239 with the return required by this section.

240 Sec. 31. Section four hundred twenty-two point
241 twenty-one (422.21), unnumbered paragraph one (1),
242 Code 1971, is amended as follows:

243 422.21 FORM AND TIME OF RETURN. Returns shall
244 be in such form as the director may, from time to
245 time, prescribe, and shall be filed with the department
246 on or before the last day of the fourth month after
247 the expiration of the tax year. In case of sickness,
248 absence, or other disability, or whenever good cause
249 exists, the director may allow further time for filing
250 returns. The director shall cause to be prepared
251 blank forms for said returns and shall cause them
252 to be distributed throughout the state and to be
253 furnished upon application, but failure to receive
254 or secure the form shall not relieve the taxpayer
255 from the obligations of making any return herein
256 required. The department may as far as consistent
257 with the provisions of the Code so draft income tax
258 forms as to conform to the income tax forms of the
259 internal revenue department of the United States
260 government. Each return by a taxpayer upon whom a
261 tax is imposed by ~~subsection-7-of~~ section 422.5 shall
262 show the county of the residence of the taxpayer.

263 Sec. 32. Section four hundred twenty-two point
264 thirty-two (422.32), Code 1971, is amended by striking
265 the section and inserting in lieu thereof the
266 following:

267 422.32 DEFINITIONS. As used in this division,
268 unless otherwise required by the context:

269 1. "Corporation" includes joint stock companies,
270 and associations organized for pecuniary profit,
271 except limited partnerships organized under chapter
272 five hundred forty-five (545) of the Code.

273 2. "Domestic corporation" means any corporation
274 organized under the laws of this state.

275 3. "Foreign corporation" means any corporation
276 other than a domestic corporation.

277 4. "Internal Revenue Code of 1954" means the
278 Internal Revenue Code of 1954, as amended to and
279 including January 1, 1970.

280 5. "Income year" means the calendar year or the
281 fiscal year upon the basis of which the net income
282 is computed under this division.

283 6. "Tax year" means the calendar year, or the
284 fiscal year ending during such calendar year, upon
285 the basis of which the net income is computed under
286 this division.

287 7. "Paid: means "paid or accrued" or "paid or
288 incurred", and "received" means "received or accrued",
289 which shall be construed according to the method of
290 accounting upon the basis of which the net income
291 is computed under this division.

292 8. The terms defined in section four hundred
293 twenty-two point four (422.4), subsections five (5),
294 six (6), eight (8), nine (9), and ten (10), of the
295 Code, shall have the same meanings in this division
296 unless the context clearly indicates a different
297 meaning.

298 Sec. 33. Section four hundred twenty-two point
299 sixty-nine (422.69), subsection two (2), Code 1971,
300 is amended as follows:

301 2. The amount of ~~the proceeds of the additional~~
302 ~~tax imposed by section 422.57, subsection 6, four~~
303 million dollars annually shall be certified by the
304 director to the state treasurer and the amount thereof
305 withdrawn and credited to a permanent fund hereby
306 created in the office of the state treasurer to be
307 known as the "moneys and credits tax replacement
308 fund".

309 Sec. 34. Chapter four hundred twenty-two (422),
310 Code 1971, is amended by adding the following new
311 section:

312 "The director of revenue shall prepare bills
313 reflecting any amendments to the Code that are
314 necessary because of future amendments to the Internal
315 Revenue Code of 1954. These bills shall be filed
316 with the clerk of the house of representatives and
317 the secretary of the senate in the name of the

318 committee on ways and means. If the legislature is
319 in session, the bills shall be immediately placed
320 on the calendar in both houses. If the legislature
321 is not in session, the bills shall be a first order
322 of business when the legislature next convenes. The
323 legislature shall commence legislative action on the
324 bills within not more than ten days after the bills
325 are placed on the calendar or designated as a first
326 order of business."

327 Sec. 35. Section one hundred thirty-five D point
328 twenty-two (135D.22), subsection one (1), Code 1971,
329 is amended as follows:

330 1. Multiply the number of square feet of floor
331 space each mobile home contains when parked and in
332 use by ten cents, except that if the owner of a mobile
333 home is sixty-five years of age or older and his net
334 income-as-defined-in-section-422-7 adjusted gross
335 income as determined for federal income tax purposes,
336 plus interest and dividends from federal securities
337 and income from social security and other tax-exempt
338 retirement or pension plans, when included with that
339 of his spouse is less than thirty-five hundred dollars
340 per year, the semiannual tax shall be computed by
341 multiplying the number of square feet of floor space
342 the mobile home contains when parked and in use by
343 seven and one-half cents. In computing floor space
344 the exterior measurements of the mobile home shall
345 be used as shown on the certificate of registration
346 and title, but not including any area occupied by
347 any hitching device.

348 Sec. 36. Section one hundred thirty-five D point
349 twenty-eight (135D.28), unnumbered paragraph one (1),
350 Code 1971, is amended as follows:

351 135D.28 OWNERS OVER SIXTY-FIVE YEARS OF AGE.
352 If the owner of a mobile home is sixty-five years
353 of age or older and his net-income-as-defined-in
354 section-422-7 adjusted gross income as determined
355 for federal income tax purposes, plus interest and
356 dividends from federal securities and income from
357 social security and other tax-exempt retirement or
358 pension plans, when included with that of his spouse
359 is less than thirty-five hundred dollars per year,
360 the owner may apply for the lower tax rate.

361 Sec. 37. Section four hundred point three (400.3),
362 unnumbered paragraph two (2), Code 1971, is amended
363 as follows:

364 Such plan for group insurance may include insurance
365 coverage for an employee's dependents. The term
366 "dependent" shall have the same meaning as in section
367 422-127--subsection-3 152, Internal Revenue Code of
368 1954.

369 Sec. 38. Section four hundred twenty-five point
370 one (425.1), subsection five (5), Code 1971, is amended
371 as follows:

372 5. In addition to the homestead credit of twenty-
373 five mills on twenty-five hundred dollars of assessed
374 valuation allowable under this chapter, in the event
375 the owner, as defined in this chapter, is over sixty-
376 five years of age, or is totally disabled, and provided
377 that his ~~fewa-net-income, as defined in section 422-7~~
378 adjusted gross income as determined for federal income
379 tax purposes, plus interest and dividends from federal
380 securities and income from social security and other
381 tax-exempt retirement or pension plans, when included
382 with that of the spouse, brother, sister, son,
383 daughter, if any, living with the claimant, is less
384 than three thousand five hundred dollars for the last
385 twelve-month income tax accounting period, there shall
386 be credited by the county auditor on such owner's
387 eligible homestead, an amount equal to but not
388 exceeding the amount calculated as provided in this
389 section.

390 Sec. 39. Section four hundred fifty point four
391 (450.4), subsection five (5), Code 1971, is amended
392 as follows:

393 5. On the value of that portion of installment
394 payments which will be includable ~~as-net-income-as~~
395 ~~defined-in-section-422-7~~ as in adjusted gross income
396 as determined for federal income tax purposes, received
397 by a beneficiary under an annuity which was purchased
398 under an employee's pension or retirement plan.

399 Sec. 40. Sections twenty-eight (28) through forty-
400 seven (47), inclusive, of this Act shall take effect
401 on January 1, 1972, but shall apply to tax years
402 beginning on or after January 1, 1971.

403 2. Page 15, by striking lines 9 through 35, inclu-
404 sive.

405 3. Page 16, by striking lines 1 through 7, inclu-
406 sive.

407 4. Page 16, by striking lines 22 through 32,
408 inclusive.

409 5. Page 17, by striking lines 33 through 35,
410 inclusive.

411 6. Page 18, by striking lines 1 through 16, inclu-
412 sive.

413 7. Page 19, by striking lines 15 through 20,
414 inclusive.

415 8. Renumber sections and correct internal refer-
416 ences as necessary in accordance with this amendment.

Filed
April 29, 1971

By COCHRAN of Webster, District 29
GLUBA of Scott, District 76
SMALL of Johnson, District 69

HOUSE FILE 654

1 Amend the Kreamer and Varley amendment to House File
2 654 filed April 28, 1971, and found on pages 1155 through
3 1158 of the House Journal, as follows:
4 1. Line 54, strike the words "without a referendum".
5 2. Line 64, insert after the word "amount" the words
6 "by imposing a school district income tax".
7 3. Strike lines 73 through 78, inclusive, and insert
8 in lieu thereof the following:
9 "submitted to the voters shall state clearly that a
10 specified rate of school district income tax will be imposed
11 for two years if the board adopts the budget as proposed."
12 4. Line 86, strike the words "combination of property
13 tax and".
14 5. Strike lines 88 through 129, inclusive, and insert
15 in lieu thereof the following:
16 "Sec. 12. SCHOOL DISTRICT INCOME TAX. If the voters
17 of a school district favor the adoption of a budget which
18 would require moneys in excess of the maximum millage pro-
19 vided in section ten (10) of this Act, the state comptroller
20 shall determine the school district income tax, based on
21 the excess amount needed, as follows:
22 1. Determine the total amount of state individual
23 income tax as shown on the individual tax returns of per-
24 sons residing in the school district on December thirty-
25 first of the most recently completed calendar year for
26 which accurate figures are available, or at the time of
27 filing for those on other than a calendar year basis and
28 filing within that calendar year. The director of revenue
29 shall report this amount to the state comptroller.
30 2. Divide the state individual income tax into the
31 excess amount needed. The quotient obtained is the school
32 district income surtax rate which is imposed on the amount
33 of state individual income tax paid on incomes earned in the
34 year of imposition and in the following year, or in a tax
35 year ending within either year, by individuals residing in
36 the school district on December thirty-first of the year
37 for which the tax is imposed, or at the time of filing dur-
38 ing that year for those on other than a calendar year basis.
39 The state comptroller shall certify to the department of
40 revenue the surtax which is imposed for each school district.
41 After the taxes determined under this section have been im-
42 posed for two years, a district must hold another election,
43 and recompute the tax rate if it votes to exceed the budget
44 which its maximum millage will raise."

Filed - Adapted 5/3
April 29, 1971

By GRASSLEY of Butler
District 10

House 3
May 4, 1971

HOUSE FILE 654

1 Amend House File 654, page 19, by adding after line 20
2 the following new section:
3 "Section four hundred twenty-two point nine (422.9),
4 subsection two (2), paragraph 'b', Code 1971, is amended
5 as follows:
6 b. Add the amount of federal income taxes paid or
7 accrued as the case may be, during the tax year, adjusted
8 by any federal income tax refunds and limited to fifty
9 percent of the taxpayer's net income. Provided, however,
10 that where married persons, who have filed a joint federal
11 income tax return, file separately, such total shall be
12 divided between them according to the portion thereof paid
13 or accrued, as the case may be, by each; and provided
14 further that where a taxpayer has used an optional standard
15 deduction on his federal return, he shall use the optional
16 standard deduction provided for above."

Filed - *w.D. 5/6*
May 3, 1971

By SMALL of Johnson, District 69
GLUBA of Scott, District 76
COCHRAN of Webster, District 29

HOUSE FILE 654

1 Amend House File 654, page 2, as follows:
2 1. Line 21, by inserting after the word "state" the
3 words ", divided by the total fall enrollment in the state
4 plus the total nonpublic school pupils in grades kindergar-
5 ten through twelve in the state,".
6 2. Line 22, by striking the words "and dividing" and
7 inserting in lieu thereof the word "divided".
8 3. Line 23, by striking the words "the sum".
9 4. Line 26, by inserting after the word "district"
10 the words ", divided by the total fall enrollment in the
11 district plus the total nonpublic school pupils in grades
12 kindergarten through twelve in the district,"
13 5. Line 27, by striking the words "and dividing the
14 sum" and inserting in lieu thereof the word ", divided".

Filed - *Withdrawn 5/6*
May 3, 1971

By PRIEBE of Kossuth
District 6

HOUSE CLIP SHEET

Monday, May 3, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 17, by inserting after line 32 the following
3 new section:

4 "Chapter four hundred twenty-two (422), Code 1971, is
5 amended by adding the following new section:

6 In addition to the other provisions of this chapter,
7 every resident individual shall be entitled to a sales
8 tax refund for the taxable year 1971 and for each taxable
9 year thereafter with respect to himself and each of the
10 persons for whom he would be entitled to claim as a per-
11 sonal exemption for purposes of the individual income tax
12 imposed under division two (II) of this chapter, whether
13 or not such resident individual is requested to file an
14 individual income tax return or pay such tax.

15 The amount of refund shall be computed in accordance
16 with the following table:

	The refund allowed to resident individual for himself and for each per- son for whom he is en- titled to claim a per- sonal exemption for each one cent of sales tax levied is:
17	
18	
19	
20	
21	
22 If the net income of the	
23 resident individual for the	
24 taxable year is:	
25 Under \$1,000	\$4.00
26 \$1,000 or over, but under \$2,000	\$3.66
27 \$2,000 or over, but under \$2,500	\$3.33
28 \$2,500 or over, but under \$3,000	\$3.00
29 \$3,000 or over, but under \$3,500	\$2.66
30 \$3,500 or over, but under \$4,000	\$2.33
31 \$4,000 or over, but under \$5,000	\$2.00
32 \$5,000 or over, but under \$5,500	\$1.66
33 \$5,500 or over, but under \$6,000	\$1.33
34 \$6,000 or over, but under \$6,500	\$1.00
35 \$6,500 or over, but under \$7,000	\$.66
36 \$7,000 or over	\$.00

37 No resident individual shall be eligible to claim the
38 sales tax refund if the individual has a net income of
39 over seven thousand dollars.

40 No resident individual shall be eligible to claim a
41 sales tax refund if the individual has been claimed as a
42 dependent on another resident individual's income tax
43 return.

44 No resident individual shall be eligible to claim a
45 sales tax refund if the individual has filed a joint

House 2
May 3, 1971

46 federal income tax return and the combined adjusted gross
47 income on the federal income tax return exceeds nine
48 thousand dollars.

49 The amount of the refund provided for in this section
50 shall be allowed as a credit against the individual
51 income tax imposed under this chapter, provided the resi-
52 dent individual claims the refund on his income tax return
53 required to be filed under section four hundred twenty-
54 two point thirteen (422.13) of the Code. If the income
55 tax due a resident individual shown by his tax return is
56 less than the full amount of the refund to which he is
57 entitled under this section, the excess of the refund
58 over the income tax otherwise due shall be refunded to him
59 by the department of revenue.

60 If any resident individual entitled to a refund under
61 this section is not otherwise required by section four
62 hundred twenty-two point thirteen (422.13) of the Code to
63 file an income tax return, the refund to which he is en-
64 titled shall be refunded to him upon furnishing the
65 department of revenue with proof of his taxable income
66 and the number of his personal exemptions.

67 For the purpose of this section, the term 'resident in-
68 dividual' means a natural person who has resided in the
69 state for the full taxable year. The term 'net income'
70 means net income as defined in section four hundred
71 twenty-two point seven (422.7) of the Code.

72 The department of revenue shall make all rules and
73 regulations with respect to the refunds for this section,
74 including the manner and requirements for claiming credit
75 for or refund of the amount thereof in the same manner as
76 state income tax refunds, and in accordance with the pro-
77 visions of sections four hundred twenty-two point sixteen
78 (422.16) and four hundred twenty-two point sixty-seven
79 (422.67) of the Code."

80 2. By renumbering the remaining sections.

81 3. Page 1, line 6, by inserting after the word "tax"
82 the words "and providing for a sales tax credit".

Filed - *Let 5/5*
April 30, 1971

By RODGERS of Dallas, District 85
MIDDLESWART of Warren, District 93
WELLS of Linn, District 43
JESSE of Polk, District 58
LARSON of Story, District 34
SMALL of Johnson, District 69
GLUBA of Scott, District 76

HOUSE FILE 654

1 Amend the Shaw, et al amendment to House File 654 as
2 follows:

3 1. By striking everything after section 22 and in-
4 serting in lieu thereof the following:

5 Sec. 23. DEFINITIONS. For the purpose of this Act,
6 unless the context otherwise requires:

7 1. "Income" means the net income as defined in sec-
8 tion four hundred twenty-two point seven (422.7) of the
9 Code of the person claiming the credit, plus the amount of
10 capital gains excluded from the adjusted gross income,
11 interest and dividends from federal securities, social
12 security benefits, and income from other tax-exempt retire-
13 ment or pension plans and includes any income of the spouse
14 brother, sister, son, and daughter of the person claiming
15 the credit, if living with the person claiming the credit.

16 2. "Homestead" means homestead as defined in section
17 four hundred twenty-five point eleven (425.11) of the Code,
18 and in addition, includes a dwelling or part of a multi-
19 dwelling which is owned or rented and in which the person
20 claiming the credit actually resides and a mobile home
21 which is owned or rented by the person claiming the credit
22 and in which the person claiming the credit actually
23 resides.

24 3. "Property taxes accrued" means property taxes
25 levied on the homestead in the preceding year, exclusive
26 of special assessments, delinquent interest and charges,
27 and collectible during the same year in which the credit
28 is claimed.

29 4. "Gross rent" means rental paid solely for the
30 right of occupancy of a homestead, exclusive of charges for
31 any utilities, services, furnishings, or personal property
32 appliances furnished by the landlord as a part of the
33 rental agreement.

34 5. "Rent constituting property taxes accrued" means
35 twenty percent of the gross rent actually paid on the
36 homestead during the preceding calendar year by the person
37 claiming the credit.

38 Sec. 24. CLAIM FOR PROPERTY TAXES ACCRUED. Any
39 person sixty-five years of age or older or totally disabled
40 shall be entitled to a credit against his state income taxes
41 for property taxes accrued based upon his income. The
42 amount of any credit shall be computed in accordance with
43 the following table:

44
45
46 If the person's
47 income is:

He shall be entitled to
a credit against his
state income taxes equal
to the amount by which
the property taxes ac-
crued on his homestead
exceeds the following
percentage of his income:

48
49
50
51

52	Less than \$1,000	2%
53	\$1,000 or over and less than \$2,000	3%
54	\$2,000 or over and less than \$3,000	4%
55	\$3,000 or over and less than \$4,000	5%
56	\$4,000 or over and less than \$5,000	6%
57	\$5,000 or over and less than \$6,000	7%

58 Any person sixty-five years of age or older or totally
59 disabled with an income of six thousand dollars or more
60 shall receive no credit against his income taxes for proper-
61 ty taxes accrued.

62 When a homestead is owned by two or more persons as
63 joint tenants or tenants in common and one or more of these
64 persons does not reside in the homestead, the property tax
65 is the same proportion of the property tax levied as the
66 proportion of ownership of the homestead by the person
67 claiming the credit.

68 When a person owns his homestead for part of the pre-
69 ceding year and rents it or a different homestead for a
70 part of that year, property tax means only the property tax
71 on the homestead multiplied by the percentage of twelve
72 months that the property was owned and occupied by the
73 person claiming the credit.

74 In no event shall the credit exceed the amount of the
75 property tax accrued.

76 Sec. 25. CLAIM FOR RENT CONSTITUTING PROPERTY TAXES
77 ACCRUED. Any person who is not eligible for the credit
78 provided in section two (2) of this Act and who is sixty-
79 five years of age or older or is totally disabled shall be
80 entitled to a credit against his state income taxes for
81 rent constituting property taxes accrued based upon his in-
82 come. The amount of any credit shall be computed in
83 accordance with the following table:

84		He shall be entitled to
85		a credit against his
86	If the person's	state income taxes equal
87	income is:	to the amount by which
88		the rent constituting
89		property taxes accrued
90		on his homestead exceeds
91		the following percentage
92		of his income:

93	Less than \$1,000	2%
94	\$1,000 or over and less than \$2,000	3%
95	\$2,000 or over and less than \$3,000	4%
96	\$3,000 or over and less than \$4,000	5%
97	\$4,000 or over and less than \$5,000	6%
98	\$5,000 or over and less than \$6,000	7%

99 Any person sixty-five years of age or older or totally
100 disabled with an income of six thousand dollars or more
101 shall receive no credit against his income taxes for rent
102 constituting property taxes accrued.

103 If a claim is based on rent constituting property
104 taxes accrued, the person filing the claim shall have
105 rented property during the entire preceding calendar year
106 for which he has filed a claim.

107 If two or more persons are qualified to file a claim
108 for the same homestead, the persons shall determine which
109 person shall file the claim.

110 Sec. 26. CLAIM AS INCOME TAX CREDIT OR REBATE. If
111 the allowable amount of a claim filed pursuant to section
112 twenty-four (24) or section twenty-five (25) of this Act
113 exceeds the income tax due on the person's income, or if
114 there is no income tax due, the amount of the claim not
115 used as a credit against state income taxes shall be paid
116 to the person making the claim from the state general fund.

117 No interest shall be paid on any payment made to any
118 person under the provisions of this Act.

119 Sec. 27. LIMITATIONS. The credit allowed under the
120 provisions of this Act shall be subject to the following
121 limitations:

122 1. Only one person shall be entitled to the credit
123 for a homestead for each taxable year.

124 2. The amount of the credit which shall be allowed in
125 any taxable year for property taxes accrued or rent consti-
126 tuting property taxes accrued shall not exceed three
127 hundred dollars.

128 Sec. 28. SATISFACTION OF OUTSTANDING TAX LIABILITIES.
129 The amount of any claim payable under the provisions of
130 this Act may be applied by the director of revenue against
131 any outstanding tax liability in the name of the state
132 against the person filing the claim.

133 Sec. 29. FILING DATE. No credit for property taxes
134 accrued or rent constituting property taxes accrued shall
135 be allowed or paid unless the claim is filed with the
136 claim for property taxes accrued or rent constituting
137 property taxes accrued, including forms which may be filed
138 as a part of the individual state income tax return.

139 In the case of illness, absence, or disability, or
140 when in the judgment of the director of revenue good cause
141 exists, he may extend the time for filing a claim under the
142 provisions of this Act for a period not to exceed six
143 months.

144 Sec. 30. PROOF OF CLAIM. Every person filing a claim
145 for a credit for property taxes accrued or rent constitut-
146 ing property taxes accrued shall submit the following proof
147 to the director of revenue to support his claim:

148 1. That he was sixty-five years of age or totally
149 disabled before midnight on December thirty-first of the
150 year immediately preceding the year the tax was levied or
151 the rent was paid.

152 2. Statement of income.

153 3. Receipts for rent paid.

154 4. Name and address of the owner or manager of proper-
155 ty rented.

- 156 5. Property taxes accrued.
157 6. Description of the property claimed as a homestead.
158 7. A statement that the property taxes accrued have
159 been or will be paid.
160 8. A statement that there are no delinquent property
161 taxes on the homestead.

162 Sec. 31. ADMINISTRATION--RULES AND REGULATIONS. The
163 director of revenue shall prescribe and make available the
164 necessary forms with instructions for persons filing a
165 director of revenue on or before April thirtieth of each
166 year.

167 The director may promulgate rules and regulations
168 necessary to carry out the provisions of this Act.

169 Sec. 32. AUDIT OF CLAIM. The department of revenue
170 shall audit each claim and if the director of revenue
171 determines that the amount of the credit has been incorrect-
172 ly determined, he shall redetermine the claim and give
173 notice, in writing, to the person filing the claim of the
174 redetermination and his reasons for it. The redetermination
175 shall be final unless appealed to the district court within
176 thirty days of receipt of the notice.

177 Sec. 33. DENIAL OF CLAIM. Any person who files a
178 claim for a credit which is excessive and was filed with
179 fraudulent intent shall be guilty of a misdemeanor. Upon
180 conviction of the person filing the excessive and fraudulent
181 claim, the director of revenue shall disallow the credit in
182 full. If the claim has been paid for the credit allowed
183 against income tax, the credit allowed against the income
184 tax shall be canceled and the amount paid shall be recovered
185 in the same manner as delinquent income taxes.

186 Sec. 34. RENTAL DETERMINATION. If a homestead is
187 rented by a person from another person under circumstances
188 deemed by the director of revenue not to be at arm's
189 length, the director may determine the rent constituting
190 property taxes accrued at arm's length, and the determina-
191 tion shall be final.

192 Sec. 35. PUBLIC WELFARE RECIPIENTS EXCLUDED. Any
193 person who is a recipient of public funds for the payment
194 of the taxes or rent during the period for which the claim
195 is filed shall not be entitled to benefits provided in
196 sections twenty-three (23) through thirty-six (36),
197 inclusive, of this Act.

198 Sec. 36. APPEALS. If a claim for property taxes
199 accrued or rent constituting property taxes accrued is
200 filed and is disallowed in whole or in part, the person
201 making such claim may appeal the disallowance by filing a
202 petition in the district court within thirty days from the
203 date the claim was disallowed.

204 Sec. 37. Section four hundred twenty-five point one
205 (425.1), Code 1971, is amended by striking subsection five
206 (5).

- 207 2. Page 16, strike lines 1 through 7, inclusive.
208 3. Page 16, strike lines 22 through 32, inclusive.

House 31
April 30, 1971

209 4. Page 17, strike lines 33, 34, and 35.
210 5. Page 18, strike lines 1 through 16, inclusive.
211 6. Page 19, strike lines 15 through 20, inclusive.
212 7. Renumber remaining sections and correct internal
213 references in accordance with this amendment.
214 8. Page 1, amend the title by striking from line 2
215 the words "imposing a school district income tax", and by
216 striking lines 3 through 6, inclusive, and inserting in
217 lieu thereof the words "providing property tax relief for
218 persons sixty-five years of age or older or totally dis-
219 abled, increasing the state individual and corporate in-
220 come tax, and providing appropriations for state aid".

Filed
April 29, 1971

By GLUBA of Scott
District 76
COCHRAN of Webster
District 29
SMALL of Johnson
District 69

HOUSE FILE 654

1 Amend House File 654 as follows:
2 1. Page 19, by inserting after line 20 the following
3 new section:
4 Section four hundred twenty-two point forty-five
5 (422.45), Code 1971, is amended by adding the following
6 new subsection:
7 "Gross receipts from the sales of food products for
8 human consumption, except food products prepared for
9 immediate consumption on or the premises, and pre-
10 scription drugs."
11 2. Page 1, line 5, by inserting after the word
12 "penalties," the words "exempting food products and
13 prescription drugs from the sales and use tax,".

Filed - *Lost 5/5*
April 29, 1971

By KENNEDY of Chicksaw
District 11

House 2
May 4, 1971

HOUSE FILE 654

1 Amend House File 654, page 19, by adding after line 20
2 the following new section:
3 "Section four hundred twenty-two point nine (422.9),
4 subsection two (2), Code 1971, is amended by striking
5 paragraph 'b'."

Filed
May 3, 1971

By SMALL of Johnson
District 69
GLUBA of Scott
District 76

HOUSE FILE 654

1 Amend House File 654, page 18, by adding after section
2 20 the following new section:
3 "Section four hundred twenty-two point nine (422.9),
4 subsection two (2), paragraph 'b', Code 1971, is amended
5 as follows:
6 b. Add the amount of federal income taxes paid or
7 accrued as the case may be, during the tax year, adjusted
8 by any federal income tax refunds and limited to twenty
9 percent of the taxpayer's net income. Provided, however,
10 that where married persons, who have filed a joint federal
11 income tax return, file separately, such total shall be
12 divided between them according to the portion thereof paid
13 or accrued, as the case may be, by each; and provided fur-
14 ther that where a taxpayer has used an optional standard
15 deduction on his federal return, he shall use the optional
16 standard deduction provided for above."

Filed
May 3, 1971

By SMALL of Johnson
District 69
GLUBA of Scott
District 76

2 of 5/6

HOUSE CLIP SHEET
Tuesday, May 4, 1971

HOUSE FILE 654

1 Amend House File 654 by adding the following new sec-
2 tions:

3 Sec. 28. Section four hundred twenty-two point five
4 (422.5), Code 1971, is amended by striking subsections three
5 (3) through seven (7), inclusive, and inserting in lieu
6 thereof the following:

7 3. On the third thousand dollars of taxable income,
8 or any part thereof, two and one-half percent.

9 4. On the fourth thousand dollars of taxable income,
10 or any part thereof, four percent.

11 5. On the fifth and sixth thousand dollars of taxable
12 income, or any part thereof, five percent.

13 6. On the seventh and eighth thousand dollars of
14 taxable income, or any part thereof, six percent.

15 7. On the ninth and tenth thousand dollars of taxable
16 income, or any part thereof, seven percent.

17 8. On the eleventh and twelfth thousand dollars of
18 taxable income, or any part thereof, eight percent.

19 9. On the thirteenth and fourteenth thousand dollars
20 of taxable income, or any part thereof, nine percent.

21 10. On the fifteenth and sixteenth thousand dollars
22 of taxable income, or any part thereof, ten percent.

23 11. On the seventeenth and eighteenth thousand dollars
24 of taxable income, or any part thereof, eleven percent.

25 12. On the nineteenth and twentieth thousand dollars
26 of taxable income, or any part thereof, twelve percent.

27 13. On all taxable income over twenty thousand dollars
28 and not exceeding fifty thousand dollars, thirteen percent.

29 14. On all taxable income over fifty thousand dollars,
30 fourteen percent.

31 Sec. 29. Section four hundred twenty-two point sixty-
32 nine (422.69), subsection two (2), Code 1971, is amended
33 by striking the subsection and inserting in lieu thereof
34 the following:

35 2. A "moneys and credits tax replacement fund" is
36 created in the office of the treasurer of state. Annually
37 on December thirty-first the treasurer of state shall
38 transfer four million dollars of moneys credited to the
39 general fund under this section to the moneys and credits
40 tax replacement fund.

Filed - *Adapted 5/4*
May 3, 1971

By KNOKE of Pottawattamie
District 79

Motion to reconsider filed 5/5, W.O. 5/6

House 3
May 5, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:
2 1. Page 7, line 18, by striking the figures
3 "1970-1971" and inserting in lieu thereof the figures
4 "1971-1972".
5 2. Page 7, line 29, by striking the figures
6 "1970" and inserting in lieu thereof the figures "1971".
7 3. Page 7, line 34, by striking the figures
8 "1969" and inserting in lieu thereof the figures "1970".
9 4. Page 8, line 3, by striking the words and
10 figures "May 1, 1971" and inserting in lieu thereof
11 the words and figures "November 1, 1971".
12 5. Page 8, line 5, by striking the figures "1969"
13 and inserting in lieu thereof the figures "1970".

Offered in committee
of whole
and adopted.
May 4, 1971

By HOLDEN of Scott
District 75

HOUSE FILE 654

1 Amend the Knoke amendment to House File 654, filed
2 April 22, 1971, by striking all of the amendment, and in-
3 serting in lieu thereof the contents of the amend-
4 ment by Uban et al, filed April 29, 1971, to House
5 File 654, and found on pages 1202 to
6 1216 of the House Journal.

Offered in committee
of whole
and lost.
May 4, 1971

By UBAN of Black Hawk
District 38

HOUSE FILE 654

1 Amend the Knoke amendment to House File 654
2 filed May 3 by striking all of lines three through
3 forty and inserting in lieu thereof the Cochran,
4 et. al. amendment filed April 22, 1971 and found
5 on pages 1062 to 1070 of the House
6 Journal.

Offered in committee
of whole
and lost.
May 4, 1971

By COCHRAN of Webster
District 29

HOUSE CLIP SHEET

Wednesday, May 5, 1971

HOUSE FILE 654

1 Amend house file 654, line 22 through 32, page
2 16, as follows:
3 Sec. 22. Section four hundred twenty-two point
4 sixty-nine (422.69), subsection five (5), Code
5 1971, is amended as follows:
6 5. During the last quarter of each fiscal year
7 an amount equal to ten percent of the net receipts
8 from ~~two-thirds~~ one-half of the sales tax collected
9 under division IV of this chapter for the fiscal
10 year, less the amount transferred during such
11 fiscal year for motor vehicle registration plates,
12 shall be transferred to the road use tax fund
13 created by section 312.1. The remainder of the net
14 receipts from the sales ~~tax shall be credited to~~
15 the general fund tax shall be credited to the street
16 construction fund of the cities and towns created
17 by section 312.1.

Filed - *w.o. 5/5*
May 4, 1971

By GOODE of Davis
District 98

HOUSE FILE 654

1 Amend the Kreamer and Varley amendment to House
2 File 654, lines 3 and 4, by striking the words "pages
3 6, 7, 8, and strike lines 1 through 30, page 9" and
4 insert in lieu thereof the following: "page 6 and
5 lines 1 through 10, page 7".

Filed
May 4, 1971

By HOLDEN of Scott
District 75

HOUSE FILE 654

1 Amend House File 654, page 8, line 1, by striking
2 the figures "1969" and inserting in lieu thereof the
3 figures "1970".

Offered in committee
of whole
and adopted.
May 4, 1971

By HOLDEN of Scott
District 75

House
May 6, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:
2 1. Page 15, line 11 by striking the words and figures
3 "and eight (8)" and by inserting in lieu thereof the
4 words and figures "eight (8) and nine (9)".
4 2. Page 16, by inserting after line 7, the following;
6 "The following enumerated services shall be subject to
7 the tax herein imposed on gross taxable services:
8 Alteration and garment repair; armored car; automobile
9 repair; battery, tire and allied; investment counsel-
10 ing (excluding investment services of trust depart-
11 ments); bank service charges; barber and beauty; boat
12 repair; car wash and wax; carpentry; roof, shingle,
13 and glass repair; dance schools and dance studios; dry
14 cleaning, pressing, dyeing, and laundering; electrical
15 repair and installation; engraving, photography, and
16 retouching; equipment rental; excavating and grading;
17 farm implement repair of all kinds; flying service;
18 furniture, rug, upholstery repair and cleaning; fur
19 storage and repair; golf and country clubs and all
20 commercial recreation; house and building moving;
21 household appliance, television, and radio repair;
22 jewelry and watch repair; machine operator; machine
23 repair of all kinds; motor repair; motorcycle, scooter,
24 and bicycle repair; oilers and lubricators; office
25 and business machine repair; painting, papering, and
26 interior decorating; parking lots; pipe fitting and
27 plumbing; wood preparation; private employment agencies;
28 printing and binding; sewing and stitching; shoe repair
29 and shoeshine; storage warehouse and storage locker;
30 telephone answering service; test laboratories;
31 termite, bug, roach, and pest eradicators; tin and
32 sheet metal repair; turkish baths, massage, and re-
33 ducing salons; vulcanizing, recapping, and retreading;
34 warehouse; weighing; welding; well drilling; wrapping,
35 packing, and packaging of merchandise other than pro-
36 cessed meat, fish, fowl and vegetables; wrecking ser-
37 vice; wrecker and towing; buildings and structures
38 erected for the improvement of realty.

Filed - *Last 5/7*
May 5, 1971

By DUNTON of Keokuk
District 88
JOHNSTON of Johnson
District 70

EXPLANATION OF AMENDMENT

This amendment imposes the service tax on new construction.

House 12
May 6, 1971

one city imposes the tax jointly then the tax will be returned on the basis of population of each city to the total of all cities and towns in the compact; if the county imposes the tax all cities and towns share in the proportion that their several populations are to the total population of the county, the county to receive the proportion of its population in unincorporated areas to the county total, and city and town taxes are in abeyance. The tax must commence January first of the budget year following passage of the ordinance (or resolution in the case of a county), but the tax is subject at any time after two years to a referendum on whether to continue or discontinue the tax following the budget year in which the referendum is held. For a city, town or county to qualify for receipt of its share it must apply 50% to property tax reduction.

House 5
May 6, 1971

HOUSE FILE 654

- 1 Amend House File 654 as follows:
2 1. Page 16, by inserting after line 32 the following
3 new section:
4 "Section four hundred twenty-two point sixty-nine
5 (422.69), Code 1971, is amended by adding the following
6 new subsection:
7 A 'municipal assistance fund' is created in the
8 office of the treasurer of state. Annually, prior to
9 December thirty-first, the treasurer of state shall
10 transfer an amount equal to one-fourth of the net receipts
11 of one cent of the sales tax collected under division four
12 (IV) of this chapter during the last preceding fiscal year
13 into the municipal assistance fund for distribution to
14 cities and towns. On or before December thirty-first, the
15 state comptroller shall distribute the moneys in the
16 municipal assistance fund to each city and town in the
17 state in the proportion that the population of each city
18 and town is to the total population of all cities and
19 towns in the state. The moneys in the municipal assistance
20 fund are appropriated for this purpose."
21 2. Renumber sections and correct internal references
22 as necessary in accordance with this amendment.
23 3. Amend the title, page 1, line 6, by inserting
24 after the word "tax" the words "and providing aid to
25 cities and towns from sales tax receipts".

Filed - *adopted*
May 5, 1971

By ALT of Polk
District 61
VARLEY of Adair
District 84
KREAMER of Polk
District 63

HOUSE FILE 654

- 1 Amend the Freeman, et al amendment filed 4-22-71
2 to House File 654 by inserting after the figure "1971"
3 in line 8 the following: " and for each subsequent
4 calendar and fiscal year."

Offered in committee of whole By SKINNER of Polk
and Adopted District 60
May 5, 1971

HOUSE FILE 654

- 1 Amend The Freeman amendment to House File 654,
2 Filed April 22, by striking from line 14, page 1,
3 the word four and inserting the word five.

Offered in committee of
Whole and Lost
May 5, 1971

By EWELL of Black Hawk
District 39

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. By striking all of sections 20, 22, 24 and 27.

3 2. By adding thereto the following new sections:

4 1. Sections 2 through 9 of this amendment
5 may be cited as the "Uniform Local Sales Tax Law".

6 2. Any city or town may impose a sales, ser-
7 vices and use tax, hereinafter referred to as a "local
8 sales tax", in accordance with the provisions of
9 this Act by adoption of any ordinance by its council
10 after published notice not less than ten days nor
11 more than twenty-five days before the date of hearing
12 thereon. The collection of a local sales tax so
13 imposed shall commence on January first following
14 passage of the ordinance imposing it.

15 3. The council of a city or town may agree
16 with the council of one or more cities or towns to
17 jointly impose a local sales tax as authorized for
18 cities and towns.

19 4. A county may levy a local sales tax by
20 resolution of the board of supervisors, if passed not
21 later than July first of the year prior to the
22 commencement of collection of the tax following
23 notice and hearing as required for cities. If a
24 county levy is made, cities and towns within the
25 county shall not levy the tax, or if the county levies
26 the tax in a year subsequent to the levy by a city
27 or town in that county, the city or town levies shall
28 be suspended for the period of the county levy. The
29 collection of a local sales tax so imposed by a county
30 shall commence on January first following passage of
31 the resolution imposing it.

32 5. A local sales tax at a rate of one percent
33 may be imposed by a city or town on the gross receipts
34 from the sale or use of tangible personal property
35 subject to the state sales tax and from the services
36 subject to the state tax. A local sales tax shall be
37 imposed on the same basis as the state sales, services
38 and use tax and may not be imposed on the sale or use
39 of any tangible personal property not taxed by the
40 state. A local sales tax is applicable only within
41 the territorial limits of the city or town imposing
42 it and shall be collected by all persons required to
43 collect state sales, services and use taxes.

44 The amount of the sale, for purposes of
45 determining the amount of the local sales and use tax,
46 does not include the amount of the state sales and
47 use tax.

48 No sales and use tax permit, other than the
49 state sales and use tax permits, may be required.

50 6. The director of revenue shall administer
51 the provisions of a local sales tax as nearly as
52 possible in conjunction with the administration of
53 state tax laws. He shall provide appropriate forms,
54 or provide on the regular state tax forms, for
55 reporting local sales tax liability.

56 An ordinance or resolution imposing a local
57 sales tax shall adopt by reference the applicable
58 provisions of the appropriate sections of chapters
59 four hundred twenty-two (422) and four hundred
60 twenty-three (423) of the Code, and all powers of
61 the director to administer the state sales and use
62 tax law are applicable to his administration of a
63 local sales tax ordinance or resolution. Local
64 officials shall confer with the director of revenue
65 and obtain his assistance in drafting the ordinance
66 or resolution imposing a local sales tax. A certified
67 copy of the ordinance or resolution imposing a local
68 sales tax shall be filed with the director as soon
69 as possible after passage.

70 The director, in consultation with local
71 officials, shall collect and account for a local
72 sales tax. The director shall retain for the use of
73 the department one percent of all local sales tax
74 receipts, to cover administrative expense, and shall
75 credit remaining net local sales tax receipts to a
76 local sales tax fund hereby established in the office
77 of the treasurer of state.

78 7. The treasurer of state shall remit quarterly
79 to the qualified cities and towns which have imposed
80 a local sales tax their share of the balance in the
81 local sales tax fund.

82 The city or town treasurer, or another city
83 official designated by the council, shall apply one
84 half of all local sales tax money estimated to be
85 received for property tax relief. Before the levies
86 authorized under section four hundred four point two
87 (404.2) of the Code are certified to the county
88 auditor, they shall comply with legal mill limits and
89 the certifying official shall subtract from the total
90 amount computed in dollars, as provided in section
91 four hundred forty-four point two (444.2) of the
92 Code, an amount equal to the amount estimated for
93 property tax relief during the next twelve month
94 period, and shall certify only the net amount to the
95 county auditor and board of supervisors. The county
96 auditor shall base the millage levies authorized under
97 section four hundred forty-four point three (444.3)
98 of the Code upon the net amount so computed. In
99 order for a city or town to be qualified to receive
100 remittances from the treasurer of state before

May 6, 1971

101 clerk shall certify to the treasurer of state before
102 January first of each year that the required re-
103 duction in the amount certified to the county auditor
104 and board of supervisors for city or town taxes has
105 been made. All local sales and use tax moneys re-
106 ceived by a city or town may be expended for any law-
107 ful municipal purpose.

198 8. If two or more cities and towns impose an
109 authorized local tax jointly, the treasurer of state
110 shall credit the receipts to a joint account, and
111 shall remit to each qualified city or town a pro
112 rata share of the joint account, according to
113 population figures determined by the last federal
114 census. The share remitted to each city and town
115 shall be applied and expended as provided for local
116 taxes imposed by a single city or town.

117 If an authorized local tax is imposed county-
118 wide, the treasurer of state shall credit the receipts
119 to a joint account, and shall remit to each qualified
120 city or town in the county a pro rata share of the
121 joint account, based upon the percentage of its
122 population to the total population of the county, and
123 to the board of supervisors, when the county is
124 qualified, a pro rata share of the joint account based
125 upon the percentage of population in the county out-
126 side of cities and towns, the rural portion according
127 to the population determined by the last federal
128 decennial census. The share remitted to each city
129 and town shall be applied and expended as provided
130 for local taxes imposed by a single city or town.

131 The share remitted to the board of supervisors
132 may be used for any lawful county government purpose.
133 However, the county treasurer shall credit one-half
134 of all local sales tax moneys estimated to be received
135 for property tax relief. Before the levies authorized
136 under section four hundred forty-four point nine
137 (444.9) of the Code are made, they shall comply with
138 legal mill limits and the board of supervisors shall
139 subtract from the total amount computed in dollars,
140 as provided in section four hundred forty-four point
141 two (444.2) of the Code, an amount equal to the amount
142 estimated for property tax relief during the next
143 twelve month period, and shall base the millage levies
144 authorized under section four hundred forty-four
145 point nine (444.9) of the Code upon the net amount
146 so computed. In order for a county to be qualified
147 to receive remittances from the treasurer of state,
148 the board of supervisors shall certify to the treasurer
149 of state before January first of each year, that the
150 required reduction has been made.

151 9. Upon receipt of a petition signed by voters
152 within the city or town, or county in case of a
153 county tax, equal in number to at least ten percent of
154 the number of votes cast for governor at the last
155 preceding general election within the local taxing
156 jurisdiction, requesting that an election be held,
157 the city or town council, or board of supervisors in
158 the case of a county tax, shall not less than twenty
159 nor more than forty-five days after receipt of the
160 petition submit to the voters of the city or town or
161 of the county at a special election called for that
162 purpose, the question of approval or disapproval of the
163 tax. Such a petition may be received only during
164 the sixty days prior to the last certifying date of
165 a budget in the second or any subsequent year
166 following the beginning of collection of the tax.
167 Prior to the special election the governing body shall
168 publish notice of the election once each week for
169 two consecutive weeks in a newspaper of general
170 circulation serving the city or town, or in two
171 newspapers of general circulation in the county in
172 the case of a county tax.

173 If a majority of those voting favors the tax,
174 the governing body may continue to impose the tax
175 If a majority of those voting thereon vote to
176 discontinue the tax, it shall cease to be collected
177 at the end of the calendar year in which the election
178 is held, the ordinance or resolution shall stand
179 repealed as of December thirty-first following the
180 election, and the governing body may not impose the
181 tax under the authority of this Act for collection
182 within one year following discontinuance of collection
183 caused by the election, and then only if a new
184 resolution or ordinance is passed. The governing
185 body at any time may discontinue the tax, but an
186 election may not be held oftener than once a year.

187 10. Section 26.6, Code 1971 is amended as
188 follows:

189 26.6 POPULATION OF COUNTIES, TOWNSHIPS, CITIES,
190 AND TOWNS.

191 Whenever the population of any county, town-
192 ship, city, or town is referred to in any law of
193 this state, it shall be determined by the last
194 certified, or certified and published, official census
195 unless otherwise provided. However, the population
196 figure disclosed for any city or town as the result
197 of a special federal census as modified as the result
198 of consolidation or annexation in the manner provided
199 in sections 312.3, and 123.50, shall be considered
200 for no other purposes than the application of sections
201 123.50 (and), 312.3 and the provisions of this Act.

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May 6, 1971

202 Whenever a special federal census is hereafter
203 taken by any city or town, the mayor and council shall
204 certify the said census as soon as possible to the
205 secretary of state and to the treasurer of state as
206 otherwise herein provided, and failing to do so, the
207 treasurer of state shall, after six months from the
208 date of said special census, turn over such moneys
209 as authorized by sections 123.50 and 312.3 to the
210 general fund of the state, and continue to do so until
211 such time as certification by said mayor and council
212 is made, or until the next decennial federal census.
213 If there be a difference between the original
214 certified record in the office of the secretary of
215 state and the published census the former shall
216 prevail.

217 11. Section four hundred twenty-two point
218 seventy-two (422.72), subsection one (1), Code 1971,
219 is amended as follows:

220 422.72 INFORMATION DEEMED CONFIDENTIAL

221 1. It shall be unlawful for the director,
222 or any person having an administrative duty under this
223 chapter, to divulge or to make known in any manner
224 whatever, the business affairs, operations, or
225 information obtained by an investigation of records
226 and equipment of any person or corporation visited
227 or examined in the discharge of official duty, or
228 the amount or source of income, profits, losses,
229 expenditures or any particular thereof, set forth
230 or disclosed in any return, or to permit any return
231 or copy thereof or any book containing any abstract
232 or particulars thereof to be seen or examined by any
233 person except as provided by law; provided, however,
234 that the director may authorize examination of such
235 returns by other state officer, by Iowa city and
236 county officials, or, if a reciprocal arrangement
237 exists, by tax officers of another state, or the
238 federal government. This subsection shall prevail
239 over the provisions of any general law of this
240 state relating to public records.

Filed - *Withdraw 5/6*
May 5, 1971

By LAWSON of Cerro Gordo
District 7

EXPLANATION

This bill authorizes cities and towns, and counties, to impose a sales, services and use tax of one percent based on the state sales, services and use taxes law and administered by the state director of revenue, upon passage of an ordinance, or resolution in the case of the county. After deducting a one percent administrative charge the proceeds will be returned to the city imposing the tax. If more than

House 3
May 6, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 19, by inserting after line 20 the following
3 new section:

4 Sec. 28. Section four hundred twenty-two point sixty-
5 nine (422.69), subsection four (4), Code 1971, is amended
6 as follows:

7 4. Unless otherwise provided the fees, taxes, interest
8 , and penalties collected under this chapter shall, for
9 the first three quarters of each fiscal year, be credited
10 to the general fund.

11 A "municipal assistance fund" is created in the office
12 of the treasurer of state. Annually on November first
13 the treasurer of state shall transfer an amount equal to
14 one-eighth of the net receipts of the sales tax collected
15 under division IV of this chapter for the fiscal year to
16 the municipal assistance fund. Annually on or before
17 December thirty-first, the state comptroller shall dis-
18 tribute the moneys in the municipal assistance fund to
19 each city and town in Iowa in the proportion that the
20 population of each city and town is to the total popula-
21 tion of all cities and towns in the state. The moneys in
22 the municipal assistance fund are appropriated for this
23 purpose.

24 2. Page 1, line 6, by inserting after the word "tax"
25 the words "and appropriating the sales tax receipts".

Filed *Withdrawn 5/6*
May 5, 1971

By SKINNER of Polk, District 60
GLUBA of Scott, District 76

HOUSE FILE 654

1 Amend House File 654, line 22 through 32, page
2 16, as follows:

3 Sec. 22. Section four hundred twenty-two point
4 sixty-nine (422.69), subsection five (5), Code
5 1971, is amended as follows:

6 5. During the last quarter of each fiscal year
7 an amount equal to ten percent of the net receipts
8 from ~~two-thirds~~ one-half of the sales tax collected
9 under division IV of this chapter for the fiscal
10 year, less the amount transferred during such
11 fiscal year for motor vehicle registration plates,
12 shall be transferred to the road use tax fund
13 created by chapter 312. The remainder of the net
14 receipts from the 10% of sales tax shall be credited
15 to the street construction fund of the cities and
16 towns created by chapter 312. The remainder of
17 the net receipts from the sales tax shall be
18 credited to the general fund.

Offered in Committee of
Whole and Adopted
May 5, 1971

By GOODE of Davis
District 98

Reconsidered & Withdrawn
5/6

HOUSE FILE 654

1 Amend House file 654 as follows:
2 1. Page 19, by inserting after line 20 the
3 following new section:
4 Sec. 28. Section four hundred twenty-two point
5 sixty-nine (422.69), subsection four (4), Code 1971,
6 is amended as follows:
7 4. Unless otherwise provided the fees, taxes,
8 interest, and penalties collected under this chapter
9 shall, for the first three quarters of each fiscal
10 year, be credited to the general fund.
11 A "municipal assistance fund" is created in the
12 office of the treasurer of state. Annually on Novem-
13 ber first the treasurer of state shall transfer an
14 amount equal to one-eighth of the net receipts of the
15 sales tax collected under division IV of this chapter
16 for the fiscal year to the municipal assistance fund.
17 Annually on or before December thirty-first, the
18 state comptroller shall distribute the moneys in the
19 municipal assistance fund to each city and town and
20 county in Iowa in the proportion that the population
21 of each city and town and county is to the total
22 population of all cities and towns and counties in
23 the state. The moneys in the municipal assistance fund
24 are appropriated for this purpose.
25 2. Page 1, line 6, by inserting after the word
26 "tax" the words "and appropriating the sales tax
27 receipts".

Filed - *Withdrawn 5/6*
May 5, 1971

By SCOTT of Cerro Gordo, District 18
SKINNER of Polk, District 60
GLUBA of Scott, District 76

HOUSE FILE 654

1 Amend House File 654 by striking sections twenty (20),
2 twenty-two (22), twenty-three (23), twenty-four (24),
3 and twenty-seven (27).

Offered in Committee of
the whole and Deferred
May 5, 1971 *Adopted 5/6*
Motion to reconsider filed 5/6

By KNOKE of Pottawattamie
District 79

MR. SPEAKER: The committee of the whole has had under consideration **House File 654**, a bill for an act relating to state aid for schools, school district property taxes, imposing a school district income tax including withholding tax, providing administration by the director of revenue, adopting provisions relating to the state individual income tax, including penalties, and increasing the state sales and use tax, and has directed me to report the same with the recommendation that it be amended as follows, and when so amended the bill do pass:

- 1 1. Strike page 2 and lines 1 through 20, inclusive,
- 2 of page 3, and insert in lieu thereof the following:
- 3 Section 1. SCHOOL FOUNDATION PROGRAM. This Act
- 4 establishes a school foundation program. Each public
- 5 school district in the state is entitled to receive
- 6 from the state during each school year a per pupil
- 7 amount equal to the amount by which the school foundation
- 8 base for that school year exceeds the amount per pupil
- 9 which will be raised by the school foundation property
- 10 tax levied in the district during that school year.
- 11 Sec. 2. SCHOOL FOUNDATION BASE.
- 12 1. The school foundation base for the 1972-1973
- 13 school years is the sum of the following components,
- 14 each modified by the percentage growth factor for that
- 15 school year:
- 16 a. A flat grant from the state of three hundred
- 17 dollars per pupil.
- 18 b. An amount of three hundred fifty dollars per
- 19 pupil, to be raised primarily by school foundation
- 20 property tax to be levied in the school district during
- 21 that school year.
- 22 2. Prior to July first each year commencing in 1972,
- 23 the state comptroller shall compute the percentage
- 24 growth factor for each of the two component parts of
- 25 the school foundation base, as follows:
- 26 a. Determine the percent of increase or decrease
- 27 in state revenue from taxes, adjusted for changes in
- 28 rates or basis, for each year of the last three calendar
- 29 years for which accurate figures are available, and
- 30 divide the total by three. The result is the percentage
- 31 growth factor for the flat grant component.
- 32 b. Determine the percent of increase or decrease
- 33 in the assessed valuation of taxable property in the
- 34 state, adjusted for statewide changes in assessment
- 35 practices, for each year of the last three calendar
- 36 years for which accurate figures are available, and
- 37 divide the total by three. The result is the percentage
- 38 growth factor for the property tax component.
- 39 c. In the determinations required under paragraphs
- 40 a and b of this subsection, if there is an average
- 41 decrease there will be a negative growth factor.
- 42 3. For the 1972-1973 school year, the state
- 43 comptroller shall determine the actual school foundation
- 44 base by multiplying each of the component amounts listed
- 45 in subsection one (1) of this section by its percentage
- 46 growth factor for that school year, and adding the
- 47 product obtained in each case to that component amount.
- 48 The two component amounts so modified constitute the
- 49 current school foundation base for the 1972-1973 school
- 50 year.

*Adopted
as amended
5/10*

51 4. For each subsequent school year, the state
52 comptroller shall determine the actual school foundation
53 base by multiplying each of the component amounts of
54 the current school foundation base by the applicable
55 percentage growth factor for that school year, and
56 adding the product obtained in each case to that
57 component amount. The two current component amounts
58 so modified constitute the current school foundation
59 base for the subsequent year.

60 Sec. 3. SCHOOL FOUNDATION BASE COMPONENTS. As used
61 in this Act, unless otherwise indicated, references
62 to the school foundation base, to that flat grant
63 component, or to the property tax component, mean the
64 base or its components as modified by the comptroller
65 for the applicable school year, as provided in section
66 two (2) of this Act.

67 Sec. 4. SCHOOL FOUNDATION PROPERTY TAX AND STATE
68 SUPPLEMENT. Beginning with the 1972-1973 school year,
69 each public school district shall certify for its general
70 fund budget each year a foundation property tax of
71 thirty mills per dollar of assessed valuation on all
72 taxable property within the school district. However,
73 no school district shall certify a school foundation
74 property tax for any year higher than necessary to
75 raise a per pupil amount equal to the amount of the
76 property tax component of the school foundation base
77 for the budget year, except that if a school district's total property
78 tax levy for the general fund budget is less than thirty
79 mills, the foundation property tax in that district shall
80 be increased so that the total property tax levy for the
81 general fund budget is thirty mills or the equivalent of
82 the district's total property tax levy for the general
83 fund budget for the 1971-1972 school year, whichever is
84 less, and the amount of the total flat grant component
85 payable to that district shall be reduced by the amount
86 which will be obtained from the increased amount of founda-
87 tion property tax. For the purpose of computing the
88 foundation property tax, a district's total property tax
89 levy for the general fund budget is determined by excluding
90 any additional school district property tax on industrial
91 and utility property and including any additional school
92 district property tax on other than industrial and utility
93 property."

94 A school district which cannot raise a per pupil
95 amount equal to the amount of the property tax component
96 of the school foundation base for the budget year, by
97 a levy of thirty mills or less, is entitled to receive
98 from the state during that school year, as state
99 foundation property tax supplement, a per pupil amount
100 equal to the difference between the amount which will
101 be raised by a thirty mill levy in the district, and
102 the amount of the property tax component of the school
103 foundation base for the budget year.

104 Not later than June first each year, each county

105 auditor shall certify to each school district within
106 the county the assessed valuation of taxable property
107 within that district, and shall certify to the state
108 comptroller and the department of public instruction
109 the assessed valuation of taxable property in each
110 school district within the county.

111 Sec. 5. COMPUTATION AND PAYMENT OF STATE AID.
Prior

112 to July fifteenth each year, the state comptroller shall
113 determine an accurate approximation of the amount of
114 state school aid to be paid to each school district
115 in the state, as provided in sections one (1) through
116 four (4) of this Act, including the flat grant component
117 of the school foundation base and the state foundation
118 property tax supplement, and shall certify the estimated
119 amount to each school district for use in preparing budgets.

120 As soon as possible each year, the state comptroller
121 shall compute the actual amount due each school district
122 in the state under the provisions of sections one (1)
123 through four (4) of this Act, and shall pay the amount
124 due to each school district in three approximately equal
125 installments to be paid on approximately the first days
126 of November, February, and May of each school year.
127 However, if the amount appropriated for state school
128 aid for a school year is insufficient to pay in full
129 the amounts computed by the state comptroller to be
130 due to each school district, then the amount paid to
131 each school district shall be reduced by the state comp-
132 troller in the proportion that the total amount
133 appropriated is to the total amount due to all school
134 districts in the state.

135 All moneys received by a school district from the
136 state under the provisions of this section shall be
137 deposited in the school district's general fund, and
138 may be used for any school general fund purposes.

139 2. Page 4, line 23, by inserting after the
140 period the following:

141 Amend House File 654, page 4, by adding after
142 the period in line 23 the following:

143 "Shared-time students shall be counted on the
144 basis of number of hours of instruction in a
145 public school proportionate to a full-time student
146 enrolled in the district."

147 3. Page 4, by striking lines 28 through 35, and on page 5
148 by striking all of lines 1 through 35, and all of pages
149 5, 6, 7, 8 and lines 1 through 30 on page 9, and inserting
150 in lieu thereof the following sections:

151 1. Page 5, strike lines 23 through 35, inclusive,
152 strike pages 6, 7, 8, and strike lines 1 through 30,
153 page 9, and insert in lieu thereof the following:

154 1. ALLOWABLE GROWTH. To determine the total
155 allowable growth in dollars for each school district
156 each year, the state comptroller shall add together
157 the following amounts:

158 1. The percent of increase or decrease in taxable

159 property in the district for the current calendar year
160 over the last preceding calendar year, multiplied by
161 the part of the district's allowable general fund bud-
162 get for the last preceding school year which was raised
163 by property taxes.

164 2. The percentage growth factor for the state, as
165 determined in section six (6) of this Act, multiplied
166 by the part of the district's allowable general fund
167 budget for the last preceding school year which was
168 raised by state aid.

169 2. MAXIMUM GENERAL FUND BUDGET AND ADDITIONAL
170 SCHOOL DISTRICT PROPERTY TAX LEVY. The state comp-
troller

171 shall determine the additional school district property
172 tax levy, which is in addition to the foundation property
173 tax levy, as follows:

174 1. The district cost per student for the current
175 school year ending June thirtieth each year, plus the
176 allowable growth in dollars, shall determine the dis-
177 trict cost per student for the school year beginning
178 July first each year.

179 2. The district cost per student multiplied by the
180 estimated fall enrollment for the school year beginning
181 July first each year, shall determine the maximum general
182 fund budget for the district.

183 3. Subject to the maximum millage in section ten
184 (10) of this Act, the maximum general fund budget of
185 the district less the amounts to be received from the
186 school foundation property tax and from state aid shall
187 determine the amount to be raised by the additional
188 school district property tax levy.

189 No later than December first of each year the state
190 comptroller shall notify the county auditor of each
191 county the amount, both in dollars and mills, of the
192 additional property tax levy. The county auditor or
193 auditors shall spread the additional property tax levy
194 over all the taxable property in the school district.

195 3. SPECIAL FUNDS. A school district which
196 has unique and unusual circumstances which cause its
197 anticipated general fund expenditures to exceed its
198 maximum general fund budget may apply to the school
199 budget review committee for an allotment of any special
200 funds appropriated for this purpose.

201 Sec. 10. MAXIMUM MILLAGE LEVY. For the purpose
202 of determining the maximum millage a school district
203 may cause to be levied for school
204 years subsequent to the 1972-1973 school year, the
205 state comptroller shall determine the sum of the foun-
206 dation property tax levy and the additional property
207 tax levy, in mills. When this total millage rate exceeds
208 the district general fund levy in mills for the school
209 year which began July 1, 1972, he shall adjust the
210 district general fund budget so that the millage levy
211 is equal to the millage levy for the school year
212 beginning July 1, 1972, unless the district votes to

213 accept the additional budgeted amount by imposing a school district
income tax, as provided in the following section.

214 4. REFERENDUM. If a school district exceeds
215 its maximum millage as provided in section ten (10)
216 of this Act, the school board shall submit to the voters
217 of the school district, at a special election called
218 for that purpose, the question of whether the board
219 shall limit its budget as adjusted by the comptroller,
220 or shall adopt the budget as proposed. The question
221 "submitted to the voters shall state clearly that a
222 specified rate of school district income tax will be imposed
223 for two years if the board adopts the budget as proposed."

224 If a majority of those voting favors limiting the
225 budget, the board of directors of the school district
226 shall alter its budget as adjusted by the state
227 comptroller, and shall certify the corrected budget
228 to the county auditor and the state comptroller.

229 If a majority of those voting favors adoption of
230 the budget as proposed, the excess amount shall be
231 raised by a school
232 district income tax, as in the following
233 section:

234 5. SCHOOL DISTRICT INCOME TAX. If the voters
235 of a school district favor the adoption of a budget which
236 would require moneys in excess of the maximum millage pro-
237 vided in section ten (10) of this Act, the state comptroller
238 shall determine the school district income tax, based on
239 the excess amount needed, as follows:

240 1. Determine the total amount of state individual
241 income tax as shown on the individual tax returns of per-
242 sons residing in the school district on December thirty-
243 first of the most recently completed calendar year for
244 which accurate figures are available, or at the time of
245 filing for those on other than a calendar year basis and
246 filing within that calendar year. The director of revenue
247 shall report this amount to the state comptroller.

248 2. Divide the state individual income tax into the
249 excess amount needed. The quotient obtained is the school
250 district income surtax rate which is imposed on the amount
251 of state individual income tax paid on incomes earned in the
252 year of imposition and in the following year, or in a tax
253 year ending within either year, by individuals residing in
254 the school district on December thirty-first of the year
255 for which the tax is imposed, or at the time of filing dur-
256 ing that year for those on other than a calendar year basis.
257 The state comptroller shall certify to the department of
258 revenue the surtax which is imposed for each school district.
259 After the taxes determined under this section have been im-
260 posed for two years, a district must hold another election,
261 and recompute the tax rate if it votes to exceed the budget
262 which its maximum millage will raise."

263 4. Strike section 18, including lines 2 through 35,
264 inclusive, page 13, and lines 1 through 25, inclusive,
265 page 14, and insert in lieu thereof the following:
266 DUTIES OF COMMITTEE.

267 If a school board applies to the school budget review
268 committee for an allotment of special funds the committee
269 may take an allotment from any funds appropriated
270 specifically for this purpose, making allowance for
271 prorating the appropriated funds among the districts
272 who apply, in proportion to their needs. The committee,
273 in determining whether to grant special funds, shall
274 consider unique and unusual circumstances including,
275 but not limited to, unusual increases or decreases in
276 enrollments, natural disasters, unusual transportation
277 problems, and initial staffing problems, and shall grant
278 permission for the election only if unique and unusual
279 circumstances exist in the district.

280 The school budget review committee may call in any
281 county board of education or joint county board of
282 education for the purpose of reviewing its budget as
283 it relates to the individual districts within the county.

284 5. Page 11, by striking lines 2 through 35 and line 1 on
285 page 12.

286 6. Page 12, by striking from lines 3 and 4 “, and the school
287 district withholding tax,”.

288 7. Page 13, line 21, by striking the words “in average daily
289 membership”.

290 8. Page 13, lines 22 and 23 by striking the words “in average
291 daily membership.”

292 9. Page 13, lines 33 and 34, by striking the words “in average
293 daily membership”.

294 10. Page 13, by inserting after line 34, the following:

295 “The committee, in reviewing school budgets, shall con-
296 sider unique and unusual circumstances including, but not
297 limited to, unusual increases or decreases in enrollments,
298 natural disasters, unusual transportation problems, and
299 initial staffing problems.

300 Failure by any school district to provide information
301 or appear before the committee as requested for the ac-
302 complishment of review or hearing shall constitute
303 justification for the committee to instruct the state
304 comptroller to withhold any state aid to that district
305 until the committee’s inquiries are satisfied com-
306 pletely.”

307 11. Page 14, by inserting after line 25, the following
308 new section:

309 “Not later than December first for the following
310 school year, the board of directors of each school dis-
311 trict shall set a tentative limitation in dollars of the
312 amount the district may spend on each program in the
313 system as defined by the school budget review committee
314 and in the form which the committee prescribes. This
315 prospectus or program and allotted dollars as approved by
316 the board of directors shall guide the superintendent
317 when preparing the proposed budget for the following
318 school year. These limitations submitted by the board
319 of directors to the superintendent of schools for the
320 district shall be promptly forwarded to the school budget
321 review committee.”

322 12. Page 14, line 32, by striking the figure "18" and inserting
323 in lieu thereof the figure "21".

324 13. Page 15, by adding after line 8 the following new section:

325 "Sec. 20. Section four hundred twenty-two point nine
326 (422.9), subsection two (2), paragraph b, Code 1971, is
327 amended as follows:

328 b. Add the amount of federal income taxes paid or
329 accrued as the case may be, during the tax year, adjusted
330 by any federal income tax refunds. Provided, however,
331 that where married persons [, who have] filed a joint federal
332 income tax return, [file separately, such total shall be
333 divided between them according to the portion thereof paid
334 or accrued, as the case may be, by each] *they shall file a*
335 *joint state income tax return*; and provided further that
336 where a taxpayer has used an optional standard deduction
337 on his federal return, he shall use the optional standard
338 deduction provided for above."

339 14. By striking all of sections 20, 22, 23, 24 and 27.

340 15. By adding thereto the following new sections:

341 14. By adding the following new sections:

342 1. "Section four hundred twenty-two point sixty-
343 nine (422.69), Code 1971, is amended by adding the
344 following new subsection:

345 A 'municipal assistance fund' is created in the
346 office of the treasurer of state. Annually, prior to
347 December thirty-first, the treasurer of state shall
348 transfer an amount equal to one-fourth of the net
349 receipts of one cent of the sales tax collected under
350 division four (IV) of this chapter during the last
351 preceding fiscal year into the municipal assistance
352 fund for distribution to cities, towns, and counties. On or
353 before December thirty-first, the state comptroller
354 shall distribute the moneys in the municipal assist-
355 ance fund to each city, town, and county in the state in the
356 proportion that the population of each city, town, and county
357 is to the total population of all cities, towns, and counties
358 in the state. The moneys in the municipal assistance
359 fund are appropriated for this purpose."

360 2. "Section four hundred twenty-seven point one (427.1),
361 subsection nine (9), Code 1971, is amended as follows:

362 9. PROPERTY OF RELIGIOUS, LITERARY, AND CHARITA-
BLE

363 SOCIETIES. All grounds and buildings used or under con-
364 struction by literary, scientific, charitable, benevolent,
365 agricultural, and religious institutions and societies
366 solely for their appropriate objects, [not exceeding three
367 hundred twenty acres in extent and not leased or otherwise
368 used or under construction with a view to pecuniary pro-
369 fits] *except property from which rental income is*
370 *derived*. All deeds or leases by which such property is
371 held shall be filed for record before the property herein
372 described shall be omitted from the assessment. All such
373 property shall be listed upon the tax rolls of the dis-
374 trict or districts in which it is located and shall have
375 ascribed to it an actual fair market value and an assessed

376 or taxable value, as contemplated by section 441.21,
377 whether such property be subject to a levy or be exempted
378 as herein provided and such information shall be open to
379 public inspection."

380 *"This subsection shall not apply to the property of*
381 *educational institutions, which shall be subject to subsec-*
382 *tion eleven (11) of this section.*

383 3. Section four hundred twenty-two point five
384 422.5), Code 1971, is amended by striking subsections three
385 (3) through seven (7), inclusive, and inserting in lieu
386 thereof the following:

387 3. On the third thousand dollars of taxable income,
388 or any part thereof, two and one-half percent.

389 4. On the fourth thousand dollars of taxable income,
390 or any part thereof, four percent.

391 5. On the fifth and sixth thousand dollars of taxable
392 income, or any part thereof, five percent.

393 6. On the seventh and eighth thousand dollars of
394 taxable income, or any part thereof, six percent.

395 7. On the ninth and tenth thousand dollars of taxable
396 income, or any part thereof, seven percent.

397 8. On the eleventh and twelfth thousand dollars of
398 taxable income, or any part thereof, eight percent.

399 9. On the thirteenth and fourteenth thousand dollars
400 of taxable income, or any part thereof, nine percent.

401 10. On the fifteenth and sixteenth thousand dollars
402 of taxable income, or any part thereof, ten percent.

403 11. On the seventeenth and eighteenth thousand dollars
404 of taxable income, or any part thereof, eleven percent.

405 12. On the nineteenth and twentieth thousand dollars
406 of taxable income, or any part thereof, twelve percent.

407 13. On all taxable income over twenty thousand dollars
408 and not exceeding fifty thousand dollars, thirteen percent.

409 14. On all taxable income over fifty thousand dollars,
410 fourteen percent.

411 4. Section four hundred twenty-two point sixty-
412 nine (422.69), subsection two (2), Code 1971, is amended
413 by striking the subsection and inserting in lieu thereof
414 the following:

415 2. A "moneys and credits tax replacement fund" is
416 created in the office of the treasurer of state. Annually
417 on December thirty-first the treasurer of state shall
418 transfer four million dollars of moneys credited to the
419 general fund under this section to the moneys and credits
420 tax replacement fund.

421 5. Section four hundred twenty-two point
422 thirty-three (422.33), Code 1971, is amended by
423 striking subsections one (1) and two (2) and inserting
424 in lieu thereof the following new subsections:

425 1. ALLOCATION OF BUSINESS INCOME. If the trade
426 or business of the taxpayer is carried on entirely
427 within the state, the tax shall be imposed on the
428 entire net income. Any taxpayer having income from
429 business activity which is taxable both within and

430 without this state, other than the rendering of purely
431 personal services by an individual, shall allocate
432 and apportion his net income as provided in this
433 section.

434 2. DEFINITIONS. As used in this section, unless
435 the context otherwise requires:

436 a. "Business income" means income arising from
437 transactions and activity in the regular course of
438 the taxpayer's trade or business and includes income
439 from tangible and intangible property if the
440 acquisition, management, and disposition of the
441 property constitute integral parts of the taxpayer's
442 regular trade or business operations.

443 b. "Commercial domicile" means the principal place
444 from which the trade or business of the taxpayer is
445 directed or managed.

446 c. "Compensation" means wages, salaries,
447 commissions, and any other form of remuneration paid
448 to employees for personal services.

449 d. "Nonbusiness income" means all income other
450 than business income.

451 e. "Sales" means all gross receipts of the taxpayer
452 not allocated under subsections four (4) through eight
453 (8) of this section.

454 f. "State" means any state of the United States,
455 the District of Columbia, the Commonwealth of Puerto
456 Rico, any territory or possession of the United States,
457 and any foreign country or political subdivision
458 thereof.

459 3. NONRESIDENT TAXPAYER. For purposes of
460 allocation and apportionment of income under this
461 chapter, a taxpayer is taxable in another state if:

462 a. In that state he is subject to a net income
463 tax, a franchise tax measured by net income, a
464 franchise tax for the privilege of doing business,
465 or a corporate stock tax; or

466 b. That state has jurisdiction to subject the
467 taxpayer to a net income tax regardless of whether,
468 in fact, the state does or does not.

469 4. ALLOCATION OF CERTAIN ITEMS. Rents and
470 royalties from real or tangible personal property,
471 capital gains, interest, dividends, or patent or
472 copyright royalties, to the extent that they constitute
473 nonbusiness income, shall be allocated as provided
474 in subsections five (5) through eight (8) of this
475 section.

476 5. RENTS AND ROYALTIES.

477 a. Net rents and royalties from real property
478 located in this state are allocable to this state.

479 b. Net rents and royalties from tangible personal
480 property are allocable to this state:

481 (1) If and to the extent that the property is
482 utilized in this state; or

483 (2) In their entirety if the taxpayer's commercial

484 domicile is in this state and the taxpayer is not
485 organized under the laws of or taxable in the state
486 in which the property is utilized.

487 c. The extent of utilization of tangible personal
488 property in a state is determined by multiplying the
489 rents and royalties by a fraction, the numerator of
490 which is the number of days of physical location of
491 the property in the state during the rental or royalty
492 period in the taxable year and the denominator of
493 which is the number of days of physical location of
494 the property everywhere during all rental or royalty
495 periods in the taxable year. If the physical location
496 of the property during the rental or royalty period
497 is unknown or unascertainable by the taxpayer tangible
498 personal property is utilized in the state in which
499 the property was located at the time the rental or
500 royalty payer obtained possession.

501 6. PROPERTY—CAPITAL GAINS AND LOSSES.

502 a. Capital gains and losses from sales of real
503 property located in this state are allocable to this
504 state.

505 b. Capital gains and losses from sales of tangible
506 personal property are allocable to this state if:

507 (1) The property had a situs in this state at
508 the time of the sale; or

509 (2) The taxpayer's commercial domicile is in this
510 state and the taxpayer is not taxable in the state
511 in which the property had a situs.

512 c. Capital gains and losses from sales of
513 intangible personal property are allocable to this
514 state if the taxpayer's commercial domicile is in
515 this state.

516 7. INTEREST AND DIVIDENDS. Interest and dividends
517 are allocable to this state if the taxpayer's
518 commercial domicile is in this state.

519 8. PATENTS AND COPYRIGHTS.

520 a. Patent and copyright royalties are allocable
521 to this state:

522 (1) If and to the extent that the patent or
523 copyright is utilized by the taxpayer in this state;
524 or

525 (2) If and to the extent that the patent or
526 copyright is utilized by the taxpayer in a state in
527 which the taxpayer is not taxable and the taxpayer's
528 commercial domicile is in this state.

529 b. A patent is utilized in a state to the extent
530 that it is employed in production, fabrication,
531 manufacturing, or other processing in the state or
532 to the extent that a patented product is produced
533 in the state. If the basis of receipts from patent
534 royalties does not permit allocation to states or
535 if the accounting procedures do not reflect states
536 of utilization, the patent is utilized in the state
537 in which the taxpayer's commercial domicile is located.

538 c. A copyright is utilized in a state to the
539 extent that printing or other publication originates
540 in the state. If the basis of receipts from copyright
541 royalties does not permit allocation to states or
542 if the accounting procedures do not reflect states
543 of utilization, the copyright is utilized in the state
544 in which the taxpayer's commercial domicile is located.

545 9. BUSINESS INCOME. All business income shall
546 be apportioned to this state by multiplying the income
547 by a fraction, the numerator of which is the property
548 factor plus the payroll factor plus the sales factor,
549 and the denominator of which is three.

550 10. PROPERTY FACTOR. The property factor is a
551 fraction, the numerator of which is the average value
552 of the taxpayer's real and tangible personal property
553 owned or rented and used in this state during the
554 tax period and the denominator of which is the average
555 value of all taxpayer's real and tangible personal
556 property owned or rented and used during the tax
557 period.

558 11. PROPERTY OWNED AND RENTED. Property owned
559 by the taxpayer is valued at its original cost.
560 Property rented by the taxpayer is valued at eight
561 times the net annual rental rate. Net annual rental
562 rate is the annual rental rate paid by the taxpayer
563 less any annual rental rate received by the taxpayer
564 from subrentals.

565 12. AVERAGE VALUE OF PROPERTY. The average value
566 of property shall be determined by averaging the
567 value at the beginning and ending of the tax period
568 but the director of revenue may require the averaging
569 of monthly values during the tax period if reasonably
570 required to reflect properly the average value of
571 the taxpayer's property.

572 13. PAYROLL FACTOR. The payroll factor is a
573 fraction, the numerator of which is the total amount
574 paid in this state during the tax period by the
575 taxpayer for compensation, and the denominator of
576 which is the total compensation paid everywhere during
577 the tax period.

578 14. COMPENSATION. Compensation is paid in this
579 state if:

580 a. The individual's service is performed both
581 within the state; or

582 b. The individual's service is performed both
583 within and without the state, but the service performed
584 without the state is incidental to the individual's
585 service within the state; or

586 c. Some of the service is performed in the state and:

587 (1) The base of operations or, if there is no
588 base of operations, the place from which the service
589 is directed or controlled is in the state; or

590 (2) The base of operations or the place from which
591 the service is directed or controlled is not in any
592 state in which some part of the service is performed,

593 but the individual's residence is in this state.

594 15. SALES FACTOR. The sales factor is a fraction,
595 the numerator of which is the total sales of the
596 taxpayer in this state during the tax period, and
597 the denominator of which is the total sales of the
598 taxpayer everywhere during the tax period.

599 16. LOCAL SALES OF TANGIBLE PERSONAL PROPERTY.

600 Sales of tangible personal property are in this state
601 if:

602 a. The property is delivered or shipped to a
603 purchaser, other than the United States government,
604 within this state regardless of the f.o.b. point or
605 other conditions of the sale; or

606 b. The property is shipped from an office, store,
607 warehouse, factory, or other place of storage in this
608 state and:

609 (1) The purchaser is the United States government; or

610 (2) The taxpayer is not taxable in the state of the pur-
611 chaser.

612 17. OTHER SALES. Sales, other than sales of
613 tangible personal property, are in this state if:

614 (a) The income-producing activity is performed
615 in this state; or

616 (b) The income-producing activity is performed
617 both in and outside this state and a greater proportion
618 of the income-producing activity is performed in this
619 state than in any other state, based on costs of
620 performance.

621 18. ADDITIONAL METHODS OF DETERMINING BUSINESS

622 SITUS. If the allocation and apportionment provisions
623 of this section do not fairly represent the extent
624 of the taxpayer's business activity in this state,
625 the taxpayer may petition for or the director of
626 revenue may require, in respect to all or any part
627 of the taxpayer's business activity, if reasonable:

628 (a) Separate accounting except to a unitary business;

629 (b) The exclusion of any one or more of the factors;

630 (c) The inclusion of one or more additional factors
631 which will fairly represent the taxpayer's business
632 activity in this state; or

633 (d) The employment of any other method to
634 effectuate an equitable allocation and apportionment
635 of the taxpayer's income.

636 2. Page 1, line 5, by inserting after the word
637 "penalties," the words "relating to the corporate
638 income tax,".

639 16. Amend the title to read as follows:

640 An Act relating to state aid for schools, school district
641 property taxes, imposing a school district income tax,
642 providing administration by the director of revenue,
643 adopting provisions relating to the state individual income
644 tax, including penalties relating to property tax exemptions,
645 relating to the corporate income tax,
646 and providing aid to cities, towns and
647 counties from sales tax receipts.

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HOUSE FILE 654

- 1 Amend House File 654 as follows:
2 1. Page 15, strike lines 9 through 35, inclusive,
3 and strike lines 1 through 7, inclusive, on page 16,
4 and insert in lieu thereof the following:
5 Section Section four hundred twenty-two point
6 forty-two (422.42), Code 1971, is amended by striking
7 the section and inserting in lieu thereof the
8 following:
9 422.42 DEFINITIONS. As used in this division,
10 except where context clearly indicates a different
11 meaning:
12 1. "Transaction" means any sale, rental, lease,
13 or other transfer of property or services, conditional
14 or otherwise, in any manner, for a consideration.
15 2. "Person" includes any individual, firm,
16 partnership, joint adventure, association, corporation,
17 municipal corporation, estate, trust, business trust,
18 receiver, or any other group or combination acting
19 as a unit.
20 3. "Business" includes any activity engaged in
21 by any person with the object of gain, benefit, or
22 advantage, either direct or indirect.
23 4. "Seller" means any person engaged in a business
24 involving transactions with a user.
25 5. "User" means the immediate recipient of property
26 or services which are the subject of a transaction,
27 who is entitled to exercise control over the property
28 or services.
29 6. "Gross receipts" means the total amount of
30 transactions, valued in money, whether received in
31 money or otherwise. However, discounts for any purpose
32 allowed and taken on transactions shall not be included
33 if the transaction tax on the amount of the discount
34 is not collected from the user, nor shall the
35 transaction price of property returned by customers
36 be included to the extent that the transaction price
37 is refunded either in cash or by credit. If a
38 transaction valued in money is made in a form so that
39 payment is extended over a period longer than sixty
40 days, only the portion of the transaction price
41 actually received during the period for which gross
42 receipts are reported shall be included in the gross
43 receipts for that period.
44 7. "Place of business" means any location where
45 property or services are offered for a consideration.
46 8. "Casual transaction" means a transaction made
47 by a person who does not normally conduct a business
48 involving such transactions.
49 9. "Services" means all acts or services rendered,
50 furnished, or performed for a valuable consideration,

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51 other than those for an employer for wages, as defined
52 in section four hundred twenty-two point four (422.4),
53 subsections fourteen (14) and fifteen (15) of the
54 Code, by any person engaged in a business which
55 normally provides such services. "Services" includes,
56 but is not limited to, utility and communication
57 services, the operation of amusement devices and
58 enterprises, and the provision of living or sleeping
59 quarters for periods of not more than thirty-one
60 consecutive days to the same person.

61 10. "Taxpayer" includes any person who is subject
62 to a tax imposed by this division, whether acting
63 for himself or as a fiduciary.

64 Sec. Section four hundred twenty-two point
65 forty-three (422.43), Code 1971, is amended by striking
66 the section and inserting in lieu thereof the
67 following:

68 422.43 TAX IMPOSED. Beginning July 1, 1971, a
69 tax of one percent of the gross receipts from all
70 transactions is imposed, to be paid by the user.

71 Annually prior to July first, the state comptroller
72 shall determine the amount which is seventy percent
73 of the transaction tax collected under this division
74 for the most recent four quarters ending March thirty-
75 first, or the total amount collected for that period
76 less two hundred million dollars, whichever amount
77 is less, and shall divide this amount by the total
78 population of the state, as determined by the most
79 recent certified federal census, to determine a per
80 capita amount. This amount shall be returned to the
81 counties in the state based upon the population of
82 each county as determined by the most recent certified
83 federal census. The state comptroller shall make
84 the payments required by this section, and such amounts
85 are hereby appropriated for this purpose.

86 The county auditor of each county shall distribute
87 the amount allocated to that county to each taxing
88 district in the county in the proportion that the
89 assessed value of taxable property in the district
90 is to the total assessed value of taxable property
91 in the county. The certifying or levying board of
92 each taxing district in the county shall reduce its
93 budget for the succeeding year by the amount
94 distributed to it from transaction tax receipts, and
95 shall certify or levy only the millage necessary to
96 raise the reduced amount. In order to qualify for
97 allocations under this section in any year subsequent
98 to the first year of distribution, the certifying
99 or levying board of each taxing district shall certify
100 to the county auditor that its property tax millage

101 has been reduced by the amount equivalent to its
102 allocation under this section in the last preceding
103 year.

104 Sec. Section four hundred twenty-two point
105 forty-four (422.44), Code 1971, is amended as follows:

106 422.44 TAX ON SURPLUS WAR MATERIAL. Purchases
107 of ~~tangible-personal~~ property or services from the
108 government of the United States or any of its agencies
109 by ~~ultimate-consumer-users~~ any persons are hereby
110 ~~declared-to-be~~ subject to the state use tax.

111 ~~This-section-shall-not-apply-to-purchases-made~~
112 ~~by-counties-or-municipal-corporations;~~

113 Sec. Section four hundred twenty-two point
114 forty-five (422.45), Code 1971, is amended by striking
115 the section and inserting in lieu thereof the
116 following:

117 422.45 EXEMPTIONS. The following are exempt from
118 the provisions of this division:

119 1. The gross receipts from transactions which
120 this state is prohibited from taxing under the
121 constitution or laws of the United States or under
122 the constitution of this state.

123 2. The gross receipts from casual transactions.

124 Sec. Section four hundred twenty-two point
125 forty-six (422.46), Code 1971, is amended as follows:

126 422.46 CREDIT ON TAX. ~~A-credit-shall-be-allowed~~
127 ~~against-the-amount-of-tax-computed-to-be-due-and~~
128 ~~payable-on-the-gross-receipts-from-sales-at-retail~~
129 ~~of-any-tangible-personal-property-or-from-services~~
130 ~~rendered;-furnished;-or-performed-upon-which-the-state~~
131 ~~now-imposes-a-special-tax;-whether-in-the-form-of~~
132 ~~a-license-tax;-stamp-tax;-or-otherwise;-to-the-extent~~
133 ~~of-the-amount-of-such-tax-imposed-and-paid;--This~~
134 ~~provision-shall-not-apply-to-the-sale-of-airplanes~~
135 ~~or-to-the-sale-at-retail-of-beer;-alcoholic-beverages~~
136 ~~and-cigarettes:~~ Taxes paid to the state on gross
137 receipts represented by accounts found to be worthless
138 and actually charged off for income tax purposes may
139 be credited upon a subsequent payment of the tax
140 ~~herein-provided;-provided;-that-if-such~~ , but if the
141 accounts are thereafter collected by the retailer,
142 a tax shall be paid upon the amount so collected.

143 Sec. Section four hundred twenty-two point
144 forty-seven (422.47), Code 1971, is repealed.

145 Sec. Section four hundred twenty-two point
146 forty-eight (422.48), Code 1971, is amended as follows:

147 422.48 ADDING OF TAX.

148 1. Retailers Sellers shall, as far as practicable,
149 add the tax imposed under this division, or the average
150 equivalent thereof, to the sales price or charge of

151 every transaction within this state ; less trade-ins
152 allowed and taken and when added such tax shall
153 constitute a part of such price or charge, shall be
154 a debt from ~~consumer or the user to retailer the~~
155 ~~seller until paid, or until the director assumes~~
156 ~~responsibility for collection of a tax on services;~~
157 ~~as provided in section 422:43,~~ and shall be recoverable
158 at law in the same manner as other debts.

159 2. Agreements between competing ~~retailers~~ sellers,
160 or the adoption of appropriate rules and regulations
161 by organizations or associations of ~~retailers~~ sellers
162 to provide uniform methods for adding such tax or
163 the average equivalent thereof, and which do not
164 involve price-fixing agreements otherwise unlawful,
165 are expressly authorized and shall be held not in
166 violation of chapter 553, or other antitrust laws
167 of this state. The director shall co-operate with
168 such ~~retailers~~ sellers, organizations, or associa-
169 tions in formulating such agreements, rules, and
170 regulations. The director ~~may~~ shall adopt and
171 promulgate rules and regulations for adding such tax,
172 or the average equivalent thereof, by providing
173 different methods applying uniformly to retailers
174 within the same general classification for the purpose
175 of enabling such ~~retailers~~ sellers to add and collect,
176 as far as practicable, the amount of such tax.

177 Sec. Section four hundred twenty-two point
178 forty-nine (422.49), Code 1971, is amended as follows:
179 422.49 ABSORBING TAX PROHIBITED. It shall be
180 unlawful for any ~~retailer~~ seller to advertise or hold
181 out or state to the public or to any ~~consumer~~ user,
182 directly or indirectly, that the tax or any part
183 thereof imposed by this division will be assumed or
184 absorbed by the ~~retailer~~ seller or that it will not
185 be considered as an element in the price to the
186 ~~consumer~~ user, or if added, that it or any part thereof
187 will be refunded.

188 Sec. Section four hundred twenty-two point
189 fifty (422.50), Code 1971, is amended as follows:
190 422.50 RECORDS REQUIRED. It shall be the duty
191 of every ~~retailer~~ seller required to make a report
192 and pay any tax under this division, to preserve such
193 records of the gross proceeds of sales transactions
194 as the director may require and it shall be the duty
195 of every ~~retailer~~ seller to preserve for a period
196 of five years all invoices and other records of goods,
197 wares, or merchandise purchased ~~for resale and resold;~~
198 and all such books, invoices, and other records shall
199 be open to examination at any time by the department,
200 and shall be made available within this state for

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201 such examination upon reasonable notice when the di-
202 rector shall so order.

203 Sec. Section four hundred twenty-two point
204 fifty-one (422.51), subsections one (1) and three
205 (3), Code 1971, are amended as follows:

206 422.51 RETURN OF GROSS RECEIPTS. Each person
207 subject to sections 422.52 and 422.53 and in accordance
208 with the provisions thereof shall, on or before the
209 last day of the month following the close of each
210 calendar quarter during which such person is or has
211 become or ceased being subject to the provisions of
212 such sections, make, sign, and file a return for such
213 calendar quarter in such form as may be required.
214 Such returns shall show information relating to gross
215 receipts ~~including goods, wares, and services converted~~
216 ~~to the use of such person from all transactions~~, the
217 amount of gross receipts excluded and exempt from
218 the tax, the receipts subject to tax; a calculation
219 of tax due, and such other information for the period
220 covered by the return as may be required. Persons
221 required to file, or committed to file by reason of
222 voluntary action or by order of the department of
223 revenue, monthly deposits of taxes due under this
224 division shall be entitled to take credit against
225 the total quarterly amount of tax due such amount
226 as shall have been deposited by such persons during
227 such calendar quarter. The balance remaining due
228 after such credit for monthly deposits shall be entered
229 on the return; provided, however, that such person
230 may be granted an extension of time not exceeding
231 thirty days for filing such quarterly return, upon
232 a proper showing of necessity therefor. If such
233 extension be granted such person shall have paid by
234 the twentieth day of the month following the close
235 of such quarter ninety percent of the estimated tax
236 due.

237 3. Returns shall be signed by the retailer seller
238 or his duly authorized agent, and must be duly
239 certified by him to be correct.

240 Sec. Section four hundred twenty-two point
241 fifty-two (422.52), subsections one (1) and five (5),
242 Code 1971, are amended as follows:

243 422.52 PAYMENT OF TAX--BOND.

244 1. The tax levied hereunder shall be due and
245 payable in quarterly installments on or before the
246 last day of the month next succeeding each quarterly
247 period, the first of such quarterly periods being
248 the period commencing with ~~April 1, 1937~~ July 1, 1971,
249 and ending on the thirtieth day of ~~June, 1937~~;
250 ~~provided, however, commencing with the period beginning~~

251 ~~January 1, 1966; every retailer who collects more~~
252 ~~than five hundred dollars in retail sales taxes in~~
253 ~~any one month commencing with January 1, 1966~~
254 September, 1971. Every seller who collects more than
255 twenty-five hundred dollars in gross receipts from
256 transactions in any one month commencing with July
257 1, 1971, shall deposit with the department or in a
258 depository bank designated by the director, said sum,
259 made out on a deposit form for the month in such form
260 and manner as may be prescribed by the director, said
261 deposit form being due on or before the twentieth
262 day of the month next succeeding the month of
263 collection, except no deposit will be required for
264 the third month of the calendar quarter and the total
265 quarterly amount, less the amounts deposited for the
266 first two months of the quarter, will be due with
267 the quarterly report on the last day of the month
268 next succeeding the month of collection. Said monthly
269 remittance procedure shall be optional for any sales
270 tax permit holder for all transaction tax permit
271 holders whose average monthly collection of tax amounts
272 to more than twenty-five dollars and less than five
273 hundred dollars. If the exact amounts of the taxes
274 due on the monthly deposit form are not ascertainable
275 by the retailer seller, or would work undue hardship
276 in the computation of the taxes due by the retailer
277 seller, the director may provide by rules and
278 regulations alternative procedures for estimating
279 the amounts (but not the dates) so due by the retailers
280 holders. The form so prescribed by the director shall
281 be referred to as "retailers monthly tax transaction
282 tax monthly deposit". Deposit forms shall be signed
283 by the retailer seller or his duly authorized agent,
284 and must be duly certified by him to be correct.
285 The director may authorize incorporated banks and
286 trust companies which are depositories or financial
287 agents of the United States, or of this state, to
288 receive any tax imposed under this chapter, in such
289 manner, at such times and under such conditions as
290 the director may prescribe. The director shall
291 prescribe the manner, times, and conditions under
292 which the receipt of such tax by such banks and trust
293 companies is to be treated as payment of such tax
294 to the department.

295 5. The provisions of subsection 1 of this section,
296 according to the context, shall apply to persons
297 having receipts from rendering, furnishing, or
298 performing services enumerated in section 422.43.

299 Sec. Section four hundred twenty-two point
300 fifty-three (422.53), subsection one (1), Code 1971,

301 is amended as follows:

302 422.53 PERMITS--APPLICATIONS FOR.

303 1. ~~It~~ After July 31, 1971, it shall be unlawful
304 for any person to engage in or transact business as
305 a retailer seller within this state, unless a permit
306 or permits shall have been issued to him as hereinafter
307 prescribed, except as otherwise provided in subsection
308 7 of this section. Every person desiring to engage
309 in or conduct business as a retailer seller within
310 this state shall file with the department an
311 application for a permit or permits. Every application
312 for such a permit shall be made upon a form prescribed
313 by the director and shall set forth the name under
314 which the applicant transacts or intends to transact
315 business, the location of his place or places of
316 business, and such other information as the director
317 may require. The application shall be signed by the
318 owner if a natural person; in the case of an
319 association or partnership, by ~~a member or partner~~
320 a partner thereof; in the case of a corporation, by
321 ~~an executive officer~~ all executive officers thereof
322 or some person specifically authorized by the
323 corporation to sign the application, to which shall
324 be attached the written evidence of his authority.

325 Sec. Section four hundred twenty-two point
326 ~~fifty-three~~ (422.53), Code 1971, is amended by striking
327 subsections seven (7) and eight (8).

328 Sec. Section four hundred twenty-two point
329 ~~fifty-eight~~ (422.58), subsections one (1) and two
330 (2), Code 1971, are amended as follows:

331 422.58 PENALTIES--OFFENSES.

332 1. Any person failing to file a permit holders
333 monthly tax deposit, a return or corrected return
334 or to pay any tax within the time required by this
335 division, shall be subject to ~~an interest~~ a penalty
336 of five percent of the amount of tax due, plus interest
337 of one-half of one percent of such tax for each month
338 of delay or fraction thereof, excepting the first
339 month after such return was required to be filed or
340 such tax became due, and excepting the period between
341 the completion of an examination of the books and
342 records of a taxpayer and the giving of notice to
343 the taxpayer that a tax or additional tax is due;
344 but the director, if satisfied that the delay was
345 excusable, may remit all or any part of such interest
346 and penalty. Such interest and penalty shall be paid
347 to the department and disposed of in the same manner
348 as other receipts under this division. Unpaid interest
349 and penalties may be enforced in the same manner as
350 the tax imposed by this division.

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351 2. Any person who shall sell tangible personal
352 property; tickets or admissions to places of amusement
353 and athletic events; or gas; water; electricity; and
354 communication service at retail; or engage in the
355 rendering; furnishing; or performing services
356 enumerated in section 422.43; engages in a transaction
357 as a seller in this state after his license shall
358 have been revoked, or without procuring a license
359 within sixty thirty-one days after the effective date
360 of this division, as provided in section 422.53, or
361 who shall violate the provisions of section 422.49,
362 and the officers of any corporation who shall so act,
363 shall be guilty of a misdemeanor, punishment for which
364 shall be a fine of not more than one hundred dollars
365 or imprisonment in the county jail for not more than
366 thirty days in the discretion of the court.

367 2. Page 16, strike lines 22 through 32, inclusive.

368 3. Page 17, strike lines 33, 34, and 35, and
369 strike lines 1 through 16, inclusive, on page 18,
370 and insert in lieu thereof the following:

371 Sec. Section four hundred twenty-three point
372 one (423.1), Code 1971, is amended by striking the
373 section and inserting in lieu thereof the following:

374 423.1 DEFINITIONS. As used in this chapter,
375 except where context clearly indicates a different
376 meaning:

377 1. "Use" means the exercise by any person of any
378 right or power incident to ownership, over property
379 or services which are the subject of a transaction.

380 2. Definitions contained in sections four hundred
381 twenty-two point three (422.3) and four hundred twenty-
382 two point forty-two (422.42) of the Code are adopted
383 as applicable to the provisions of this chapter.

384 3. "New motor vehicles" and "trailers" have the
385 same meaning as defined in section three hundred
386 twenty-one point one (321.1) of the Code.

387 Sec. Section four hundred twenty-three point
388 two (423.2), Code 1971, is amended by striking the
389 section and inserting in lieu thereof the following:

390 423.2 IMPOSITION OF TAX. Beginning July 1, 1971,
391 an excise tax is imposed on the use in this state
392 of property or services which were obtained as the
393 result of a transaction, at the rate of one percent
394 of the gross receipts of the transaction.

395 Sec. Section four hundred twenty-three point
396 three (423.3), Code 1971, is amended as follows:

397 423.3 TAX ON SURPLUS WAR MATERIAL. Purchases
398 of tangible personal property made from the government
399 of the United States or any of its agencies by ultimate
400 consumers shall be any persons are subject to the

401 tax imposed by section 423.2. ~~Services-purchased~~
402 ~~from-the-same-source-or-sources-shall-be-subject-to~~
403 ~~service-tax-imposed-by-this-chapter-and-apply-to-the~~
404 ~~user-thereof.~~

405 This-section-shall-not-apply-to-purchases-made
406 by-counties-or-municipal-corporations:

407 Sec. Section four hundred twenty-three point
408 four (423.4), Code 1971, is amended by striking the
409 section and inserting in lieu thereof the following:

410 423.4 EXEMPTIONS. The following are exempt from
411 the provisions of this chapter:

412 1. The use in this state of property or services
413 which were obtained as the result of a transaction,
414 if the gross receipts of the transaction would have
415 been exempt under section 422.45 of the Code.

416 2. The use in this state of property or services
417 which were obtained as a result of a transaction
418 taxable under section 422.43 of the Code.

419 3. Articles of tangible personal property brought
420 into the state by a nonresident individual for his
421 use within the state.

422 Sec. Section four hundred twenty-three point
423 five (423.5), Code 1971, is amended as follows:

424 423.5 EVIDENCE OF USE. For the purpose of the
425 proper administration of this chapter and to prevent
426 evasion of the tax, evidence that ~~tangible-personal~~
427 property was sold by any person for delivery in this
428 state shall be ~~prima-facie~~ prima facie evidence that
429 such ~~tangible-personal~~ property was sold for use in
430 this state.

431 Sec. Section four hundred twenty-three point
432 six (423.6), subsections two (2), three (3), and four
433 (4), Code 1971, are amended as follows:

434 2. The tax upon the use of all ~~tangible-personal~~
435 property other than that enumerated in subsection
436 1 hereof, which is ~~sold~~ the subject of a transaction
437 by a ~~retailer~~ seller ~~maintaining a place of business~~
438 in this state, or by such other ~~retailer~~ seller as
439 the director shall authorize pursuant to section
440 423.10, shall be collected by such ~~retailer~~ seller
441 and remitted to the department, pursuant to the
442 provisions of sections 423.9 to 423.13, inclusive.

443 3. The tax upon the use of all ~~tangible-personal~~
444 property not paid pursuant to subsections 1 and 2
445 hereof shall be paid to the department directly by
446 any person using such property within this state,
447 pursuant to the provisions of section 423.14.

448 4. The use tax on services imposed in section
449 423.2 shall ~~be~~ collected, remitted, and paid to the
450 department of revenue of this state in the
451 corresponding manner as use tax on ~~tangible-personal~~
452 property is collected, remitted and paid under
453 provisions of this chapter.

454 Sec. Section four hundred twenty-three point

455 eight (423.8), Code 1971, is amended as follows:
456 423.8 SALES TAX REPORT--DEDUCTION. Motor vehicle
457 or trailer dealers, in making their reports and returns
458 to the department for the purpose of paying the retail
459 sales transaction tax imposed by division IV of chapter
460 422, shall be permitted to deduct all gross receipts
461 from retail sales of new motor vehicles and new
462 trailers. Gross receipts from such new motor vehicle
463 and new trailer sales are hereby expressly exempted
464 from the tax imposed by said division IV, but, if
465 required by the director, such gross receipts shall
466 be included in the returns made by motor vehicle or
467 trailer dealers under said division IV, and proper
468 deductions taken pursuant to this section.

469 Sec. Section four hundred twenty-three point
470 nine (423.9), Code 1971, is amended as follows:

471 423.9 COLLECTION BY RETAILER. Every retailer
472 seller maintaining a place of business in this state
473 and ~~making sales of tangible personal~~ engaging in
474 transactions of property or services for use in this
475 state, not exempted under the provisions of section
476 423.4 nor collectible under the provisions of section
477 423.7, shall at the time of making such sales, whether
478 within or without the state, collect the tax imposed
479 by this chapter from the purchaser, and give to the
480 purchaser a receipt therefor in the manner and form
481 prescribed by the director, if the director shall,
482 by regulation, require such receipt. Each such
483 retailer seller shall list with the department the
484 name and address of all his agents operating in this
485 state, and the location of any and all his distribution
486 or sales houses or offices or other places of business
487 in this state.

488 ~~Every person rendering, furnishing, or performing~~
489 ~~services enumerated in section 422.43, maintaining~~
490 ~~a place of business in this state shall be subject~~
491 ~~to the provisions of the preceding paragraph:~~

492 Sec. Section four hundred twenty-three point
493 ten (423.10), Code 1971, is amended as follows:

494 423.10 FOREIGN RETAILERS. The director may, upon
495 application authorize the collection of the tax herein
496 imposed by any retailer seller not maintaining a place
497 of business within this state, who, to the satisfaction
498 of the director furnishes adequate security to insure
499 collection and payment of the tax. Such retailer
500 seller shall be issued, without charge, a permit to
501 collect such tax in such manner, and subject to such
502 regulations and agreements as the director shall
503 prescribe. When so authorized, it shall be the duty
504 of such retailer seller to collect the tax upon all

505 tangible-personal property sold and services which
506 are the subject of transactions and are to his
507 knowledge for use within this state, in the same
508 manner and subject to the same requirements as a
509 retailer seller maintaining a place of business within
510 this state. Such authority and permit may be canceled
511 when, at any time, the director considers the security
512 inadequate, or that such tax can more effectively
513 be collected from the person using such property in
514 this state.

515 ~~The discretionary power granted therein is extended~~
516 ~~to apply in the case of persons rendering, furnishing~~
517 ~~or performing services enumerated in section 422.43:~~

518 Sec. Section four hundred twenty-three point
519 eleven (423.11), Code 1971, is amended as follows:

520 423.11 ABSORBING TAX PROHIBITED. It shall be
521 unlawful for any retailer seller to advertise or hold
522 out or state to the public or to any purhaser;
523 eonsumer or user, directly or indirectly, that the
524 tax or any part thereof imposed by this chapter will
525 be assumed or absorbed by the retailer seller or that
526 it will not be added to the selling transaction price
527 ~~of the property sold~~, or if added that it or any part
528 thereof will be refunded. The director shall have
529 the power to adopt and promulgate rules and regula-
530 tions for adding such tax, or the average equivalent
531 thereof, by providing different methods applying
532 uniformly to retailers sellers within the same general
533 classification for the purpose of enabling such
534 retailers sellers to add and collect, as far as
535 practicable, the amount of such tax. Any person
536 violating any of the provisions of this section within
537 this state shall be guilty of a misdemeanor and subject
538 to the penalties provided in section 423.20.

539 Sec. Section four hundred twenty-three point
540 twelve (423.12), Code 1971, is amended as follows:

541 423.12 TAX AS DEBT. The tax herein required to
542 be collected by any retailer seller pursuant to
543 sections 423.9 or 423.10, and any tax collected by
544 any retailer seller pursuant to said sections, shall
545 constitute a debt owed by the retailer seller to this
546 state.

547 Sec. Section four hundred twenty-three point
548 thirteen (423.13), Code 1971, is amended as follows:

549 423.13 PAYMENT TO DEPARTMENT. Each permit holder
550 required or authorized, pursuant to sections 423.9
551 or 423.10, to collect the tax herein imposed, shall
552 be required to pay to the department the amount of
553 such tax, on or before the last day of the month next
554 succeeding each quarterly period. At such time, each
555 such retailer seller shall file with the department

556 a return for the preceding quarterly period in such
557 form as may be prescribed by the director showing
558 the sales price of any or all tangible-personal
559 property sold-by-the-retailer or services which were
560 the subject of a transaction by the seller during
561 such preceding quarterly period, the use of which
562 is subject to the tax imposed by this chapter, and
563 such other information as the director may deem
564 necessary for the proper administration of this
565 chapter. The return shall be accompanied by a
566 remittance of the amount of such tax, for the period
567 covered by the return. If necessary in order to
568 insure payment to the state of the amount of such
569 tax, the director may in any or all cases require
570 returns and payments of such amount to be made for
571 other than quarterly periods. The director may, upon
572 request and a proper showing of the necessity therefor,
573 grant an extension of time not to exceed thirty days
574 for making any return and payment. Returns shall
575 be signed by the retailer seller or his duly authorized
576 agent, and must be certified by him to be correct.

577 Sec. Section four hundred twenty-three point
578 fourteen (423.14), Code 1971, is amended as follows:

579 423.14 LIABILITY OF USER. Any person who uses
580 any property or services ~~enumerated in section 422-43~~
581 which are the subject of a transaction upon which
582 the tax herein imposed has not been paid, either to
583 the county treasurer or to a retailer seller or direct
584 to the department as herein provided, shall be liable
585 therefor, and shall on or before the last day of the
586 month next succeeding each quarterly period pay the
587 tax herein imposed upon all such property used by
588 him during the preceding quarterly period in such
589 manner and accompanied by such returns as the director
590 shall prescribe. All of the provisions of section
591 423.13 with reference to such returns and payments
592 shall be applicable to the returns and payments herein
593 required.

594 Sec. Section four hundred twenty-three point
595 twenty (423.20), Code 1971, is amended as follows:

596 423.20 PENALTY. Any retailer seller or other
597 person failing or refusing to furnish any return
598 herein required to be made, or failing or refusing
599 to furnish a supplemental return or other data required
600 by the director, shall be guilty of a misdemeanor
601 and subject to a fine of not to exceed one hundred
602 dollars for each such offense, or to imprisonment
603 for not to exceed thirty days, or to both such fine
604 and imprisonment, in the discretion of the court.

605 Sec. Section four hundred twenty-three point

606 twenty-one (423.21), Code 1971, is amended as follows:
607 423.21 BOOKS--EXAMINATION. Every retailer seller
608 required or authorized to collect taxes imposed by
609 this chapter and every person using in this state
610 ~~tangible-personal~~ property or services shall keep
611 such records, receipts, invoices, and other pertinent
612 papers as the director shall require, in such form
613 as the director shall require. The director or any
614 duly authorized agent of the department may examine
615 the books, papers, records, and equipment of any
616 ~~person either-selling-tangible-personal-property-or~~
617 ~~liable for the tax imposed by this chapter, and~~
618 investigate the character of the business of any such
619 person in order to verify the accuracy of any return
620 made, or if no return was made by such person,
621 ascertain and determine the amount due under the
622 provisions of this chapter. Any such books, papers
623 and records shall be made available within this state
624 for such examination upon reasonable notice when the
625 director shall deem it advisable and shall so order.
626 The preceding requirements shall likewise apply to
627 ~~users and persons-rendering,-furnishing,-or-performing~~
628 ~~service-enumerated-in-section-422:43.~~

629 Sec. Section four hundred twenty-three point
630 twenty-two (423.22), Code 1971, is amended as follows:
631 423.22 REVOKING PERMITS. Whenever any retailer
632 seller maintaining a place of business in this state,
633 or authorized to collect the tax herein imposed
634 pursuant to section 423.10, fails to comply with any
635 of the provisions of this chapter or any orders, rules
636 or regulations prescribed and adopted under this
637 chapter, the director may, upon notice and hearing
638 as hereinafter provided, by order revoke the permit,
639 if any, issued to such retailer seller under section
640 422.53, or if such retailer seller is a corporation
641 authorized to do business in this state under chapter
642 494, may certify to the secretary of state a copy
643 of an order finding that such retailer seller has
644 failed to comply with certain specified provisions,
645 orders, rules, or regulations. The secretary of state
646 shall, upon receipt of such certified copy, revoke
647 the permit authorizing said corporation to do business
648 in this state, and shall issue a new permit only when
649 such corporation shall have obtained from the director
650 an order finding that such corporation has complied
651 with its obligations under this chapter. No order
652 authorized in this section shall be made until the
653 retailer seller is given an opportunity to be heard
654 and to show cause why such order should not be made,
655 and he shall be given ten days' notice of the time,

656 place, and purpose of such hearing. The director
657 may issue a new permit pursuant to section 422.53
658 after such revocation. The preceding provision shall
659 apply to users ~~and persons supplying services~~
660 ~~enumerated in section 422.43.~~

661 Sec. Section four hundred twenty-three point
662 twenty-four (423.24), Code 1971, is amended by adding
663 the following paragraph:

664 "Annually prior to July first, the state comptroller
665 shall determine the amount which is seventy percent
666 of the use tax collected under this chapter for the
667 most recent four quarters ending March thirty-first,
668 or the total amount collected less the amount collected
669 for that period from the use tax on motor vehicles,
670 trailers, and motor vehicle accessories and equipment,
671 whichever amount is less, and shall divide this amount
672 by the total population of the state, as determined
673 by the most recent certified federal census, to
674 determine a per capita amount. This amount shall
675 be returned to the counties in the state based upon
676 the population of each county as determined by the
677 most recent certified federal census. The state
678 comptroller shall make the payments required by this
679 provision, and such amounts are hereby appropriated
680 for this purpose.

681 The county auditor of each county shall distribute
682 the amount allocated to that county to each taxing
683 district in the county in the proportion that the
684 assessed value of taxable property in the district
685 is to the total assessed value of taxable property
686 in the county. The certifying or levying board of
687 each taxing district in the county shall reduce its
688 budget for the succeeding year by the amount
689 distributed to it from transaction tax receipts, and
690 shall certify or levy only the millage necessary to
691 raise the reduced amount. In order to qualify for
692 allocations under this section in any year subsequent
693 to the first year of distribution, the certifying
694 or levying board of each taxing district shall certify
695 to the county auditor that its property tax millage
696 has been reduced by the amount equivalent to its
697 allocation under this section in the last preceding
698 year."

699 Sec. Section four hundred twenty-three point
700 twenty-five (423.25), Code 1971, is amended as follows:

701 423.25 TAXATION IN ANOTHER STATE. If any person
702 who causes ~~tangible personal~~ property to be brought
703 into this state has already paid a tax in another
704 state in respect to the sale or use of such property,
705 or an occupation tax in respect thereto, in an amount

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May 7, 1971

706 less than the tax imposed by this title, the provisions
707 of this title shall apply, but at a rate measured
708 by the difference only between the rate herein fixed
709 and the rate by which the previous tax on the sale
710 or use, or the occupation tax, was computed. If such
711 tax imposed and paid in such other state is equal
712 to or more than the tax imposed by this title, then
713 no tax shall be due in this state on such personal
714 property.

715 Sec. Chapter four hundred twenty-four (424),
716 Code 1971, is repealed.

717 Sec. Section six hundred twenty-six point
718 twenty-nine (626.29), Code 1971, is amended as follows:

719 626.29 DISTRESS WARRANT BY DIRECTOR OF REVENUE.

720 In the service of a distress warrant issued by the
721 director of revenue for the collection of income tax,
722 sales transaction tax, freight line and equipment
723 car tax, and/or use tax, the property of the taxpayer
724 in the possession of another, or debts due him, may
725 be reached by garnishment.

726 4. Page 19, strike lines 15 through 20, inclusive.

727 5. Renumber sections and correct internal
728 references as required by this amendment.

729 6. Page 1, amend the title by striking line 6
730 and inserting in lieu thereof the words "and imposing
731 a tax on transactions, or the use of property or
732 services which were obtained as the result of a
733 transaction."

Filed - *Last 5/7*
May 6, 1971

By RODGERS of Dallas-Madison
District 85

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 15, by striking lines 9 through 35.

3 2. Page 16, by striking lines 1 through 7,
4 and inserting in lieu thereof the following:

5 "Sec. 20. Section four hundred twenty-two point
6 forty-two (422.42), subsection eleven (11), Code 1971,
7 is amended as follows:

8 11. "Place of business" shall mean any warehouse,
9 store, place, office, building or structure where
10 goods, wares or merchandise or taxable services are
11 offered for sale at retail or where any taxable
12 amusement is conducted or each office where gas,
13 water, heat, communication or electric services are
14 offered for sale at retail.

15 Sec. 6. Section four hundred twenty-two point
16 forty-three (422.43), Code 1971, is amended by striking
17 unnumbered paragraph nine (9).

18 Sec. 7. Section four hundred twenty-two point
19 forty-five (422.45), subsections one (1) and five
20 (5), Code 1971, are amended as follows:

21 1. The gross receipts from sales of tangible
22 personal property and services rendered, furnished,
23 or performed which this state is prohibited from
24 taxing under the Constitution or laws of the United
25 States or under the Constitution of this state.

26 5. The gross receipts ~~or~~ from services rendered,
27 furnished, or performed and of all sales of goods,
28 wares or merchandise used for public purposes to any
29 tax-certifying or tax-levying body of the state of
30 Iowa or governmental subdivision thereof, including
31 the state board of regents, state department of social
32 services, state highway commission and all divisions,
33 boards, commissions, agencies or instrumentalities
34 of state, federal, county or municipal government
35 which derive disburseable funds from appropriations
36 or allotments of funds raised by the levying and
37 collection of taxes, except sales of goods, wares
38 or merchandise or from services rendered, furnished,
39 or performed and used by or in connection with the
40 operation of any municipally-owned public utility
41 engaged in selling gas, electricity or heat to the
42 general public.

43 The exemption provided by this subsection shall
44 also apply to all such sales of goods, wares or
45 merchandise or from services rendered, furnished,
46 or performed and subject to use tax under the
47 provisions of chapter 423."

48 2. By renumbering the remaining section.

49 3. Page 1, line 1, by striking the words "rate
50 and collection of".

Filed
May 6, 1971

By JOHNSTON of Johnson
District 70
DUNTON of Keokuk
District 88

HOUSE FILE 654

1 Amend the Alt amendment to House File 654, filed
2 May 6, 1971, as follows:
3 By adding after the period in line 20 the following:
4 "Funds available for municipal assistance pursuant to
5 this section shall be reduced by the amount of funds
6 appropriated by the state of Iowa for deposit in the sewage
works construction
7 fund created in section four hundred fifty-five C point
8 one (455C.1) of the Code. In determining the amount of
9 funds to be distributed to cities and towns under this
10 section, the comptroller shall subtract the funds appro-
11 priated by the state of Iowa for deposit in the sewage works
construction fund.
12 Any funds remaining in the municipal assistance fund
13 on January first following distribution of funds for cities
14 and towns shall revert to the general fund of the state."

Offered in committee
of whole and lost.
May 6, 1971

By HOLDEN of Scott
District 75
VARLEY of Adair
District 84
KREAMER of Polk
District 63

HOUSE FILE 654

1 Amend the Stromer amendment to House File 654, filed
2 April 22, 1971, commencing on page 1056 of the House
3 Journal, by inserting in line 78 after the word "year" the
4 following:
5 ", except that if a school district's total property
6 tax levy for the general fund budget is less than thirty
7 mills, the foundation property tax in that district shall
8 be increased so that the total property tax levy for the
9 general fund budget is thirty mills or the equivalent of
10 the district's total property tax levy for the general
11 fund budget for the 1971-1972 school year, whichever is
12 less, and the amount of the total flat grant component
13 payable to that district shall be reduced by the amount
14 which will be obtained from the increased amount of founda-
15 tion property tax. For the purpose of computing the
16 foundation property tax, a district's total property tax
17 levy for the general fund budget is determined by excluding
18 any additional school district property tax on industrial
19 and utility property and including any additional school
20 district property tax on other than industrial and utility
21 property."

Offered in committee
of whole and adopted.
May 6, 1971

By STROMER of Hancock
District 8

House 21
May 7, 1971

HOUSE FILE 654

1 Amend house file 654, line 22 through 32, page
2 16, as follows:
3 Sec. 22. Section four hundred twenty-two point
4 sixty-nine (422.69), subsection five (5), Code
5 1971, is amended as follows:
6 5. During the last quarter of each fiscal year
7 an amount equal to ten percent of the net receipts
8 from the sales tax collected under division IV of
9 this chapter for the fiscal year, less the amount
10 transferred during such fiscal year for motor
11 vehicle registration plates, one-half shall be
12 transferred to the road use tax fund created by
13 chapter 312. The remainder of the net receipts
14 from the 10% of sales tax shall be credited to the
15 street construction fund of the cities and towns
16 created by chapter 312. The remainder of the net
17 receipts from the sales tax shall be credited to
18 the general fund.

Offered in committee
of whole and lost.

May 6, 1971

Motion to reconsider filed 5/6

By GOODE of Davis
District 98

HOUSE FILE 654

1 Amend the Alt amendment to House File 654, filed
2 May 6, 1971, as follows:
3 1. Line 13, by inserting after the word "towns"
4 the words "and counties".
5 2. Line 16, by inserting after the word "town"
6 the words "and county".
7 3. Line 17, by inserting after the word "town"
8 the words "and county".
9 4. Line 18, by inserting after the word "towns"
10 the words "and counties".
11 5. Line 26, by inserting after the words "towns"
12 the words "and counties".

Offered in committee
of whole and adopted.
May 6, 1971

By PRIEBE of Kossuth
District 6
ROORDA of Jasper
District 67
SCOTT of Cerro Gordo
District 18

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Page 19, by adding after line 20, the following
3 new sections:

4 Sec. 28. DEFINITIONS. For the purposes of this Act,
5 unless the context otherwise requires:

6 1. "Income" means the net income as defined in sec-
7 tion four hundred twenty-two point seven (422.7) of the
8 Code of the person claiming the credit, plus the amount of
9 capital gains excluded from the adjusted gross income,
10 interest and dividends from federal securities, social
11 security benefits, and income from other tax-exempt retire-
12 ment or pension plans and includes any income of the spouse
13 brother, sister, son, and daughter of the person claiming
14 the credit, if living with the person claiming the credit.

15 2. "Homestead" means homestead as defined in section
16 four hundred twenty-five point eleven (425.11) of the Code,
17 and in addition, includes a dwelling or part of a multi-
18 dwelling which is owned or rented and in which the person
19 claiming the credit actually resides and a mobile home
20 which is owned or rented by the person claiming the credit
21 and in which the person claiming the credit actually
22 resides.

23 3. "Property taxes accrued" means property taxes
24 levied on the homestead in the preceding year, exclusive
25 of special assessments, delinquent interest and charges,
26 and collectible during the same year in which the credit
27 is claimed.

28 4. "Gross rent" means rental paid solely for the
29 right of occupancy of a homestead, exclusive of charges for
30 any utilities, services, furnishings, or personal property
31 appliances furnished by the landlord as a part of the
32 rental agreement.

33 5. "Rent constituting property taxes accrued" means
34 twenty percent of the gross rent actually paid on the
35 homestead during the preceding calendar year by the person
36 claiming the credit.

37 Sec. 29. CLAIM FOR PROPERTY TAXES ACCRUED. Any
38 person sixty-five years of age or older or totally disabled
39 shall be entitled to a credit against his state income taxes
40 for property taxes accrued based upon his income. The
41 amount of any credit shall be computed in accordance with
42 the following table:

43		He shall be entitled to
44		a credit against his
45	If the person's	state income taxes equal
46	income is:	to the amount by which
47		the property taxes ac-
48		crued on his homestead
49		exceeds the following
50		percentage of his income:

51	Less than \$1,000	2%
52	\$1,000 or over and less than \$2,000	3%
53	\$2,000 or over and less than \$3,000	4%
54	\$3,000 or over and less than \$4,000	5%
55	\$4,000 or over and less than \$5,000	6%

56 Any person sixty-five years of age or older or totally
57 disabled with an income of five thousand dollars or more
58 shall receive no credit against his income taxes for proper-
59 ty taxes accrued.

60 When a homestead is owned by two or more persons as
61 joint tenants or tenants in common and one or more of these
62 persons does not reside in the homestead, the property tax
63 is the same proportion of the property tax levied as the
64 proportion of ownership of the homestead by the person
65 claiming the credit.

66 When a person owns his homestead for part of the pre-
67 ceding year and rents it or a different homestead for a
68 part of that year, property tax means only the property tax
69 on the homestead multiplied by the percentage of twelve
70 months that the property was owned and occupied by the
71 person claiming the credit.

72 In no event shall the credit exceed the amount of the
73 property tax accrued.

74 Sec. 30. CLAIM FOR RENT CONSTITUTING PROPERTY TAXES
75 ACCRUED. Any person who is not eligible for the credit
76 provided in section twenty-nine (29) of this Act and who is
77 sixty-five years of age or older or is totally disabled
78 shall be entitled to a credit against his state income
79 taxes for rent constituting property taxes accrued based
80 upon his income. The amount of any credit shall be com-
81 puted in accordance with the following table:

82		He shall be entitled to
83		a credit against his
84	If the person's	state income taxes equal
85	income is:	to the amount by which
86		the rent constituting
87		property taxes accrued
88		on his homestead exceeds
89		the following percentage
90		of his income:

91	Less than \$1,000	2%
92	\$1,000 or over and less than \$2,000	3%
93	\$2,000 or over and less than \$3,000	4%
94	\$3,000 or over and less than \$4,000	5%
95	\$4,000 or over and less than \$5,000	6%

96 Any person sixty-five years of age or older or totally
97 disabled with an income of five thousand dollars or more
98 shall receive no credit against his income taxes for rent
99 constituting property taxes accrued.

100 If a claim is based on rent constituting property
101 taxes accrued, the person filing the claim shall have
102 rented property during the entire preceding calendar year
103 for which he has filed a claim.

104 If two or more persons are qualified to file a claim
105 for the same homestead, the persons shall determine which
106 person shall file the claim.

107 Sec. 31. CLAIM AS INCOME TAX CREDIT OR REBATE. If
108 the allowable amount of a claim filed pursuant to section
109 twenty-nine (29) or section thirty (30) of this Act
110 exceeds the income tax due on the person's income, or if
111 there is no income tax due, the amount of the claim not
112 used as a credit against state income taxes shall be paid
113 to the person making the claim from the state general fund.

114 No interest shall be paid on any payment made to any
115 person under the provisions of this Act.

116 Sec. 32. LIMITATIONS. The credit allowed under the
117 provisions of this Act shall be subject to the following
118 limitations:

119 1. Only one person shall be entitled to the credit
120 for a homestead for each taxable year.

121 2. The amount of the credit which shall be allowed in
122 any taxable year for property taxes accrued or rent consti-
123 tuting property taxes accrued shall not exceed three
124 hundred dollars.

125 Sec. 33. SATISFACTION OF OUTSTANDING TAX LIABILITIES.
126 The amount of any claim payable under the provisions of
127 this Act may be applied by the director of revenue against
128 any outstanding tax liability in the name of the state
129 against the person filing the claim.

130 Sec. 34. FILING DATE. No credit for property taxes
131 accrued or rent constituting property taxes accrued shall
132 be allowed or paid unless the claim is filed with the
133 director of revenue on or before April thirtieth of each
134 year.

135 In the case of illness, absence, or disability, or
136 when in the judgment of the director of revenue good cause
137 exists, he may extend the time for filing a claim under the
138 provisions of this Act for a period not to exceed six
139 months.

140 Sec. 35. PROOF OF CLAIM. Every person filing a claim
141 for a credit for property taxes accrued or rent constitut-
142 ing property taxes accrued shall submit the following proof
143 to the director of revenue to support his claim:

144 1. That he was sixty-five years of age or totally
145 disabled before midnight on December thirty-first of the
146 year immediately preceding the year the tax was levied or
147 the rent was paid.

148 2. Statement of income.

149 3. Receipts for rent paid.

150 4. Name and address of the owner or manager of proper-
151 ty rented.

152 5. Property taxes accrued.

153 6. Description of the property claimed as a homestead.

154 7. A statement that the property taxes accrued have
155 been or will be paid.

156 8. A statement that there are no delinquent property
157 taxes on the homestead.

158 Sec. 36. ADMINISTRATION--RULES AND REGULATIONS. The
159 director of revenue shall prescribe and make available the
160 necessary forms with instructions for persons filing a
161 claim for property taxes accrued or rent constituting
162 property taxes accrued, including forms which may be filed
163 as a part of the individual state income tax return.

164 The director may promulgate rules and regulations
165 necessary to carry out the provisions of this Act.

166 Sec. 37. AUDIT OF CLAIM. The department of revenue
167 shall audit each claim and if the director of revenue
168 determines that the amount of the credit has been incorrect-
169 ly determined, he shall redetermine the claim and give
170 notice, in writing, to the person filing the claim of the
171 redetermination and his reasons for it. The redetermination
172 shall be final unless appealed to the district court within
173 thirty days of receipt of the notice.

174 Sec. 38. DENIAL OF CLAIM. Any person who files a
175 claim for a credit which is excessive and was filed with
176 fraudulent intent shall be guilty of a misdemeanor. Upon
177 conviction of the person filing the excessive and fraudulent
178 claim, the director of revenue shall disallow the credit in
179 full. If the claim has been paid or the credit allowed
180 against income tax, the credit allowed against the income
181 tax shall be canceled and the amount paid shall be recovered
182 in the same manner as delinquent income taxes.

183 Sec. 39. RENTAL DETERMINATION. If a homestead is
184 rented by a person from another person under circumstances
185 deemed by the director of revenue not to be at arm's
186 length, the director may determine the rent constituting
187 property taxes accrued at arm's length, and the determina-
188 tion shall be final.

189 Sec. 40. PUBLIC WELFARE RECIPIENTS EXCLUDED. Any
190 person who is a recipient of public funds for the payment
191 of the taxes or rent during the period for which the claim
192 is filed shall not be entitled to benefits provided in
193 sections twenty-eight (28) through forty-one (41),
194 inclusive, of this Act.

195 Sec. 41. APPEALS. If a claim for property taxes
196 accrued or rent constituting property taxes accrued is
197 filed and is disallowed in whole or in part, the person
198 making such claim may appeal the disallowance by filing a
199 petition in the district court within thirty days from the
200 date the claim was disallowed.

201 Sec. 42. Any person sixty-five years of age or older
202 or totally disabled shall receive the credit provided in
203 sections twenty-eight (28) through forty-one (41), inclu-
204 sive, of this Act, in addition to any credits received
205 pursuant to chapter four hundred twenty-five (425) of the
206 Code.

House 26
May 7, 1971

207 2. Amend the title, page 1, line 5, by inserting
208 after the word "penalties," the words "providing property
209 tax relief for persons sixty-five years of age or older or
210 totally disabled,".

Filed - *Lost 5/7*
May 6, 1971

By GLUBA of Scott,	District 76
COCHRAN of Webster,	District 29
SMALL of Johnson,	District 69
KINLEY of Polk,	District 66
ANANIA of Polk,	District 65
MCCORMICK of Delaware,	District 48
BLOUIN of Dubuque,	District 49
PATTON of Buchanan,	District 20
WILLITS of Polk,	District 57
MIDDLESWART of Warren,	District 93
LARSON of Story,	District 34
NORPEL of Jackson,	District 52
BRAY of Scott,	District 77
UBAN of Black Hawk,	District 38
HUSAK of Tama,	District 41
WELLS of Linn,	District 44
SCOTT of Cerro Gordo,	District 18
MONROE of Des Moines,	District 92
WYCKOFF of Benton,	District 42
DOUGHERTY of Monroe,	District 94
KENNEDY of Chickasaw,	District 11
JESSE of Polk,	District 58
SCHWARTZ of Wapello,	District 97
BENNETT of Polk,	District 59
MAYBERRY of Webster,	District 30
FRANKLIN of Polk,	District 64
RADL of Linn,	District 43
DUNTON of Keokuk,	District 88
SCHMEISER of Des Moines,	District 91
SKINNER of Polk	District 60
DOYLE of Woodbury	District 21
EWELL of Black Hawk	District 39
SARGISSON of Woodbury,	District 24
PRIEBE of Kossuth,	District 6
JOHNSTON of Johnson,	District 70

House 27
May 7, 1971

HOUSE FILE 654

1 Amend House File 654 as follows:

2 1. Strike all of page 2 through 13, inclusive,
3 and lines 1 through 25 of page 14, and insert in lieu
4 thereof the following:

5 Section 1. STATE SCHOOL FOUNDATION PROGRAM. This
6 Act establishes a state school foundation program.
7 Each school district in the state is entitled to receive
8 per pupil in fall enrollment state school foundation
9 aid, which shall be the amount equal to the difference
10 between the per pupil amount of foundation property
11 tax plus miscellaneous income in the district, and the
12 state foundation base.

13 Sec. 2. STATE FOUNDATION BASE. The state foundation
14 base for school years beginning after July 1, 1972,
15 shall be as follows:

16 1. For the school year beginning July 1, 1972,
17 seventy percent of the state cost per student.

18 2. For the school year beginning July 1, 1973,
19 seventy-five percent of the state cost per student.

20 3. For the school year beginning July 1, 1974, and
21 all subsequent school years, eighty percent of the
22 state cost per student.

23 Sec. 3. STATE COST PER STUDENT. The state cost
24 per student for the school year beginning July 1, 1971,
25 shall be nine hundred twenty dollars. The state cost
26 per student for the school year beginning on July 1,
27 1972, and for each succeeding school year shall be
28 the previous year's state cost per student plus the
29 dollar equivalent of the state percent of allowable
30 growth, but this dollar equivalent is limited to a
31 maximum amount of forty-six dollars for the school year
32 beginning on July 1, 1972, forty-eight dollars for the
33 school year beginning on July 1, 1973, and fifty-one
34 dollars for the school year beginning on July 1, 1974.

35 The state percent of allowable growth is the percent
36 of increase in revenue computed on a statewide basis
37 for the sales and use taxes and the individual and cor-
38 porate income taxes as well as the percent of increase
39 in assessments for property tax for each year of the
40 last three years. The sum of the individual percen-
41 tages thus obtained shall be divided by six to arrive
42 at the percent of allowable growth for the state. In
43 making such computations the comptroller shall adjust
44 for changes in rates or basis of the income tax or
45 sales and use tax and for statewide changes in assess-
46 ment practices. He shall thereupon certify the percent
47 of allowable growth per pupil to the several school
48 districts of the state on or before February fifteenth
49 of each year. For the purpose of this computation,
50 "year" means calendar year.

51 If the percent of allowable growth of the state is
52 less than zero, the state cost per student shall be
53 the same as the previous year's state cost per student.

54 Sec. 4. FOUNDATION PROPERTY TAX. The maximum state
55 foundation property tax levy, which shall be levied
56 by every school district in the state except as otherwise
57 provided in this Act, shall be:

58 1. For the school year beginning July 1, 1972, and
59 for the school year beginning July 1, 1973, twenty-seven
60 and one-half mills per dollar of assessed valuation
61 on all taxable property in the district as of January
62 1, 1972, and as of January 1, 1973, respectively.

63 2. For the school year beginning July 1, 1974, and
64 all subsequent school years, thirty mills per dollar
65 of assessed valuation on all taxable property in the
66 district as of January 1, 1974, and on each subsequent
67 January thereafter.

68 If a school district can meet its general fund budget
69 or the state foundation base by a levy on the assessed
70 valuation on all taxable property in the district less
71 than specified in this section, it shall levy only the
72 lesser amount needed.

73 No later than December first of each year the state
74 comptroller shall notify the county auditor of each
75 county the amount, both in dollars and mills, of the
76 foundation property tax levy. The county auditor or
77 auditors shall spread the foundation property tax over
78 all the taxable property in the school district.

79 Sec. 5. FALL ENROLLMENT. Fall enrollment shall
80 be determined by adding the resident pupils who are
81 enrolled on the second Friday of September of each year
82 in public elementary and secondary schools of the
83 district, and in special education schools for which
84 tuition is paid by the district whether the special
85 education school is conducted by a county board of
86 education or another school district. Each school
87 district shall certify to the state department of public
88 instruction by September twenty-fifth of each year the
89 fall enrollment in the school district, and the fall
90 enrollment information shall be promptly forwarded to
91 the state comptroller.

92 Sec. 6. ADDITIONAL SCHOOL DISTRICT PROPERTY TAX
93 LEVY. The state comptroller shall determine the addi-
94 tional school district property tax levy, which is in
95 addition to the foundation property tax levy, as follows:

96 1. The district cost per student for the current
97 school year ending June thirtieth each year, plus the
98 allowable growth in dollars limited to the maximum
99 amounts defined in section three (3) of this Act,
100 determines the district cost per student for the school
101 year beginning July first each year.

102 2. The district cost per student multiplied by the
103 estimated fall enrollment for the school year beginning
104 July first each year, determines the maximum general
105 fund budget for the district.

106 3. The state foundation base subtracted from the
107 general fund budget of the district for the school year
108 beginning July first each year determines the amount
109 needed to be raised by the additional school district
110 property tax levy.

111 No later than December first of each year, the state
112 comptroller shall notify the county auditor of each
113 county as to the amount, both in dollars and mills,
114 of the additional property tax levy. Each county audi-
115 tor shall spread the additional property tax levy over
116 all the property in the school district.

117 Sec. 7. MAXIMUM MILLAGE LEVY. For the purpose of
118 determining the maximum millage levy in a school dis-
119 trict the state comptroller shall determine the sum
120 of the foundation property tax levy and the additional
121 property tax levy, in mills. When this total millage
122 rate exceeds the district general fund levy in mills
123 for the school year which began July 1, 1970, he shall
124 adjust the district general fund millage levy to a vote
125 equal to the millage levy for the school year beginning
126 July 1, 1970, unless the additional millage is approved
127 by the school budget review committee or by the voters
128 as provided in section eleven (11) of this Act.

129 Sec. 8. GUARANTEED STATE AID. For the school year
130 beginning July 1, 1972, and for that year only, the
131 state will provide specific funds, called guaranteed
132 state aid, to any school district to insure that its
133 total general fund millage excluding the millage that
134 could be raised under section eleven (11) of this Act
135 will not exceed that of the school year beginning July
136 1, 1970.

137 There is hereby appropriated from the general fund
138 of the state to the department of public instruction
139 funds sufficient to pay the guaranteed state aid. The
140 state comptroller shall pay this aid no later than May
141 15, 1973.

142 Sec. 9. MISCELLANEOUS INCOME. Miscellaneous income
143 is all revenues of a school district general fund budget,
144 exclusive of the state foundation property tax, the
145 state foundation aid, guaranteed state aid, the
146 additional school district property tax levy, and state
147 individual income tax returned to the district.

148 Sec. 10. SCHOOL BUDGET REVIEW COMMITTEE. There
149 is hereby established a school budget review committee,
150 hereafter referred to as the committee, which shall
151 consist of the superintendent of public instruction,
152 the state comptroller, and three members appointed by

153 the governor to represent the public and to serve three-
154 year staggered terms. Those serving as public members
155 on the effective date of this Act shall continue to
156 serve out their unexpired terms. The committee shall
157 meet and hold hearings each year in May in Des Moines
158 for purposes of authorizing a school district to propose
159 a budget exceeding the limitations of sections six (6)
160 and seven (7) of this Act, and shall continue in session
161 until it has reviewed budgets of school districts, as
162 provided in section eleven (11) of this Act. It may
163 call in school board members and employees as necessary
164 for the hearings. Legislators shall be notified of
165 hearings concerning school districts in their
166 constituencies.

167 The committee shall adopt its own rules of procedure.
168 The superintendent of public instruction shall serve
169 as chairman, and the state comptroller shall serve as
170 secretary. The committee members representing the
171 public shall be entitled to receive a per diem equal
172 to the per diem of members of the board of public
173 instruction and their necessary travel and other expenses
174 while engaged in their official duties. Expense payments
175 shall be made from appropriations to the department
176 of public instruction.

177 Sec. 11. DUTIES OF THE COMMITTEE.

178 1. The school budget review committee may recommend
179 the revision of any rules, regulations, directives,
180 or forms relating to school district budgeting and
181 accounting, confer with local school boards or their
182 representatives and make recommendations relating to
183 any budgeting or accounting matters, and may direct
184 the superintendent of public instruction or the state
185 comptroller to make studies and investigations of school
186 costs in any school district whose budget has been
187 submitted to the committee. The committee shall report
188 to each session of the general assembly, which report
189 shall include any recommended changes in laws relating
190 to school districts, and shall set out the number of
191 hearings held pursuant to this Act, the reasons for
192 any authorized increases in school costs, and other
193 information as the committee deems advisable.

194 2. The committee may review the budget of any school
195 district as follows:

196 a. If the budget or proposed budget shows district
197 costs per student in fall enrollment of more than the
198 state cost per student.

199 b. If the total general fund budget or proposed
200 budget has increased over the previous year by a percent
201 greater than the percentage growth factor computed by
202 the state comptroller as provided in section three (3)
203 of this Act.

204 c. If in the judgment of the committee, the proposed

205 budget shows total general fund expenditures to be
206 unreasonably high in relation to the comparative cost
207 factors of the school district, even if the expenditures
208 do not exceed the state cost per student for the year.
209 3. The committee may authorize for the local school
210 board a school budget in excess of limitations provided
211 for in sections six (6) and seven (7) of this Act as
212 follows:

213 a. The additional school district property tax levy
214 may be increased up to three mills for general fund
215 purposes over the limitation provided in section seven
216 (7) of this Act.

217 b. Additional supplemental state aid may be made
218 to any district from any discretionary funds appropri-
219 ated specifically to the committee for this purpose.

220 If the committee does not authorize for the local
221 school boards the school district's budget, it shall
222 state its recommendations in terms of a specific reduc-
223 tion in the general fund expenditures included in the
224 budget, and in terms of the projected reduction in the
225 tax rate of the school district, as determined under
226 section seven (7) of this Act, and shall notify the
227 local school board of its recommendations through the
228 state comptroller.

229 If the school budget review committee makes a recom-
230 mendation, the school board shall follow the recommen-
231 dation or shall submit to the voters of the school dis-
232 trict, at the regular election or at a special election
233 called for that purpose, the question of whether the
234 board shall adopt the recommendations of the budget
235 review committee, or shall approve the budget as pro-
236 posed. The question submitted to the voters shall
237 state clearly the projected difference in the tax rate
238 of the school district which will result if the board
239 adopts the recommendations of the school budget review
240 committee, or if the proposed budget is adopted.

241 If a majority of those voting favors adoption of
242 the recommendation of the school budget review committee,
243 the board of directors of the school district shall
244 revise its budget and records as recommended.

245 If a majority of those voting favors adoption of
246 the proposed budget, the district may exceed the
247 limitations provided in sections six (6) and seven (7)
248 of this Act.

249 The school board shall certify the result of an
250 election required under this section to the school
251 budget review committee, to the county auditor, and
252 to the state comptroller, within ten days following
253 the election.

254 The committee, when authorizing school budgets in
255 excess of limitations provided in this Act, shall con-

256 sider each district's circumstances and facts which
257 are unique and unusual. Such unique and unusual circum-
258 stances and facts may be considered by the committee,
259 including but not limited to any unusual increases or
260 decreases in enrollments, natural disasters, unusual
261 transportation problems, and initial staffing problems.

262 Failure by any school district to provide information
263 or appear before the committee as requested for the
264 accomplishment of review or hearing shall constitute
265 justification for the committee to instruct the state
266 comptroller to withhold any state aid to that district
267 until the committee's inquiries are satisfied completely.

268 Sec. 12. COUNTY BOARD REVIEW. The school budget
269 review committee may call in any county board of edu-
270 cation for the purpose of reviewing its budget as it
271 relates to the individual districts within the county.

272 Sec. 13. APPROPRIATIONS. There is hereby appro-
273 priated each year from the general fund of the state
274 an amount necessary to pay the state school foundation
275 aid.

276 All state aids paid under sections one (1) through
277 nineteen (19), inclusive, of this Act, unless otherwise
278 stated shall be in installments due on or about Septem-
279 ber fifteenth, December fifteenth, March fifteenth,
280 and May fifteenth of each year, and the installments
281 shall be as nearly equal as possible as determined by
282 the state comptroller, taking into consideration the
283 relative budget and cash position of the state resources.

284 All moneys received by a school district from the
285 state under the provisions of this Act, including the
286 guaranteed state aid, shall be deposited in the general
287 fund of the school district.

288 Sec. 14. TENTATIVE BUDGET. Not later than December
289 first for each ensuing fiscal year, the board of direc-
290 tors of each school district shall set a tentative bud-
291 get in dollars of the amount the district may spend
292 on each program in the system as defined by the school
293 budget review committee and in the forms so prescribed.
294 This prospectus of program and allotted dollars as
295 approved by the board shall guide the superintendent
296 when preparing the proposed budget for that year. These
297 limitations submitted by the board of directors to the
298 superintendent of schools for the district shall be
299 promptly forwarded to the committee.

300 Sec. 15. PROPERTY TAX RELIEF. In addition to the
301 state school foundation aid provided in section one
302 (1) of this Act, and the additional state aids provided
303 under this Act or other provisions of law, fifteen
304 percent of the state individual income tax imposed under
305 section four hundred twenty-two point five (422.5) of

306 the Code and collected from each district in the state
307 shall be returned to the district where collected, as
308 direct property tax relief. Not later than October
309 fifteenth each year the director of revenue shall certify
310 to the state comptroller the amount equal to fifteen
311 percent of the state individual income tax collected
312 from each school district for the last preceding calendar
313 year, and the state comptroller shall notify each school
314 district the amount it is entitled to receive and shall
315 draw warrants in payment of the amount due each district
316 in two equal payments due December fifteenth and May
317 fifteenth. The state comptroller shall reduce each
318 district's total property tax levy for general fund
319 purposes by an amount equal to the amount due each
320 district under this section, and shall certify the
321 corrected property tax levy to the school district,
322 and to the county board of supervisors and the county
323 auditor of the county where the school district is
324 located. The property tax reduction provided in this
325 section shall not affect the prior computation of
326 foundation property tax or additional school district
327 property tax, or the application of the limitations
328 provided by this Act, but shall provide property tax
329 relief in addition to all other provisions of this Act.

330 Sec. 16. ESTIMATES OF MISCELLANEOUS AIDS. No later
331 than September first of each year, the department of
332 public instruction shall certify to the state comp-
333 troller the amounts of any state aids other than the
334 amounts provided in this Act that will be received by
335 each school district in the state. In the event any
336 estimate of state aids in any school budget certified
337 to the auditor as provided by section twenty-four point
338 seventeen (24.17) of the Code is more or less than the
339 amount of state aids certified to the state comptroller
340 by the department of public instruction as provided
341 by this section, the state comptroller shall certify
342 to the county auditors the final millage for each school
343 district.

344 Sec. 17. RULES AND REGULATIONS. The superintendent
345 of public instruction, after consultation with the state
346 comptroller, may adopt rules and regulations and defini-
347 tions of terms as necessary and proper for the adminis-
348 tration of sections one (1) through twenty (20), inclu-
349 sive, of this Act.

350 Sec. 18. LOCAL BUDGET LAW. Provisions of chapter
351 twenty-four (24) of the Code shall apply to this Act.

352 Sec. 19. EFFECTIVE DATE OF THE ACT. The effective
353 date of this Act is July 1, 1972, unless otherwise pro-
354 vided.

355 2. Renumber remaining sections and correct internal
356 references in accordance with this amendment.

House 34
May 7, 1971

357 3. Page 1, amend the title by striking from line
358 2 the words "imposing a school district income tax",
359 and by striking lines 3 through 6, inclusive, and
360 inserting in lieu thereof the words "and providing
361 appropriations for state aid."

Filed
May 6, 1971

By JOHNSTON of Johnson
District 70

EXPLANATION OF AMENDMENT

This amendment incorporates the governor's school foundation program with the maximum millage reduction provision eliminated, and adds a provision to send 15% of state individual income tax collected back to each school district. This will take about twenty-seven million dollars of the additional income taxes to be raised by the proposal previously approved by the House, and will use the money for dollar-for-dollar property tax reduction in each school district

HOUSE FILE 654

1 Amend the Alt amendment to House File 654 by
2 adding the following sentence at the end of
3 Section 1 as follows:
4 "One-half of all monies distributed to each city
5 and town hereunder shall be used for reduction of
6 property tax millage."

Offered in committee
of whole and withdrawn.
May 6, 1971

By KREAMER of Polk
District 63
HANSEN of Black Hawk
District 37
SKINNER of Polk
District 60

House 11
May 11, 1971

HOUSE FILE 654

1 Amend the Report of the Committee of the Whole on
2 House File 654, filed May 7, 1971 and contained in the
3 House Journal, as follows:

4 By striking lines 345 through 359, inclusive, and
5 inserting in lieu thereof the following:

6 A 'municipal assistance fund' is created in the office
7 of the treasurer of state. Annually, prior to December
8 thirty-first, 1971, and each year thereafter, the treasurer
9 of state shall transfer an amount equal to one-fourth of
10 the net receipts of one cent of the sales tax collected
11 under division four (IV) of this chapter during the last
12 preceding fiscal year into the municipal assistance fund for
13 distribution to cities, towns, and counties. On or before
14 December thirty-first, the state comptroller shall dis-
15 tribute the moneys in the municipal assistance fund to each
16 city, town, and county as follows:

17 a. Divide the total population of the state into the
18 total amount of funds available under this subsection in
19 order to determine a per capita distribution rate of the
20 funds available.

21 b. Determine the total population of each city and
22 town in this state and the total population of each area
23 outside the incorporated limits of the cities and towns in
24 each county in this state.

25 c. Distribute to each city and town in this state an
26 amount equal to the per capita rate multiplied by the
27 number of residents of the city or town. Distribute to
28 each county in this state an amount equal to the per capita
29 rate multiplied by the number of residents of the county
30 residing outside the incorporated limits of the cities and
31 towns in the county.

Filed - *adopted 5/11*
May 10, 1971

By SCOTT of Cerro Gordo, District 18
PRIEBE of Kossuth, District 6
ALT of Polk, District 61
ROORDA of Jasper, District 67

House 13
May 11, 1971

HOUSE FILE 654

- 1 Amend the Report of the Committee of the Whole on
2 House File 654, filed May 7, 1971, commencing on page
3 1362 of the Journal of the House, as follows:
4 1. Strike line 339.
5 2. Strike lines 383 through 410, inclusive, and
6 insert in lieu thereof the following section:
7 "Section four hundred twenty-two point five
8 (422.5), Code 1971, is amended by striking subsections
9 four (4) through seven (7), inclusive, and inserting
10 in lieu thereof the following:
11 4. On the fourth thousand dollars of taxable income,
12 or any part thereof, three and one-quarter percent.
13 5. On the fifth, sixth, and seventh thousand dollars
14 of taxable income, or any part thereof, four and six-
15 tenths percent.
16 6. On the eighth and ninth thousand dollars of
17 taxable income, or any part thereof, six percent.
18 7. On all taxable income over nine thousand dollars
19 and not exceeding twenty-five thousand dollars, seven
20 percent.
21 8. On all taxable income over twenty-five thousand
22 dollars and not exceeding fifty thousand dollars, eight
23 percent.
24 9. On all taxable income over fifty thousand dollars,
25 nine percent."
26 3. Renumber sections and correct internal references
27 in accordance with this amendment.
28 4. Line 644, insert after the word "penalties" the
29 words ", increasing the state sales and use tax,".

Filed - *Last 5/11*
May 10, 1971

By HOLDEN of Scott,	District 75
KEHE of Bremer,	District 12
MENDENHALL of Allamakee,	District 13
KRUSE of O'Brien,	District 4
LOGEMANN of Worth,	District 7

House 10
May 11, 1971

HOUSE FILE 654

- 1 Amend the Committee of the Whole amendments
- 2 proposed to House File 654 and found on pages 1362
- 3 through 1374 of the House Journal of May 7, by
- 4 striking all of lines 421 through 638, both inclusive.

Filed - *Adopted 5/11*
May 10, 1971

By ROORDA of Jasper,	District 67
KREAMER of Polk,	District 63
HANSEN of Black Hawk,	District 37
WINKELMAN of Calhoun,	District 26
MEWDENAHLL of Allamakee,	District 13
GRASSLEY of Butler,	District 10
ELLSWORTH of Dubuque,	District 50
ALT of Polk,	District 61
HILL of Polk,	District 62
PELTON of Clinton,	District 74
SORG of Linn,	District 47
TIEDEN of Clayton,	District 14
TAYLOR of Dubuque,	District 51
LAWSON of Cerro Gordo,	District 17
CAMP of Clinton,	District 73
CURTIS of Cherokee,	District 25
ANDERSEN of Woodbury,	District 23
DRAKE of Muscatine,	District 71
STRAND of Poweshiek,	District 68

HOUSE FILE 654

- 1 Amend the report of the committee of the whole on
- 2 House File 654 by striking all of lines 143 through
- 3 146 and inserting in lieu thereof the following:
- 4 "Dual enrollees and part-time students of school
- 5 age shall be counted in the proportion that the time
- 6 for which they were enrolled and received instruction
- 7 during the school year bears to the time that full-
- 8 time enrollees carrying a normal course schedule, at
- 9 the same grade level, in the same school district, for
- 10 the same school year, received instruction."

Filed - *Adopted 5/11*
May 10, 1971

By TAYLOR of Dubuque, District 51

HOUSE FILE 654

- 1 Amend the Report of the Committee of the Whole on
- 2 House File 654 by inserting after line 635 the following
- 3 new section:
- 4 "Notwithstanding any provisions of the Code, inter-
- 5 state bridges owned by a city or a town shall be subject
- 6 to assessment and taxation; however, the levies imposed
- 7 shall only be those levies which a city or a town is
- 8 authorized to levy by law. No other political subdivision
- 9 of this state may impose a levy on interstate bridges."

Filed - *Adopted 5/11*
May 10, 1971

By CLARK of Lee, District 100
MILLEN of Van Buren, District 99

HOUSE CLIP SHEET

Friday, May 7, 1971

- 1 Amend House File 654 as follows:
2 1. By adding the following new section:
3 "Section four hundred twenty-two point sixty-
4 nine (422.69), Code 1971, is amended by adding the
5 following new subsection:
6 A 'municipal assistance fund' is created in the
7 office of the treasurer of state. Annually, prior to
8 December thirty-first, the treasurer of state shall
9 transfer an amount equal to one-fourth of the net
10 receipts of one cent of the sales tax collected under
11 division four (IV) of this chapter during the last
12 preceding fiscal year into the municipal assistance
13 fund for distribution to cities and towns. On or
14 before December thirty-first, the state comptroller
15 shall distribute the moneys in the municipal assist-
16 ance fund to each city and town in the state in the
17 proportion that the population of each city and town
18 is to the total population of all cities and towns
19 in the state. The moneys in the municipal assistance
20 fund are appropriated for this purpose."
21 2. Renumber sections and correct internal
22 references as necessary in accordance with this
23 amendment.
24 3. Amend the title, page 1, line 6, by inserting
25 after the word "tax" the words "and providing aid to
26 cities and towns from sales tax receipts".

Offered in committee
of whole and adopted
as amended.

By ALT of Polk
District 61

May 6, 1971

Motion to reconsider filed 5/6

HOUSE FILE 654

- 1 Amend the Alt amendment to House File 654 filed
2 May 6, by striking in line 9 the words "one-fourth"
3 and inserting in lieu thereof the words "one-half".

Offered in committee
of whole and lost.
May 6, 1971

By JESSE of Polk
District 58

House 5
May 10, 1971

204 18. ADDITIONAL METHODS OF DETERMINING BUSINESS
205 SITUS. If the allocation and apportionment provisions
206 of this section do not fairly represent the extent
207 of the taxpayer's business activity in this state,
208 the taxpayer may petition for or the director of
209 revenue may require, in respect to all or any part
210 of the taxpayer's business activity, if reasonable:
211 (a) Separate accounting except to a unitary business;
212 (b) The exclusion of any one or more to the factors;
213 (c) The inclusion of one or more additional factors
214 which will fairly represent the taxpayer's business
215 activity in this state; or
216 (d) The employment of any other method to
217 effectuate an equitable allocation and apportionment
218 of the taxpayer's income.
219 2. Page 1, line 5, by inserting after the word
220 "penalties," the words "relating to the corporate
221 income tax,".

Offered in Committee of Whole By RADL of Linn, District 43
and Adopted
May 7, 1971

HOUSE FILE 654
FISCAL NOTE

Date prepared May 6, 1971

Requested by Representative Gluba.

Prepared in regard to Gluba amendment to H.F. 654, filed May 6, 1971, Iowa version of Vermont plan, an Act relating to state aid for schools, school district property taxes, etc. Following is the fiscal effect in dollars of the legislative proposal as required by House Rule 48.

It is estimated that the additional cost to the state, for the property tax relief proposal contained in this amendment which limits income to \$5,000 in order to qualify for the credit, would be approximately \$16,500,000 for the first year after the enactment.

No estimate is available beyond the first year.

Source: Department of Revenue

Filed
May 7, 1971

By GERRY D. RANKIN
Legislative Fiscal Director

151 but the director of revenue may require the averaging
152 of monthly values during the tax period of reasonably
153 required to reflect properly the average value if
154 the taxpayer's property.

155 13. PAYROLL FACTOR. The payroll factor is a
156 fraction, the numerator of which is the total amount
157 paid in this state during the tax period by the
158 taxpayer for compensation, and the denominator of
159 which is the total compensation paid everywhere during
160 the tax period.

161 14. COMPENSATION. Compensation is paid in this
162 state if:

163 a. The individual's service is performed entirely
164 within the state; or

165 b. The individual's service is performed both
166 within and without the state, but the service performed
167 without the state is incidental to the individual's
168 service within the state; or

169 c. Some of the service is performed in the state and:

170 (1) The base of operations or, if there is no
171 base of operations the place from which the service
172 is directed or controlled is in the state; or

173 (2) The base of operations or the place from which
174 the service is directed or controlled is not in any
175 state in which some part of the service is performed,
176 but the individual's residence is in this state.

177 15. SALES FACTOR. The sales factor is a fraction,
178 the numerator of which is the total sales of the
179 taxpayer in this state during the tax period, and
180 the denominator of which is the total sales of the
181 taxpayer everywhere during the tax period.

182 16. LOCAL SALES OF TANGIBLE PERSONAL PROPERTY.
183 Sales of tangible personal property are in this state
184 if:

185 a. The property is delivered or shipped to a
186 purchaser, other than the United States government,
187 within this state regardless of the f.o.b. point or
188 other conditions of the sale; or

189 b. The property is shipped from an office, store,
190 warehouse, factory, or other place of storage in this
191 state and:

192 (1) The purchaser is the United States government; or

193 (2) The taxpayer is not taxable in the state of the pur-
194 chaser.

195 17. OTHER SALES. Sales, other than sales of
196 tangible personal property, are in this state if:

197 (a) The income-producing activity is performed
198 in this state; or

199 (b) The income-producing activity is performed
200 both in and outside this state and a greater proportion
201 of the income-producing activity is performed in this
202 state than in any other state, based on costs of
203 performance.

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100 are allocable to this state if the taxpayer's
101 commercial domicile is in this state.

102 8. PATENTS AND COPYRIGHTS.

103 a. Patent and copyright royalties are allocable
104 to this state:

105 (1) If and to the extent that the patent or
106 copyright is utilized by the taxpayer in this state;
107 or

108 (2) If and to the extent that the patent or
109 copyright is utilized by the taxpayer in a state in
110 which the taxpayer is not taxable and the taxpayer's
111 commercial domicile is in this state.

112 b. A patent is utilized in a state to the extent
113 that it is employed in production, fabrication,
114 manufacturing, or other processing in the state or
115 to the extent that a patented product is produced
116 in the state. If the basis of receipts from patent
117 royalties does not permit allocation to states or
118 if the accounting procedures do not reflect states
119 of utilization, the patent is utilized in the state
120 in which the taxpayer's commercial domicile is located.

121 c. A copyright is utilized in a state to the
122 extent that printing or other publication originates
123 in the state. If the basis of receipts from copyright
124 royalties does not permit allocation to states or
125 if the accounting procedures do not reflect states
126 of utilization, the copyright is utilized in the state
127 in which the taxpayer's commercial domicile is located.

128 9. BUSINESS INCOME. All business income shall
129 be apportioned to this state by multiplying the income
130 by a fraction, the numerator of which is the property
131 factor plus the payroll factor plus the sales factor,
132 and the denominator of which is three.

133 10. PROPERTY FACTOR. The property factor is a
134 fraction, the numerator of which is the average value
135 of the taxpayer's real and tangible personal property
136 owned or rented and used in this state during the
137 tax period and the denominator of which is the average
138 value of all the taxpayer's real and tangible personal
139 property owned or rented and used during the tax
140 period.

141 11. PROPERTY OWNED AND RENTED. Property owned
142 by the taxpayer is valued at its original cost.
143 Property rented by the taxpayer is valued at eight
144 times the net annual rental rate. Net annual rental
145 rate is the annual rental rate paid by the taxpayer
146 less any annual rental rate received by the taxpayer
147 from subrentals.

148 12. AVERAGE VALUE OF PROPERTY. The average value
149 of property shall be determined by averaging the
150 values at the beginning and ending of the tax period

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48 or a corporate stock tax ; or

49 b. That state has jurisdiction to subject the
50 taxpayer to a net income tax regardless of whether,
51 in fact, the state does or does not.

52 4. ALLOCATION OF CERTAIN ITEMS. Rents and
53 royalties from real or tangible personal property,
54 capital gains, interest, dividends, or patent or
55 copyright royalties, to the extent that they constitute
56 nonbusiness income, shall be allocated as provided
57 in subsections five (5) through eight (8) of this
58 section.

59 5. RENTS AND ROYALTIES.

60 a. Net rents and royalties from real property
61 located in this state are allocable to this state.

62 b. Net rents and royalties from tangible personal
63 property are allocable to this state.

64 (1) If and to the extent that the property is
65 utilized in this state; or

66 (2) In their entirety if the taxpayer's commercial
67 domicile is in this state and the taxpayer is not
68 organized under the laws of or taxable in the state
69 in which the property is utilized.

70 c. The extent of utilization of tangible personal
71 property in a state is determined by multiplying the
72 rents and royalties by a fraction, the numerator of
73 which is the number of days of physical location or
74 the property in the state during the rental or royalty
75 period in the taxable year and the denominator of
76 which is the number of days of physical location of
77 the property everywhere during all rental or royalty
78 periods in the taxable year. If the physical location
79 of the property during the rental or royalty period
80 is unknown or unascertainable by the taxpayer tangible
81 personal property is utilized in the state in which
82 the property was located at the time the rental or
83 royalty payer obtained possession.

84 6. PROPERTY--CAPITAL GAINS AND LOSSES.

85 a. Capital gains and losses from sales of real
86 property located in this state are allocable to this
87 state.

88 b. Capital gains and losses from sales of tangible
89 personal property are allocable to this state if:

90 (1) The property had a situs in this state at
91 the time of the sale; or

92 (2) The taxpayer's commercial domicile is in this
93 state and the taxpayer is not taxable in the state
94 in which the property had a situs.

95 c. Capital gains and losses from sales of
96 intangible personal property are allocable to this
97 state if the taxpayer's commercial domicile is in
98 this state.

99 7. INTEREST AND DIVIDENDS. Interest and dividends

HOUSE CLIP SHEET
Monday, May 10, 1971

HOUSE FILE 654

- 1 Amend House File 654 as follows:
2 1. Page 19, by adding after line 20, the following
3 new section:
4 Sec. 28. Section four hundred twenty-two point
5 thirty-three (422.33), Code 1971, is amended by
6 striking subsections one (1) and two (2) and inserting
7 in lieu thereof the following new subsections:
8 1. ALLOCATION OF BUSINESS INCOME. If the trade
9 or business of the taxpayer is carried on entirely
10 within the state, the tax shall be imposed on the
11 entire net income. Any taxpayer having income from
12 business activity which is taxable both within and
13 without this state, other than the rendering of purely
14 personal services by an individual, shall allocate
15 and apportion his net income as provided in this
16 section.
17 2. DEFINITIONS. As used in this section, unless
18 the context otherwise requires:
19 a. "Business income" means income arising from
20 transactions and activity in the regular course of
21 the taxpayer's trade or business and includes income
22 from tangible and intangible property if the
23 acquisition, management, and disposition of the
24 property constitute integral parts of the taxpayer's
25 regular trade or business operations.
26 b. "Commercial domicile" means the principal place
27 from which the trade or business of the taxpayer is
28 directed or managed.
29 c. "Compensation" means wages, salaries,
30 commissions, and any other form of remuneration paid
31 to employees for personal services.
32 d. "Nonbusiness income" means all income other
33 than business income.
34 e. "Sales" means all gross receipts of the taxpayer
35 not allocated under subsections four (4) through eight
36 (8) of this section.
37 f. "State" means any state of the United States,
38 the District of Columbia, the Commonwealth of Puerto
39 Rico, any territory or possession of the United States,
40 and any foreign country or political subdivision
41 thereof.
42 3. NONRESIDENT TAXPAYER. For purposes of
43 allocation and apportionment of income under this
44 chapter, a taxpayer is taxable in another state if:
45 a. In that state he is subject to a net income
46 tax, a franchise tax measured by net income, a
47 franchise tax for the privilege of doing business,

HOUSE CLIP SHEET
Tuesday, May, 11, 1971

HOUSE FILE 654

1 Amend the Report of the Committee of the Whole on
2 House File 654, filed May 7, 1971, commencing on page 1362
3 of the House Journal, by striking lines 383 through 410,
4 inclusive, and inserting in lieu thereof the following new
5 sections:

6 Sec. . Section four hundred twenty-two point
7 four (422.4), Code 1971, is amended by striking
8 subsection one (1) and inserting in lieu thereof the
9 following:

10 1. The words "net income" mean that portion of
11 a person's base income for a tax year which is
12 allocable under the provisions of section four hundred
13 twenty-two point eight (422.8), of the Code, less
14 the standard exemption allowed by section four hundred
15 twenty-two point nine (422.9) of the Code.

16 Sec. . Section four hundred twenty-two point
17 four (422.4), subsections three (3), four (4), seven
18 (7), ten (10), and seventeen (17), Code 1971, are
19 amended as follows:

20 3. The words "income year" mean the calendar year
21 or the fiscal year upon the basis of which the net
22 base income is computed under this division.

23 4. The words "tax year" mean the calendar year,
24 or the fiscal year ending during such calendar year,
25 upon the basis of which the net base income is computed
26 under this division.

27 7. The word "paid", for the purposes of the
28 deductions under this division, means "paid or accrued"
29 or "paid or incurred", and the terms "paid or incurred"
30 and "paid or accrued" shall be construed according
31 to the method of accounting upon the basis of which
32 the net base income is computed under this division.
33 The term "received", for the purpose of the computation
34 of net base income under this division, means "received
35 or accrued", and the term "received or accrued" shall
36 be construed according to the method of accounting
37 upon the basis of which the net base income is computed
38 under this division.

39 10. The word "individual" means a natural person;
40 and where an individual is permitted to file as a
41 corporation, under the provisions of the Internal
42 Revenue Code of 1954, such fictional status shall
43 not be recognized for purposes of this chapter, and
44 such individual's taxable adjusted gross income shall

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45 be computed as required under the provisions of the
46 Internal Revenue Code of 1954 relating to individuals
47 not filing as a corporation, with the adjustments
48 allowed by this chapter.

49 17. "Internal Revenue Code of 1954" means the
50 Internal Revenue Code of 1954, as amended to and
51 including January 1, ~~1970~~ 1971, and as further amended
52 by the Tax Reform Act of 1969, including provisions
53 therein to be later effective.

54 Sec. . Section four hundred twenty-two point
55 five (422.5), Code 1971, is amended by striking the
56 section and inserting in lieu thereof the following:

57 422.5 TAX IMPOSED. A tax is imposed upon every
58 resident of this state, and upon that part of the
59 net income of any nonresident which is derived from
60 any property, trust, or other source within this
61 state, including any business, trade, profession,
62 or occupation carried on within this state, which
63 tax shall be levied, collected, and paid annually
64 upon and with respect to the taxpayer's entire net
65 income at rates as follows:

66 1. On the first one thousand dollars of net income,
67 or any part thereof, one percent.

68 2. On the second thousand dollars of net income,
69 or any part thereof, two percent.

70 3. On the third thousand dollars of net income,
71 or any part thereof, three percent.

72 4. On the fourth and fifth thousand dollars of
73 net income, or any part thereof, four percent.

74 5. On the sixth and seventh thousand dollars of
75 net income, or any part thereof, five percent.

76 6. On the eighth and ninth thousand dollars of
77 net income, or any part thereof, six percent.

78 7. On the tenth, eleventh, and twelfth thousand
79 dollars of net income, or any part thereof, seven
80 percent.

81 8. On the thirteenth, fourteenth, and fifteenth
82 thousand dollars of net income, or any part thereof,
83 eight percent.

84 9. On the sixteenth, seventeenth, and eighteenth
85 thousand dollars of net income, or any part thereof,
86 nine percent.

87 10. On the nineteenth, twentieth, and twenty-first
88 thousand dollars of net income, or any part thereof,
89 ten percent.

90 11. On the twenty-second thousand dollars of net
91 income, or any part thereof, eleven percent, and on
92 all net income in excess of twenty-two thousand
93 dollars, eleven percent.

94 However, no tax shall be imposed on any resident
95 or nonresident whose base income, as defined in section
96 four hundred twenty-two point seven (422.7) of the

97 Code, is three thousand dollars or less; but in the
98 event that the payment of tax under this division
99 would reduce the base income to less than three
100 thousand dollars, then the tax shall be reduced to
101 that amount which would result in allowing the tax-
102 payer to retain a base income of three thousand
103 dollars. The preceding sentence does not apply to
104 estates or trusts. For the purpose of this paragraph,
105 the entire base income, including any part not
106 allocated to Iowa, shall be taken into account. If
107 the combined base income of a husband and wife exceeds
108 three thousand dollars, neither of them shall receive
109 the benefit of this paragraph, whether they file a
110 joint return or separate returns. An unmarried person
111 under twenty-one years of age who is a dependent of
112 his parent or parents as defined in the Internal
113 Revenue Code of 1954, shall not receive the benefit
114 of this paragraph if the combined base income of his
115 parents exceeds three thousand dollars.

116 The provisions of this division apply to all
117 salaries received by federal officials or employees
118 of the United States government.

119 Sec. . Section four hundred twenty-two point
120 six (422.6), Code 1971, is amended as follows:

121 422.6 INCOME FROM ESTATES OR TRUSTS. The tax
122 imposed by section 422.5 shall apply to and become
123 a charge against estates and trusts with respect to
124 their taxable net income, and the rates shall be the
125 same as those applicable to individuals. The fiduciary
126 shall be responsible for making the return of income
127 for the estate or trust for which he acts, whether
128 such income be taxable to the estate or trust or to
129 the beneficiaries thereon.

130 Sec. . Section four hundred twenty-two point
131 seven (422.7), unnumbered paragraph one (1), Code
132 1971, is amended as follows:

133 422.7 "NET BASE INCOME"--HOW COMPUTED. The term
134 "net base income" means the adjusted gross income
135 as properly computed for federal income tax purposes
136 under the Internal Revenue Code of 1954, with the
137 following adjustments:

138 Sec. . Section four hundred twenty-two point
139 seven (422.7), Code 1971, is amended by adding the
140 following new subsections:

141 1. "Add an amount equal to fifty percent of the
142 excess of the net long-term capital gain for the tax
143 year over the net short-term capital loss for such
144 year, to the extent deducted from gross income in
145 the computation of adjusted gross income."

146 2. "Add an amount equal to the amount of tax
147 imposed by this chapter to the extent deducted from
148 gross income in the computation of adjusted gross
149 income for the tax year."

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150 3. "A resident of Iowa who is on active duty in
151 the armed forces of the United States, as defined
152 in the United States Code, title ten (10), section
153 one hundred one (101), for more than six continuous
154 months, shall not include any income received for
155 such service performed after the effective date of
156 this Act, in computing base income."

157 4. "Subtract an amount equal to all amounts
158 included in adjusted gross income which are exempt
159 from taxation by this state, either by reason of its
160 constitution or by reason of the constitution,
161 treaties, or statutes of the United States."

162 Sec. . Section four hundred twenty-two point
163 eight (422.8), unnumbered paragraph one (1) and
164 subsections two (2) and three (3), Code 1971, are
165 amended as follows:

166 422.8 ALLOCATION OF INCOME EARNED IN IOWA AND
167 OTHER STATES. Under rules and regulations prescribed
168 by the director, net base income of individuals,
169 estates and trusts shall be allocated as follows:

170 2. In the case of nonresident taxpayers, if any
171 net base income is received from a business, trade,
172 profession, or occupation carried on partly within
173 and partly without the state of Iowa, only such portion
174 of said net base income as is fairly and equitably
175 attributable to that part of the business, trade,
176 profession, or occupation carried on within the state
177 of Iowa shall be allocated to Iowa; income from any
178 property, trust, estate or other source within Iowa
179 shall be allocated to Iowa, except that annuities,
180 interest on bank deposits and interest-bearing
181 obligations, and dividends shall be allocated to Iowa
182 only to the extent to which the same are derived from
183 a business, trade, profession, or occupation carried
184 on within the state of Iowa.

185 3. Taxable Base income of resident and nonresident
186 estates and trusts shall be allocated in the same
187 manner as individuals.

188 Sec. . Section four hundred twenty-two point
189 nine (422.9), Code 1971, is amended by striking the
190 section and inserting in lieu thereof the following:

191 "In computing net income under this chapter, there
192 shall be allowed as an exemption, the sum of the
193 amounts determined under subsections one (1) and two
194 (2) of this section, multiplied by a fraction, the
195 numerator of which is the amount of the person's base
196 income allocable to this state for the tax year, as
197 determined pursuant to section four hundred twenty-
198 two point eight (422.8) of the Code, and the
199 denominator of which is the person's total base income
200 for the tax year.

201 1. Each person shall be allowed a basic exemption
202 of one thousand dollars.

203 2. Persons other than fiduciaries shall be allowed
204 an additional amount of one thousand dollars for each
205 exemption in excess of one allowable to such person
206 for the tax year under section one hundred fifty-one
207 (151) of the Internal Revenue Code of 1954.

208 3. If a husband and wife file separate state
209 returns, each must take at least his own basic
210 exemption of one thousand dollars on his separate
211 return."

212 Sec. . Section four hundred twenty-two point
213 twelve (422.12), Code 1971, is repealed.

214 Sec. . Section four hundred twenty-two point
215 thirteen (422.13), subsections one (1) and two (2),
216 Code 1971, are amended as follows:

217 1. Every resident of Iowa who is required to file
218 a federal income tax return under the Internal Revenue
219 Code of 1954, or who has a net base income of one
220 thousand dollars or more for the tax year from sources
221 taxable under this division, shall make and sign,
222 sign, and file a return.

223 2. Every nonresident who is required to file a
224 federal income tax return under the Internal Revenue
225 Code of 1954 and who has a net base income of one
226 thousand dollars or more for the tax year from sources
227 taxable under this division, shall make and-sign,
228 sign, and file a return.

229 Sec. . Section four hundred twenty-two point
230 fourteen (422.14), subsection one (1), Code 1971,
231 is amended as follows:

232 1. Every fiduciary subject to taxation under the
233 provisions of this division, as provided in section
234 422.6, shall make and-sign, sign, and file a return
235 for the individual, estate or trust for whom or for
236 which he acts, if the taxable base income thereof
237 amounts to six-hundred one thousand dollars or more.
238 A nonresident fiduciary shall file a copy of the
239 federal income tax return for the current tax year
240 with the return required by this section.

241 Sec. . Section four hundred twenty-two point
242 twenty-one (422.21), unnumbered paragraph one (1),
243 Code 1971, is amended as follows:

244 422.21 FORM AND TIME OF RETURN. Returns shall
245 be in such form as the director may, from time to
246 time, prescribe, and shall be filed with the department
247 on or before the last day of the fourth month after
248 the expiration of the tax year. In case of sickness,
249 absence, or other disability, or whenever good cause
250 exists, the director may allow further time for filing
251 returns. The director shall cause to be prepared
252 blank forms for said returns and shall cause them

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253 to be distributed throughout the state and to be
254 furnished upon application, but failure to receive
255 or secure the form shall not relieve the taxpayer
256 from the obligations of making any return herein
257 required. The department may as far as consistent
258 with the provisions of the Code so draft income tax
259 forms as to conform to the income tax forms of the
260 internal revenue department of the United States
261 government. Each return by a taxpayer upon whom a
262 tax is imposed by ~~subsection 7 of~~ section 422.5 shall
263 show the county of the residence of the taxpayer.

264 Sec. . Section four hundred twenty-two point
265 thirty-two (422.32), Code 1971, is amended by striking
266 the section and inserting in lieu thereof the
267 following:

268 422.32 DEFINITIONS. As used in this division,
269 unless otherwise required by the context:

270 1. "Corporation" includes joint stock companies,
271 and associations organized for pecuniary profit,
272 except limited partnerships organized under chapter
273 five hundred forty-five (545) of the Code.

274 2. "Domestic corporation" means any corporation
275 organized under the laws of this state.

276 3. "Foreign corporation" means any corporation
277 other than a domestic corporation.

278 4. "Internal Revenue Code of 1954" means the
279 Internal Revenue Code of 1954, as amended to and
280 including January 1, 1970.

281 5. "Income year" means the calendar year or the
282 fiscal year upon the basis of which the net income
283 is computed under this division.

284 6. "Tax year" means the calendar year, or the
285 fiscal year ending during such calendar year, upon
286 the basis of which the net income is computed under
287 this division.

288 7. "Paid" means "paid or accrued" or "paid or
289 incurred", and "received" means "received or accrued",
290 which shall be construed according to the method of
291 accounting upon the basis of which the net income
292 is computed under this division.

293 8. The terms defined in section four hundred
294 twenty-two point four (422.4), subsections five (5),
295 six (6), eight (8), nine (9), and ten (10), of the
296 Code, shall have the same meanings in this division
297 unless the context clearly indicates a different
298 meaning.

299 Sec. . Section four hundred twenty-two point
300 sixty-nine (422.69), subsection two (2), Code 1971,
301 is amended as follows:

302 2. The amount of ~~the proceeds of the additional~~

303 ~~tax-imposed-by-section-422-5, subsection-6~~ four
304 million dollars annually shall be certified by the
305 director to the state treasurer and the amount thereof
306 withdrawn and credited to a permanent fund hereby
307 created in the office of the state treasurer to be
308 known as the "moneys and credits tax replacement
309 fund".

310 Sec. . Chapter four hundred twenty-two (422),
311 Code 1971, is amended by adding the following new
312 section:

313 "The director of revenue shall prepare bills
314 reflecting any amendments to the Code that are
315 necessary because of future amendments to the Internal
316 Revenue Code of 1954. These bills shall be filed
317 with the clerk of the house of representatives and
318 the secretary of the senate in the name of the
319 committee on ways and means. If the legislature is
320 in session, the bills shall be immediately placed
321 on the calendar in both houses. If the legislature
322 is not in session, the bills shall be a first order
323 of business when the legislature next convenes. The
324 legislature shall commence legislative action on the
325 bills within not more than ten days after the bills
326 are placed on the calendar or designated as a first
327 order of business."

328 Sec. . Section one hundred thirty-five D point
329 twenty-two (135D.22), subsection one (1), Code 1971,
330 is amended as follows:

331 1. Multiply the number of square feet of floor
332 space each mobile home contains when parked and in
333 use by ten cents, except that if the owner of a mobile
334 home is sixty-five years of age or older and his net
335 income-as-defined-in-section-422-7 adjusted gross
336 income as determined for federal income tax purposes,
337 plus interest and dividends from federal securities
338 and income from social security and other tax-exempt
339 retirement or pension plans, when included with that
340 of his spouse is less than thirty-five hundred dollars
341 per year, the semiannual tax shall be computed by
342 multiplying the number of square feet of floor space
343 the mobile home contains when parked and in use by
344 seven and one-half cents. In computing floor space
345 the exterior measurements of the mobile home shall
346 be used as shown on the certificate of registration
347 and title, but not including any area occupied by
348 any hitching device.

349 Sec. . Section one hundred thirty-five D point
350 twenty-eight (135D.28), unnumbered paragraph one (1),
351 Code 1971, is amended as follows:

352 135D.28 OWNERS OVER SIXTY-FIVE YEARS OF AGE.

353 If the owner of a mobile home is sixty-five years
354 of age or older and his ~~net-income-as-defined-in~~
355 ~~section-422-7~~ adjusted gross income as determined
356 for federal income tax purposes, plus interest and
357 dividends from federal securities and income from
358 social security and other tax-exempt retirement or
359 pension plans, when included with that of his spouse
360 is less than thirty-five hundred dollars per year,
361 the owner may apply for the lower tax rate.

362 Sec. . Section four hundred point three (400.3),
363 unnumbered paragraph two (2), Code 1971, is amended
364 as follows:

365 Such plan for group insurance may include insurance
366 coverage for an employee's dependents. The term
367 "dependent" shall have the same meaning as in section
368 ~~422-12, -subsection-3~~ 152, Internal Revenue Code of
369 1954.

370 Sec. . Section four hundred twenty-five point
371 one (425.1), subsection five (5), Code 1971, is amended
372 as follows:

373 5. In addition ~~to~~ the homestead credit of twenty-
374 five mills on twenty-five hundred dollars of assessed
375 valuation allowable under this chapter, in the event
376 the owner, as defined in this chapter, is over sixty-
377 five years of age, or is totally disabled, and provided
378 that his ~~Iowa-net-income,-as-defined-in-section-422-7~~
379 adjusted gross income as determined for federal income
380 tax purposes, plus interest and dividends from federal
381 securities and income from social security and other
382 tax-exempt retirement or pension plans, when included
383 with that of the spouse, brother, sister, son,
384 daughter, if any, living with the claimant, is less
385 than three thousand five hundred dollars for the last
386 twelve-month income tax accounting period, there shall
387 be credited by the county auditor on such owner's
388 eligible homestead, an amount equal to but not
389 exceeding the amount calculated as provided in this
390 section.

391 Sec. . Section four hundred fifty point four
392 (450.4), subsection five (5), Code 1971, is amended
393 as follows:

394 5. On the value of that portion of installment
395 payments which will be includable ~~as-net-income-as~~
396 ~~defined-in-section-422-7-as-in~~ adjusted gross income
397 as determined for federal income tax purposes, received
398 by a beneficiary under an annuity which was purchased
399 under an employee's pension or retirement plan.

400 Sec. . Sections twenty-eight (28) through forty-
401 seven (47), inclusive, of this Act shall take effect
402 on January 1, 1972, but shall apply to tax years
403 beginning on or after January 1, 1971.

Filed - *Lost 5/11*
May 10, 1971

By COCHRAN of Webster District 29
GLUBA of Scott District 76
SMALL of Johnson District 69

House 29
May 12, 1971

HOUSE FILE 654

1 Amend the Report of the Committee of the
2 Whole to House File 654, filed May 7, 1971,
3 commencing on page 1362 of the Journal of the
4 House as follows:
5 1. By inserting after line 410 the
6 following new section:
7 "Section four hundred twenty-two point nine
8 (422.9), Code 1971, is amended by adding the
9 following new subsection:
10 'The deductions otherwise allowable under
11 this section are subject to one of the following
12 limitations, at the taxpayer's option:
13 a. A maximum amount equal to twenty-five
14 percent of the taxpayer's net income for all
15 deductions otherwise allowable other than the
16 medical expense deduction and nonreimbursable
17 casualty loss, plus the total medical expense
18 deduction and non-reimbursable casualty losses
19 otherwise allowable.
20 b. A maximum amount equal to fifty
21 percent of the taxpayer's net income for all
22 deductions otherwise allowable.'
23 2. Renumber sections and correct internal
24 references as necessary in accordance with this
25 amendment.

Offered from the Floor
and Lost
May 11, 1971

By SMALL of Johnson, District 69
GLUBA of Scott, District 76
COCHRAN of Webster, District 29

HOUSE FILE 654

1 Amend the Report of the Committee of the
2 Whole to House File 654, filed May 7, 1971,
3 commencing on page 1362 of the Journal of the
4 House as follows:
5 1. By inserting after line 410 the
6 following new section:
7 "Section four hundred twenty-two point nine
8 (422.9), subsection two (2), Code 1971, is
9 amended by striking paragraph 'b'.
10 2. Renumber sections and correct internal
11 references as necessary in accordance with this
12 amendment.

Offered from the Floor
and Lost
May 11, 1971

By SMALL of Johnson, District 69
GLUBA of Scott, District 76
UBAN of Black Hawk, District 38

House 30
May 12, 1971

HOUSE FILE 654

1 Amend the Report of the Committee of the Whole on
2 House File 654, filed May 7, 1971, commencing on page 1362
3 of the Journal of the House, by inserting after the period
4 in line 103 the following:
5 "However, in determining whether a levy of thirty mills
6 within a district will raise a per pupil amount equal to the
7 property tax component of the school foundation base, the
8 state comptroller shall determine the assessed valuation of
9 the district by including the value of all municipally-owned
10 utilities in the district as if they were assessed in the
11 same manner as investor-owned utilities are assessed under
12 sections four hundred twenty-eight point twenty-four
13 (428.24) through four hundred twenty-eight point twenty-nine
14 (428.29) of the Code. The director of revenue shall so
15 determine and certify to the state comptroller the value of
16 all municipally-owned utilities. The state comptroller shall
17 determine and certify to the director of revenue the amount
18 by which the state aid of any school district will be reduced
19 as a result of including the value of municipally-owned
20 utilities. This amount by which state aid is reduced for
21 each district is hereby imposed as a charge in lieu of
22 taxes, levied against the municipally-owned utilities in the
23 district in proportion to the value of each, and the director
24 of revenue shall determine the amount due from each municipally-owned utility and shall bill each utility for the amount due. Payment of the charge in lieu of taxes is due on or before December thirty-first of each year, and is delinquent after that date. All powers of the director to administer and enforce payment of taxes, including the power to impose interest and penalties, under chapter four hundred twenty-two (422) of the Code, are applicable to his power to collect the charges in lieu of taxes imposed in this section.
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34 Upon receiving payment of the charges in lieu of taxes
35 imposed by this section, the director of revenue shall
36 certify the amounts received to the state comptroller, who
37 shall pay the amounts to each school district from which
38 payments are received, in the same manner as state aid
39 payments are made."

Offered from the Floor and By FISHER of Greene
Lost District 56
May 11, 1971

HOUSE FILE 654

1 Amend the Report of the Committee of the Whole on
2 House File 654, filed May 7, 1971, commencing on page 1362
3 of the Journal of the House, as follows:

4 1. By inserting after line 635 the following new
5 sections:

6 Sec. . DEFINITIONS. For the purposes of this Act,
7 unless the context otherwise requires:

8 1. "Income" means the net income as defined in sec-
9 tion four hundred twenty-two point seven (422.7) of the
10 Code of the person claiming the credit, plus the amount of
11 capital gains excluded from the adjusted gross income,
12 interest and dividends from federal securitites, social
13 security benefits, and income from other tax-exempt retire-
14 ment or pension plans and includes any income of the spouse
15 brother, sister, son, and daughter of the person claiming
16 the credit, if living with the person claiming the credit.

17 2. "Homestead" means homestead as defined in section
18 four hundred twenty-five point eleven (425.11) of the Code,
19 and in addition, includes a dwelling or part of a multi-
20 dwelling which is owned or rented and in which the person
21 claiming the credit actually resides and a mobile home
22 which is owned or rented by the person claiming the credit
23 and in which the person claiming the credit actually
24 resides.

25 3. "Property taxes accrued" means property taxes
26 levied on the homestead in the preceding year, exclusive
27 of special assessments, delinquent interest and charges,
28 and collectible during the same year in which the credit
29 is claimed.

30 4. "Gross rent" means rental paid solely for the
31 right of occupancy of a homestead, exclusive of charges for
32 any utilities, services, furnishings, or personal property
33 appliances furnished by the landlord as a part of the
34 rental agreement.

35 5. "Rent constituting property taxes accrued" means
36 twenty percent of the gross rent actually paid on the
37 homestead during the preceding calendar year by the person
38 claiming the credit.

39 Sec. . CLAIM FOR PROPERTY TAXES ACCRUED. Any
40 person sixty-five years of age or older or totally disabled
41 shall be entitled to a credit against his state income taxes
42 for property taxes accrued based upon his income. The
43 amount of any credit shall be computed in accordance with
44 the following table:

45		He shall be entitled to
46		a credit against his
47	If the person's	state income taxes equal
48	income is:	to the amount by which

49 the property taxes ac-
50 crued on his homestead
51 exceeds the following
52 percentage of his income:

53	Less than \$1,000	2%
54	\$1,000 or over and less than \$2,000	3%
55	\$2,000 or over and less than \$3,000	4%
56	\$3,000 or over and less than \$4,000	5%
57	\$4,000 or over and less than \$5,000	6%

58 Any person sixty-five years of age or older or totally
59 disabled with an income of five thousand dollars or more
60 shall receive no credit against his income taxes for proper-
61 ty taxes accrued.

62 When a homestead is owned by two or more persons as
63 joint tenants or tenants in common and one or more of these
64 persons does not reside in the homestead, the property tax
65 is the same proportion of the property tax levied as the
66 proportion of ownership of the homestead by the person
67 claiming the credit.

68 When a person owns his homestead for part of the pre-
69 ceding year and rents it or a different homestead for a
70 part of that year, property tax means only the property tax
71 on the homestead multiplied by the percentage of twelve
72 months that the property was owned and occupied by the
73 person claiming the credit.

74 In no event the credit exceed the amount of the
75 property tax accrued.

76 Sec. . CLAIM FOR RENT CONSTITUTING PROPERTY TAXES
77 ACCRUED. Any person who is not eligible for the credit pro-
78 vided in the prior section of this Act and who is sixty-
79 five years of age or older or is totally disabled shall be
80 entitled to a credit against his state income taxes for
81 rent constituting property taxes accrued based upon his in-
82 come. The amount of any credit shall be computed in
83 accordance with the following table:

84		He shall be entitled to
85		a credit against his
86	If the person's	state income taxes equal
87	income is:	to the amount by which
88		the rent constituting
89		property taxes accrued
90		on his homestead exceeds
91		the following percentage
92		of his income:

93	Less than \$1,000	2%
94	\$1,000 or over and less than \$2,000	3%
95	\$2,000 or over and less than \$3,000	4%
96	\$3,000 or over and less than \$4,000	5%
97	\$4,000 or over and less than \$5,000	6%

98 Any person sixty-five years of age or older or totally

99 disabled with an income of five thousand dollars or more
100 shall receive no credit against his income taxes for rent
101 constituting property taxes accrued.

102 If a claim is based on rent constituting property
103 taxes accrued, the person filing the claim shall have
104 rented property during the entire preceding calendar year
105 for which he has filed a claim.

106 If two or more persons are qualified to file a claim
107 for the same homestead, the persons shall determine which
108 person shall file the claim.

109 Sec. . CLAIM AS INCOME TAX CREDIT OR REBATE. If
110 the allowable amount of a claim filed pursuant to this Act
111 exceeds the income tax due on the person's income, or if
112 there is no income tax due, the amount of the claim not
113 used as a credit against state income taxes shall be paid
114 to the person making the claim from the state general fund.

115 No interest shall be paid on any payment made to any
116 person under the provisions of this Act.

117 Sec. . LIMITATIONS. The credit allowed under the
118 provisions of this Act shall be subject to the following
119 limitations:

120 1. Only one person shall be entitled to the credit
121 for a homestead for each taxable year.

122 2. The amount of the credit which shall be allowed in
123 any taxable year for property taxes accrued or rent consti-
124 tuting property taxes accrued shall not exceed three
125 hundred dollars.

126 Sec. . SATISFACTION OF OUTSTANDING TAX LIABILITIES.
127 The amount of any claim payable under the provisions of
128 this Act may be applied by the director of revenue against
129 any outstanding tax liability in the name of the state
130 against the person filing the claim.

131 Sec. . FILING DATE. No credit for property taxes
132 accrued or rent constituting property taxes accrued shall
133 be allowed or paid unless the claim is filed with the
134 director of revenue on or before April thirtieth of each
135 year.

136 In the case of illness, absence, or disability, or
137 when in the judgement of the director of revenue good cause
138 exists, he may extend the time for filing a claim under the
139 provisions of this Act for a period not to exceed six
140 months.

141 Sec. . PROOF OF CLAIM. Every person filing a claim
142 for a credit for property taxes accrued or rent constitut-
143 ing property taxes accrued shall submit the following proof
144 to the director of revenue to support his claim:

145 1. That he was sixty-five years of age or totally
146 disabled before midnight on December thirty-first of the
147 year immediately preceding the year the tax was levied or
148 the rent was paid.

149 2. Statement of income.

150 3. Receipts for rent paid.

- 151 4. Name and address of the owner or manager of proper-
152 ty rented.
153 5. Property taxes accrued.
154 6. Description of the property claimed as a homestead.
155 7. A statement that the property taxes accrued have
156 been or will be paid.
157 8. A statement that there are no delinquent property
158 taxes on the homestead.

159 Sec. . ADMINISTRATION--RULES AND REGULATIONS. The
160 director of revenue shall prescribe and make available the
161 necessary forms with instructions for persons filing a
162 claim for property taxes accrued or rent constituting
163 property taxes accrued, including forms which may be filed
164 as a part of the individual state income tax return.

165 The director may promulgate rules and regulations
166 necessary to carry out the provisions of this Act.

167 Sec. . AUDIT OF CLAIM. The department of revenue
168 shall audit each claim and if the director of revenue
169 determines that the amount of the credit has been incorrect-
170 ly determined, he shall redetermine the claim and give
171 notice, in writing, to the person filing the claim of the
172 redetermination and his reasons for it. The redetermination
173 shall be final unless appealed to the district court within
174 thirty days of receipt of the notice.

175 Sec. . DENIAL OF CLAIM. Any person who files a
176 claim for a credit which is excessive and was filed with
177 fraudulent intent shall be guilty of a misdemeanor. Upon
178 conviction of the person filing the excessive and fraudulent
179 claim, the director of revenue shall disallow the credit in
180 full. If the claim has been paid or the credit allowed
181 against income tax, the credit allowed against the income
182 tax shall be canceled and the amount paid shall be recovered
183 in the same manner as delinquent income taxes.

184 Sec. . RENTAL DETERMINATION. If a homestead is
185 rented by a person from another person under circumstances
186 deemed by the director of revenue not to be at arm's
187 length, the director may determine the rent constituting
188 property taxes accrued at arm's length, and the determina-
189 tion shall be final.

190 Sec. . PUBLIC WELFARE RECIPIENTS EXCLUDED. Any
191 person who is a recipient of public funds for the payment
192 of the taxes or rent during the period for which the claim
193 is filed shall not be entitled to benefits provided in
194 sections twenty-three (23) through thirty-six (36),
195 inclusive, of this Act.

196 Sec. . APPEALS. If a claim for property taxes
197 accrued or rent constituting property taxes accrued is
198 filed and is disallowed in whole or in part, the person
199 making such claim may appeal the disallowance by filing a
200 petition in the district court within thirty days from the

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201 date the claim was disallowed.
202 Sec. . Any person sixty-five years of age or older
203 or totally disabled shall receive the credit provided in
204 sections twenty-eight (28) through forty-one (41), inclu-
205 sive, of this Act, in addition to any credits received
206 pursuant to chapter four hundred twenty-five (425) of the
207 Code.
208 2. Line 644, by inserting after the word "penalties"
209 the words", providing property tax relief for persons
210 sixty-five years of age or older or totally disabled,".

Filed - *Lost 5/11*
May 11, 1971

By GLUBA of Scott District 76

HOUSE FILE 654

1 Amend the Report of the Committee of the Whole on
2 House File 654, filed May 7, 1971, by inserting after
3 line 93 the following:
4 "The state comptroller shall compute the foundation
5 property tax levy for each district, as provided in this
6 section, and shall certify the correct levy to each school
7 board and county auditor. He shall then determine the
8 amount which will be raised by the foundation property tax
9 levy in each district, on a per pupil basis determined by
10 adding to the fall enrollment the number of pupils residing
11 in the district and enrolled in nonpublic schools in grades
12 kindergarten through twelve. If the per pupil amount so
13 determined is less than the property tax component of the
14 school foundation base for the budget year, the school
15 district is entitled to receive state foundation property
16 tax supplement. The difference between the per pupil amount
17 so determined and the property tax component of the school
18 foundation base, multiplied by the number of pupils in fall
19 enrollment in public schools only, determines the total
20 amount of state foundation property tax supplement to which
21 the district is entitled.

Offered from the floor and adopted. By PRIEBE of Kossuth,
May 11, 1971 District 6

HOUSE FILE 654

1 Amend the report of the committee of the whole on
2 House File 654, filed May 7, 1971, commencing on page 1362
3 of the Journal of the House, by inserting after the period
4 in line 163 the following:
5 "For the purpose of determining an increase in taxable
6 property in a district under this subsection, in order to
7 limit the allowable growth of a district based upon property,
8 only the increase which results from property constructed
9 or improved since the last assessment shall be included."

Offered from the
floor and lost.
May 11, 1971

By WINKELMAN of Calhoun
District 26
TIEDEN of Clayton
District 14

HOUSE FILE 654

1 Amend the Committee of the Whole amendments
2 proposed to House File 654 and found on pages 1362
3 through 1374 of the House Journal of May 7, by
4 striking lines 383 through 647 inclusive and
5 inserting in lieu thereof the following:

6 (1) Section four hundred twenty-two point five
7 (422.5), subsections one (1) through seven (7), Code
8 1971, are amended as follows:

9 1. On the first one thousand dollars of taxable
10 income, or any part thereof, ~~three-fourths-of~~ one
11 percent.

12 2. On the second thousand dollars of taxable income,
13 or any part thereof, ~~one-and-one-half~~ two percent.

14 3. On the third thousand dollars of taxable income,
15 or any part thereof, ~~two-and-one-fourth~~ three percent.

16 4. On the fourth thousand dollars of taxable income,
17 or any part thereof, ~~three~~ four percent.

18 5. On the fifth, sixth and seventh thousand dollars
19 of taxable income, or any part thereof, ~~three-and-three-~~
20 ~~fourths~~ five percent.

21 6. On the eighth thousand dollars of taxable income,
22 or any part thereof, ~~four-and-one-half~~ six percent,
23 and on all taxable income in excess of seven thousand
24 dollars, ~~four-and-one-half~~ six percent.

25 7. In addition to the tax imposed in the above sub-
26 sections of this section, on all taxable income in
27 excess of nine thousand dollars, ~~three-fourths~~ one
28 percent. ~~This-additional-tax-shall-be-effective-for~~
29 ~~all-taxable-years-ending-after-January-1,-1965,-except~~
30 ~~that-for-taxable-years-beginning-before-January-1,-1965,~~
31 ~~and-ending-thereafter,-shall-be-collected-on-the-basis~~
32 ~~of-the-proportion-which-the-number-of-months-in-any~~
33 ~~such-fiscal-year,-commencing-with-the-month-of-January~~
34 ~~1965,-bears-to-the-total-year.--This-additional-tax~~
35 ~~shall-be-in-lieu-of-all-taxes-imposed-by-section-429.2~~
36 ~~on-the-property-therein-described-of-individuals,~~
37 ~~administrators,-executors,-guardians,-conservators,~~
38 ~~trustees-or-an-agent-or-nominee-thereof.~~

39 (2) Section four hundred twenty-two point
40 thirty-three (422.33), unnumbered paragraphs two (2),
41 three (3) and four (4), Code 1971, are amended as
42 follows:

43 On the first twenty-five thousand dollars of taxable
44 income, or any part thereof, the rate of ~~four~~ six
45 percent.

46 On taxable income between twenty-five thousand dollars
47 and one hundred thousand dollars or any part thereof,
48 the rate of ~~six~~ eight percent.

49 On taxable income of one hundred thousand dollars
50 or more, the rate of ~~eight~~ ten percent.

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51 (3) The provisions of sections (1) and (2)
52 of this amendment shall become
53 effective for all taxable years ending after January
54 1, 1971, except that for taxable years beginning before
55 January 1, 1971, and ending thereafter, the tax collected
56 shall be collected on the basis of the proportion which
57 the number of months in any such fiscal year commencing
58 with the month of January 1971, bears to the total year.

Offered from the floor
and lost.
May 11, 1971

By SHAW of Scott,	District 78
LIPSKY of Linn,	District 46
PELTON of Clinton,	District 74
KREAMER of Polk,	District 63
ANDERSEN of Woodbury,	District 23
KELLY of Woodbury,	District 22
KEHE of Bremer,	District 12
MOLLETT of Pottawattamie,	District 80
SCHWIEGER of Black Hawk,	District 40
SCHROEDER of Pottawattamie,	District 54
NYSTROM of Boone,	District 55

Lines 1-38 - lost
Lines 39-58 - withdrawn 5/11

HOUSE FILE 654

1 Amend the Report of the Committee of the Whole on
2 House file 654, filed May 7, 1971, commencing on page
3 1362 of the Journal of the House, as follows:

4 1. Strike lines 342 through 359, inclusive, and
5 insert in lieu thereof the following sections:

6 Section 1. Sections two (2) through nine (9) of
7 this amendment may be cited as the "Uniform Local Sales
8 Tax Law".

9 Sec. 2. Any city or town may impose a sales, services
10 and use tax, hereinafter referred to as a "local sales
11 tax", in accordance with the provisions of this Act
12 by adoption of any ordinance by its council after
13 published notice not less than ten days nor more than
14 twenty-five days before the date of hearing thereon.
15 Within thirty days of adoption of the ordinance, upon
16 receipt of a petition signed by voters within the city
17 or town equal in number to at least ten percent of the
18 number of votes cast for mayor at the last preceding
19 regular municipal election at which a mayor was elected,
20 requesting that an election be held, the city or town
21 council shall submit the question of imposing the tax
22 to the voters of the city or town at a special election.
23 If a majority of those voting favors the imposition
24 of the tax, the ordinance shall become effective,
25 according to the provisions of this Act.

26 If a majority of those voting does not favor the
27 imposition of the tax, the ordinance shall not become
28 effective, and the council shall not submit the same
29 question within one year following the election.

30 The special election may not be held within thirty
31 days of a general election. Prior to the special elec-
32 tion, the city or town council shall publish notice
33 of the election once each week for two consecutive weeks
34 in a newspaper of general circulation serving the city
35 or town.

36 The collection of a local sales tax so imposed shall
37 commence on January first following passage of the
38 ordinance imposing it.

39 Sec. 3. The council of a city or town may agree
40 with the council of one or more cities or towns to
41 jointly impose a local sales tax as authorized for
42 cities and towns.

43 Within thirty days of the last date that an ordinance
44 imposing the tax is adopted by any of the cities or
45 towns involved in the agreement, upon receipt of a
46 petition signed by voters from each city or town equal

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47 in number to ten percent of the number of votes cast
48 for mayor in that city or town at the last preceding
49 regular municipal election at which a mayor was elected,
50 requesting that an election be held, each city or town
51 council shall submit the question as provided for a
52 single city or town.

53 If a majority of those voting in each of the cities
54 and towns favors the imposition of the tax, the
55 ordinances of each city and town shall become effective,
56 according to the provisions of this Act. If a majority
57 of the total of those voting in each of the cities and
58 towns does not favor the joint imposition of the tax,
59 the ordinances shall not become effective, and the
60 councils shall not submit the same question within one
61 year following the election.

62 Sec. 4. A county may levy a local sales tax by
63 resolution of the board of supervisors, if passed not
64 later than July first of the year prior to the
65 commencement of collection of the tax following notice
66 and hearing as required for cities. Within thirty days
67 of passage of the resolution, upon receipt of a petition
68 signed by voters within the county equal in number to
69 ten percent of the number of votes cast in the county
70 for governor at the last preceding general election,
71 requesting that an election be held, the board of
72 supervisors shall submit to the voters of the county,
73 at a special election called for that purpose and subject
74 to the same requirements as the special election provided
75 for a single city or town, the question of imposing
76 countywide the tax authorized for cities and towns by
77 this Act. If a majority of those voting in the entire
78 county favors the imposition of the tax, the resolution
79 shall become effective, according to the provisions
80 of this Act. If a majority of those voting in the
81 entire county does not favor the countywide imposition
82 of the tax, the resolution shall not become effective,
83 and the board of supervisors shall not submit the same
84 question within one year following the election. If
85 a county levy is made, cities and towns within the
86 county shall not levy the tax, or if the county levies
87 the tax in a year subsequent to the levy by a city or
88 town in that county, the city or town levies shall be
89 suspended for the period of the county levy. Also,
90 if a city or town imposes a local sales tax after July
91 first, the board of supervisors of any county in which
92 a part of the city is located may, within ten days of
93 passage of the ordinance imposing the tax, proceed as
94 provided for imposition of a countywide tax. The
95 collection of a local sales tax so imposed by a county
96 shall commence on January first following passage of
97 the resolution imposing it.

98 Sec. 5. A local sales tax at a rate of not more
99 than one percent may be imposed by a city or town on
100 the gross receipts from the sale or use of tangible
101 personal property subject to the state sales tax and
102 from the services subject to the state tax. A local
103 sales tax shall be imposed on the same basis as the
104 state sales, services and use tax and may not be imposed
105 on the sale or use of any tangible personal property
106 not taxed by the state. A local sales tax is applicable
107 only within the territorial limits of the city or town
108 imposing it and shall be collected by all persons
109 required to collect state sales, services and use taxes.

110 The amount of the sale, for purposes of determining
111 the amount of the local sales and use tax, does not
112 include the amount of the state sales and use tax.

113 No sales and use tax permit, other than the state
114 sales and use tax permits, may be required.

115 Sec. 6. The director of revenue shall administer
116 the provisions of a local sales tax as nearly as possible
117 in conjunction with the administration of state tax
118 laws. He shall provide appropriate forms, or provide
119 on the regular state tax forms, for reporting local
120 sales tax liability.

121 An ordinance or resolution imposing a local sales
122 tax shall adopt by reference the applicable provisions
123 of the appropriate sections of chapters four hundred
124 twenty-two (422) and four hundred twenty-three (423)
125 of the Code, and all powers of the director to admin-
126 ister the state sales and use tax law are applicable
127 to his administration of a local sales tax ordinance
128 or resolution. Local officials shall confer with the
129 director of revenue and obtain his assistance in draft-
130 ing the ordinance or resolution imposing a local sales
131 tax. A certified copy of the ordinance or resolution
132 imposing a local sales tax shall be filed with the di-
133 rector as soon as possible after passage.

134 The director, in consultation with local officials,
135 shall collect and account for a local sales tax. The
136 director shall retain for the use of the department
137 one percent of all local sales tax receipts, to cover
138 administrative expense, and shall credit remaining net
139 local sales tax receipts to a local sales tax fund
140 hereby established in the office of the treasurer of
141 state.

142 Sec. 7. The treasurer of state shall remit quarterly
143 to the qualified cities and towns which have imposed
144 a local sales tax their share of the balance in the
145 local sales tax fund.

146 The city or town treasurer, or another city official
147 designated by the council, shall apply three-fourths
148 of all local sales tax money estimated to be received
149 for property tax relief. Before the levies authorized

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150 under section four hundred four point two (404.2) of
151 the Code are certified to the county auditor, they shall
152 comply with legal mill limits and the certifying official
153 shall subtract from the total amount computed in dollars,
154 as provided in section four hundred forty-four point
155 two (444.2) of the Code, an amount equal to the amount
156 estimated for property tax relief during the next twelve
157 month period, and shall certify only the net amount
158 to the county auditor and board of supervisors. The
159 county auditor shall base the millage levies authorized
160 under section four hundred forty-four point three (444.3)
161 of the Code upon the net amount so computed. In order
162 for a city or town to be qualified to receive remittances
163 from the treasurer of state the city or town clerk shall
164 certify to the treasurer of state before January first
165 of each year that the required reduction in the amount
166 certified to the county auditor and board of supervisors
167 for city or town taxes has been made. All local sales
168 and use tax moneys received by a city or town may be
169 expended for any lawful municipal purpose.

170 Sec. 8. If two or more cities and towns impose an
171 authorized local tax jointly, the treasurer of state
172 shall credit the receipts to a joint account, and shall
173 remit to each qualified city or town a pro rata share
174 of the joint account, according to population figures
175 determined by the last federal census. The share
176 remitted to each city and town shall be applied and
177 expended as provided for local taxes imposed by a single
178 city or town.

179 If an authorized local tax is imposed countywide
180 the treasurer of state shall credit the receipts to
181 a joint account, and shall remit to each qualified city
182 or town in the county a pro rata share of the joint
183 account, based upon the percentage of its population
184 to the total population of the county, and to the board
185 of supervisors, when the county is qualified, a pro
186 rata share of the joint account based upon the per-
187 centage of population in the county outside of cities
188 and towns, the rural portion according to the popula-
189 tion determined by the last federal decennial census.
190 The share remitted to each city and town shall be ap-
191 plied and expended as provided for local taxes imposed
192 by a single city or town.

193 The share remitted to the board of supervisors may
194 be used for any lawful county government purpose. How-
195 ever, the county treasurer shall credit one-half of
196 all local sales tax moneys estimated to be received
197 for property tax relief. Before the levies authorized
198 under section four hundred forty-four point nine (444.9)
199 of the Code are made, they shall comply with legal mill
200 limits and the board of supervisors shall subtract from
201 the total amount computed in dollars, as provided in
202 section four hundred forty-four point two (444.2) of

203 the Code, an amount equal to the amount estimated for
204 property tax relief during the next twelve month period,
205 and shall base the millage levies authorized under
206 section four hundred forty-four point nine (444.9) of
207 the Code upon the net amount so computed. In order
208 for a county to be qualified to receive remittances
209 from the treasurer of state, the board of supervisors
210 shall certify to the treasurer of state before January
211 first of each year, that the required reduction has
212 been made.

213 Sec. 9. Upon receipt of a petition signed by voters
214 within the city or town, or county in case of a county
215 tax, equal in number to at least ten percent of the
216 number of votes cast for governor at the last preced-
217 ing general election within the local taxing jurisdic-
218 tion, requesting that an election be held, the city
219 or town council, or board of supervisors in the case
220 of a county tax, shall not less than twenty nor more
221 than forty-five days after receipt of the petition
222 submit to the voters of the city or town or of the
223 county at a special election called for that purpose,
224 the question of approval or disapproval of the tax.
225 Such a petition may be received only during the sixty
226 days prior to the last certifying date of a budget in
227 the second or any subsequent year following the beginning
228 of collection of the tax. Prior to the special election
229 the governing body shall publish notice of the election
230 once each week for two consecutive weeks in a newspaper
231 of general circulation serving the city or town, or
232 in two newspapers of general circulation in the county
233 in the case of a county tax.

234 If a majority of those voting favors the tax, the
235 governing body may continue to impose the tax. If a
236 majority of those voting thereon vote to discontinue
237 the tax, it shall cease to be collected at the end of
238 the calendar year in which the election is held, the
239 ordinance or resolution shall stand repealed as of
240 December thirty-first following the election, and the
241 governing body may not impose the tax under the authority
242 of this Act for collection within one year following
243 discontinuance of collection caused by the election,
244 and then only if a new resolution or ordinance is passed.
245 The governing body at any time may discontinue the tax,
246 but an election may not be held oftener than once a
247 year.

248 Sec. 10. Section twenty-six point (26.6), Code
249 1971, is amended as follows:

250 26.6 POPULATION OF COUNTIES, TOWNSHIPS, CITIES.
251 AND TOWNS.

252 Whenever the population of any county, township,
253 city, or town is referred to in any law of this state,
254 it shall be determined by the last certified, or

255 certified and published, official census unless other-
256 wise provided. However, the population figure dis-
257 closed for any city or town as the result of a special
258 federal census as modified as the result of consolida-
259 tion or annexation in the manner provided in sections
260 312.3, and 123.50, shall be considered for no other
261 purposes than the application of sections 123.50 and,
262 312.3 and the provisions of this Act. Whenever a special
263 federal census is hereafter taken by any city or town,
264 the mayor and council shall certify the said census
265 as soon as possible to the secretary of state and to
266 the treasurer of state as otherwise herein provided,
267 and failing to do so, the treasurer of state shall,
268 after six months from the date of said special census,
269 turn over such moneys as authorized by sections 123.50
270 and 312.3 to the general fund of the state, and continue
271 to do so until such time as certification by said mayor
272 and council is made, or until the next decennial federal
273 census. If there be a difference between the original
274 certified record in the office of the secretary of state
275 and the published census the former shall prevail.

276 Sec. 11. Section four hundred twenty-two point
277 seventy-two (422.72), subsection one (1), Code 1971,
278 is amended as follows:

279 1. It shall be unlawful for the director, or any
280 person having an administrative duty under this chapter,
281 to divulge or to make known in any manner whatever,
282 the business affairs, operations, or information obtained
283 by an investigation of records and equipment of any
284 person or corporation visited or examined in the dis-
285 charge of official duty, or the amount or source of
286 income, profits, losses, expenditures or any particular
287 thereof, set forth or disclosed in any return, or to
288 permit any return or copy thereof or any book contain-
289 ing any abstract or particulars thereof to be seen or
290 examined by any person except as provided by law; pro-
291 vided, however, that the director may authorize examina-
292 tion of such returns by other state officers, by Iowa
293 city and county officials, or, if a reciprocal ar-
294 rangement exists, by tax officers of another state,
295 of the federal government. This subsection shall pre-
296 vail over the provisions of any general law of this
297 state relating to public records.

298 2. Strike lines 646 and 647 and insert in lieu
299 thereof the words "providing for imposition of a local
300 sales tax."

301 3. Renumber sections and correct internal references
302 as required by this amendment.

Offered from
the Floor and
Lost
May 11, 1971

By ANDERSEN of Woodbury,
SCHWARTZ of Wapello,
BERGMAN of Lyon,
KELLY of Woodbury,
SARGISSON of Woodbury,

District 23
District 97
District 3
District 22
District 24

House 28
May 12, 1971

REX of Hamilton,	District 31
MENDENHALL of Allamakee,	District 13
SHAW of Scott,	District 78
FISHER or Greene,	District 56
CLARK of Lee,	District 100
EDELEN of Emmet,	District 5
TROWBRIDGE of Floyd,	District 9
KNOBLAUCH of Carroll,	District 28
EGENES of Story,	District 33

HOUSE FILE 654

1 Amend the Report of the Committee of the Whole on
2 House File 654, filed May 7, 1971, commencing on page 1326
3 of the Journal of the House, by striking lines 94 through
4 103, inclusive, and inserting in lieu thereof the following:
5 "The state comptroller shall compute the foundation
6 property tax levy for each district, as provided in this
7 section, and shall certify the correct levy to each school
8 board and county auditor. He shall then determine the
9 amount which will be raised by the foundation property tax
10 levy in each district, on a per pupil basis determined by
11 adding to the fall enrollment the number of pupils residing
12 in the district and enrolled in nonpublic schools in grades
13 kindergarten through twelve. If the per pupil amount so
14 determined is less than the property tax component of the
15 school foundation base for the budget year, the school
16 district is entitled to receive state foundation property
17 tax supplement. The difference between the per pupil amount
18 so determined and the property tax component of the school
19 foundation base, multiplied by the number of pupils in fall
20 enrollment in public schools only, determines the total
21 amount of state foundation property tax supplement to which
22 the district is entitled.

Offered from the Floor,
Adopted, reconsidered and
Withdrawn
May 11, 1971

By PRIEBE of Kossuth, District 6

HOUSE CLIP SHEET
Wednesday, May 12, 1971

HOUSE FILE 654

- 1 Amend the Report of the Committee of the Whole on
2 House File 654. filed May 7, 1971, commencing on page 1362
3 of the Journal of the House, as follows:
- 4 1. Lines 148 and 149, strike the words and figures
5 "and all of pages 5, 6, 7, 8 and lines 1 through 30 on pages
6 9,".
 - 7 2. Strike lines 151, 152, and 153.
 - 8 3. Line 173, insert after the word "levy" the words
9 "and the school district income tax".
 - 10 4. Line 186, insert after the word "tax" the words
11 ", the additional school district property tax on industrial
12 and utility property,".
 - 13 5. Line 188, insert after the word "levy" the words
14 "on other than industrial and utility property, and the
15 school district income tax".
 - 16 6. Strike lines 189 through 194, inclusive.
 - 17 7. Line 213, strike the words "by imposing a school
18 district income tax,".
 - 19 8. Insert after line 213 the following "In deter-
20 mining the maximum millage under this section, the addition-
21 al property tax on industrial and utility property shall not
22 be included."
 - 23 9. Line 222, insert after the word "of" the words
24 "additional school district property tax on other than in-
25 dustrial and utility property, and a specific rate of".
 - 26 10. Line 223, strike the words "for two years".
 - 27 11. Line 231, insert after the word "by" the words
28 "an additional school district property tax on industrial
29 and utility property, an additional school district property
30 tax on other than industrial and utility property, and".
 - 31 12. Strike lines 234 through 262, inclusive, and in-
32 sert in lieu thereof the following:
33 "4. Page 6, strike from lines 8 and 9 the words "based
34 on the foundation formula".
 - 35 5. Page 7, line 12, strike the word "The" and insert
36 in lieu thereof the words "Subject to the maximum millage
37 provided by this Act or approved by the voters as provided
38 in this Act, the".
 - 39 6. Page 7, lines 21 and 22, strike the words "under
40 the school foundation formula".
 - 41 7. Page 8, line 20, insert after the word "levy" the
42 words "on other than industrial and utility property".
 - 43 8. Page 8, line 27, insert after the word "tax" the
44 words "on other than industrial utility property".

House 2
May 12, 1971

- 45 9. Page 9, line 11, insert after the word "district"
46 the words "other than industrial and utility property".
47 10. Page 9, line 16, strike the words "next".
48 11. Page 9, strike lines 22, 23, and 24, and insert
49 in lieu thereof the words "director of revenue".
50 13. Renumber parts of the Report of the Committee of
51 the Whole, and renumber sections and internal references
52 as necessary in accordance with this amendment.

Offered from the Floor
and Adopted
May 11, 1971

By DEN HERDER of Sioux
District 1
SCOTT of Franklin
District 18

HOUSE FILE 654

- 1 Amend the Report of the Committee of the Whole
2 on House File 654, filed May 7, 1971, by striking
3 all of lines 127 through 134.

Offered from the Floor
and Adopted
May 11, 1971

By COCHRAN of Webster
District 29

HOUSE FILE 654

- 1 Amend House File 654 by adding thereto the
2 following section:
3 Section four hundred twenty-two point thirty-three
4 (422.33), subsection one (1), paragraph b, unnumbered
5 paragraph four (4), is amended as follows:
6 The gross sales of the corporation within the
7 state shall be taken to be the gross sales from goods
8 sold and delivered within the state, ~~excluding~~
9 ~~deliveries for transportation out of the state.~~

Offered from the Floor
and Adopted
May 11, 1971

By DEN HERDER of Sioux
District 1

HOUSE FILE 654

- 1 Amend the Report of the Committee of the Whole on
2 House File 654 by striking lines 362 through 382.

Offered from the floor
and adopted.
May 11, 1971

By BRAY of Scott, District 77

May 13, 1971

HOUSE FILE 654

*Ways & Means, Passed
amended 5/14*

By COMMITTEE ON WAYS AND MEANS
(AS AMENDED AND PASSED BY THE HOUSE)

Passed House, Date 5-12-71 Passed Senate, Date 5-24-71

Vote: Ayes 52 Nays 41 Vote: Ayes 26 Nays 22

Approved June 30, 1971

A BILL FOR

- 1 An Act relating to state aid for schools, school district
- 2 property taxes, imposing a school district income tax,
- 3 providing administration by the director of revenue,
- 4 adopting provisions relating to the state individual
- 5 income tax, relating to the corporate income tax, and
- 6 providing aid to cities, towns and counties from sales
- 7 tax receipts.
- 8 *Be It Enacted by the General Assembly of the State of Iowa:*

Conference Committee appointed 5/26
 House: Representatives Holder, Varley, Lawson and Cochran
 Senate: Senators Schaff, Ollenburg, Davis and Gaudinier
 Last 6/8

2nd Conference Committee appointed 6/10
 House: Representatives Stromer, Curtis, Kreamer, and S. Linnell
 Senate: Senators Rhodes, Carlson, Patter, and Miller
 Adopted 6/11

*Passed House per Second
 Conference Committee
 Report
 6-11-71
 aye 52, nays 44*

*Passed Senate per Second
 Conference Committee Report
 6-11-71
 aye 27, nays 20*

1 Section 1. SCHOOL FOUNDATION PROGRAM. This Act
2 establishes a school foundation program. Each public
3 school district in the state is entitled to receive from
4 the state during each school year a per pupil amount equal
5 to the amount by which the school foundation base for that
6 school year exceeds the amount per pupil which will be
7 raised by the school foundation property tax levied in the
8 district during that school year.

9 Sec. 2. SCHOOL FOUNDATION BASE.

10 1. The school foundation base for the 1972-1973 school
11 year is the sum of the following components, each modified
12 by the percentage growth factor for that school year:

13 a. A flat grant from the state of three hundred dollars
14 per pupil.

15 b. An amount of three hundred fifty dollars per pupil,
16 to be raised primarily by school foundation property tax
17 to be levied in the school district during that school year.

18 2. Prior to July first each year commencing in 1972,
19 the state comptroller shall compute the percentage growth
20 factor for each of the two component parts of the school
21 foundation base, as follows:

22 a. Determine the percent of increase or decrease in
23 state revenue from taxes, adjusted for changes in rates
24 or basis, for each year of the last three calendar years

1 for which accurate figures are available, and divide the
2 total by three. The result is the percentage growth
3 factor for that flat grant component.

4 b. Determine the percent of increase or decrease in
5 the assessed valuation of taxable property in the state,
6 adjusted for statewide changes in assessment practices,
7 for each year of the last three calendar years for which
8 accurate figures are available, and divide the total by
9 three. The result is the percentage growth factor for the
10 property tax component.

11 c. In the determinations required under paragraphs
12 a and b of this subsection, if there is an average decrease
13 there will be a negative growth factor.

14 3. For the 1972-1973 school year, the state comptroller
15 shall determine the actual school foundation base by
16 multiplying each of the component amounts listed in sub-
17 section one (1) of this section by its percentage growth
18 factor for that school year, and adding the product obtained
19 in each case to that component amount. The two component
20 amounts so modified constitute the current school
21 foundation base for the 1972-1973 school year.

22 4. For each subsequent school year, the state comptroller
23 shall determine the actual school foundation base by multiplying
24 each of the component amounts of the current school foundation

1 base by the applicable percentage growth factor for that
2 school year, and adding the product obtained in each case
3 to that component amount. The two current component amounts
4 so modified constitute the current school foundation base
5 for the subsequent year.

6 Sec. 3. SCHOOL FOUNDATION BASE COMPONENTS. As
used in

7 this Act, unless otherwise indicated, references to the
8 school foundation base, to the flat grant component, or to
9 the property tax component, mean the base or its components
10 as modified by the comptroller for the applicable school
11 year, as provided in section two (2) of this Act.

12 Sec. 4. SCHOOL FOUNDATION PROPERTY TAX AND STATE
13 SUPPLEMENT. Beginning with the 1972-1973 school year, each
14 public school district shall certify for its general fund
15 budget each year a foundation property tax of thirty mills
16 per dollar of assessed valuation on all taxable property
17 within the school district. However, no school district
18 shall certify a school foundation property tax for any year
19 higher than necessary to raise a per pupil amount equal to
20 the amount of the property tax component of the school
21 foundation base for the budget year, except that if a school
22 district's total property tax levy for the general fund
23 budget is less than thirty mills, the foundation property tax
24 in that district shall be increased so that the total property
25 tax levy for the general fund budget is thirty mills or the

1 equivalent of the district's total property tax levy for
2 the general fund budget for the 1971-1972 school year, which-
3 ever is less, and the amount of the total flat grant
4 component payable to that district shall be reduced by the
5 amount which will be obtained from the increased amount of
6 foundation property tax. For the purpose of computing the
7 foundation property tax, a district's total property tax
8 levy for the general fund budget is determined by excluding
9 any additional school district property tax on industrial
10 and utility property and including any additional school
11 district property tax on other than industrial and utility
12 property.

13 The state comptroller shall compute the foundation
14 property tax levy for each district, as provided in this
15 section, and shall certify the correct levy to each school
16 board and county auditor. He shall then determine the amount
17 which will be raised by the foundation property tax levy in
18 each district, on a per pupil basis determined by adding to
19 the fall enrollment the number of pupils residing in the
20 district and enrolled in nonpublic schools in grades kindergarten
21 through twelve. If the per-pupil amount so determined is
22 less than the property tax component of the school foundation
23 base for the budget year, the school district is entitled to
24 receive state foundation property tax supplement. The
25 difference between the per-pupil amount so determined and the

1 property tax component of the school foundation base,
2 multiplied by the number of pupils in fall enrollment in
3 public schools only, determines the total amount of state
4 foundation property tax supplement to which the district
5 is entitled.

6 A school district which cannot raise a per pupil amount
7 equal to the amount of the property tax component of the
8 school foundation base for the budget year, by a levy of
9 thirty mills or less, is entitled to receive from the
10 state during that school year, as state foundation property
11 tax supplement, a per pupil amount equal to the difference
12 between the amount which will be raised by a thirty mill
13 levy in the district, and the amount of the property tax
14 component of the school foundation base for the budget year.

15 Not later than June first each year, each county auditor
16 shall certify to each school district within the county the
17 assessed valuation of taxable property within that district,
18 and shall certify to the state comptroller and the department
19 of public instruction the assessed valuation of taxable
20 property in each school district within the county.

21 Sec. 5. COMPUTATION AND PAYMENT OF STATE AID.

Prior

22 to July fifteenth each year, the state comptroller shall
23 determine an accurate approximation of the amount of state
24 school aid to be paid to each school district in the state,
25 as provided in sections one (1) through four (4) of this Act,

1 including the flat grant component of that school foundation
2 base and the state foundation property tax supplement, and
3 shall certify the estimated amount to each school district
4 for use in preparing budgets.

5 As soon as possible each year, the state comptroller shall
6 compute the actual amount due each school district in the
7 state under the provisions of sections one (1) through four
8 (4) of this Act, and shall pay the amount due to each school
9 district in three approximately equal installments to be
10 paid on approximately the first days of November, February,
11 and May of each school year.

12 All moneys received by a school district from the state
13 under the provisions of this section shall be deposited in
14 the school district's general fund, and may be used for any
15 school general fund purposes.

16 **Sec. 6. GENERAL FUND BUDGET.** Subject to limitations
17 imposed by the school budget review committee or by state
18 law, the general fund budget of a school district shall be
19 determined as follows:

20 1. Determine estimated general fund expenditures exclusive
21 of gifts, and federal grants and aids, except federal aids
22 paid in anticipation of or reimbursement for expenses caused
23 by a federal activity in or near a school district which would
24 otherwise need to be paid from local sources, by adding
25 together the estimated amounts to be expended for the school
26 year, for administration, instruction, attendance services,
27 health services, pupil transportation services, fixed charges,
28 operation and maintenance, community services, capital outlay,
29 debt service, and tuition paid other districts. The cost
30 of food services and student body activities shall not be

1 included in general fund costs.

2 2. From the total of the sums determined under subsection
3 one (1) of this section deduct the following:

4 a. Estimated receipts from state appropriations for handi-
5 capped children aid, vocational aid, driver education aid,
6 and junior college aid.

7 b. Estimated general fund receipts from the following:
8 Tuition paid by individuals or by the state; transportation;
9 services; rents; income on investment securities; other gen-
10 eral fund revenue receipts; general fund nonrevenue receipts;
11 and transfers to the general fund other than those resulting
12 from clearing accounts, reorganization and the return of prin-
13 cipal of invested securities.

14 c. An estimate of the total amount determined on the per
15 pupil cost basis for children transported who live within
16 statutory walking distance from school.

17 Sec. 7. FALL ENROLLMENT. Fall enrollment shall be deter-
18 mined by adding the resident pupils who are enrolled on the
19 second Friday of September of each year in public elementary
20 and secondary schools of the district, and in special educa-
21 tion schools for which tuition is paid by the district whether
22 the special education school is conducted by a county board
23 of education or another school district.

24 Dual enrollees and part-time students of school age
25 shall be counted in the proportion that the time for
26 which they were enrolled and received instruction during
27 the school year bears to the time that full-time enrollees
28 carrying a normal course schedule, at the same grade level,
29 in the same school district, for the same school year,
30 received instruction.

31 Each school district shall certify its fall enrollment
32 to the state department of public instruction by September
33 twenty-fifth of each year, and the information shall be
34 promptly forwarded to the state comptroller.

35 Sec. 8. ALLOWABLE GROWTH. To determine the total allowable

36 growth in dollars for each school district each year, the
37 state comptroller shall add together the following
38 amounts:

39 1. The percent of increase or decrease in taxable
40 property in the district for the current calendar year over
41 the last preceding calendar year, multiplied by the part of
42 the district's allowable general fund budget for the last
43 preceding school year which was raised by property taxes.

44 2. The percentage growth factor for the state, as
45 determined in section six (6) of this Act, multiplied by
46 the part of the district's allowable general fund budget for
47 the last preceding school year which was raised by state aid.

48 **Sec. 9. MAXIMUM GENERAL FUND BUDGET AND**
49 **ADDITIONAL SCHOOL**
50 **DISTRICT PROPERTY TAX LEVY.** The state comptroller shall
51 determine the additional school district property tax levy,
52 which is in addition to the foundation property tax levy
53 and the school district tax, as follows:

54 1. The district cost per student for the current school
55 year ending June thirtieth each year, plus the allowable
56 growth in dollars, shall determine the district cost per
57 student for the school year beginning July first each year.

58 2. The district cost per student multiplied by the
59 estimated fall enrollment for the school year beginning July
60 first each year, shall determine the maximum general fund
budget for the district.

1 3. Subject to the maximum millage in section eleven (11)
2 of this Act, the maximum general fund budget of the
3 district less the amounts to be received from the school
4 foundation property tax, the additional school district
5 property tax on industrial and utility property, and from
6 state aid shall determine the amount to be raised by the
7 additional school district property tax levy on other
8 than industrial and utility property, and the school
9 district income tax.

10 Sec. 10. SPECIAL FUNDS. A school district which has
11 unique and unusual circumstances which cause its
12 anticipated general fund expenditures to exceed its maximum
13 general fund budget may apply to the school budget review
14 committee for an allotment of any special funds
15 appropriated for this purpose.

16 Sec. 11. MAXIMUM MILLAGE LEVY. For the purpose of
17 determining the maximum millage a school district may cause
18 to be levied for school years subsequent to the 1972-1973
19 school year, the state comptroller shall determine the sum
20 of the foundation property tax levy and the additional
21 property tax levy, in mills. When this total millage rate
22 exceeds the district general fund levy in mills for the
23 school year which began July 1, 1972, he shall adjust the
24 district general fund budget so that the millage levy is
25 equal to the millage levy for the school year beginning

1 July 1, 1972, unless the district votes to accept the
2 additional budgeted amount as provided in the following
3 section.

4 In determining the maximum millage under this section,
5 the additional property tax on industrial and utility
6 property shall not be included.

7 Sec. 12. REFERENDUM. If a school district exceeds its
8 maximum millage as provided in section eleven (11) of this
9 Act, the school board shall submit to the voters of the
10 school district, at a special election called for that
11 purpose, the question of whether the board shall limit
12 its budget as adjusted by the comptroller, or shall adopt
13 the budget as proposed. The question submitted to the voters
14 shall state clearly that a specified rate of additional
15 school district property tax on other than industrial and
16 utility property, and a specific rate of school district
17 income tax will be imposed if the board adopts the budget
18 as proposed.

19 If a majority of those voting favors limiting the budget,
20 the board of directors of the school district shall alter its
21 budget as adjusted by the state comptroller, and shall certify
22 the corrected budget to the county auditor and the state
23 comptroller.

24 If a majority of those voting favors adoption of the
25 budget as proposed, the excess amount shall be raised by

1 an additional school district property tax on industrial
2 and utility property, an additional school district
3 property tax on other than industrial and utility property,
4 and a school district income tax, as in section twelve (12)
5 of this Act.

6 Sec. 13. ADDITIONAL SCHOOL DISTRICT PROPERTY TAX
—INDUSTRIAL
7 AND UTILITY PROPERTY. The additional school district property
8 tax to be levied each year on industrial and utility property
9 shall be determined by the state comptroller as follows:

10 1. Determine for each school district the amount needed
11 to meet its general fund budget, after subtracting the amounts
12 which will be received by the district from the school founda-
13 tion base for that year.

14 2. Add together the amounts determined under subsection
15 one (1) of this section, for each school district within a
16 county.

17 3. Determine the millage rate necessary for each county
18 system, to raise the sum obtained under subsection two (2)
19 of this section, if spread at a uniform rate over all taxable
20 property within the county, and certify the
21 rates to each county auditor.

22 Sec. 14. COUNTY LEVY AND DISTRIBUTION. Not later than
23 June first each year, each county auditor shall certify to
24 the state comptroller the assessed valuation of taxable
25 property in each school district within the county.

26 The county auditor shall spread the rate for his
27 county school system determined by the comptroller under
28 section eight (8) of this Act at a uniform rate over all
29 industrial and utility property in the county. In the case
30 of joint districts the levy shall be spread in the same manner
31 as previously employed for the purpose of making other school
32 levies in such circumstances.

33 As used in this Act, "industrial property" means property
34 assessed under the provisions of sections four hundred twenty-
35 eight point twenty (428.20) through four hundred twenty-eight

36 point twenty-three (428.23), inclusive, of the Code, and
37 "utility property" means property assessed by the director
38 of revenue under the provisions of sections four hundred
39 twenty-eight point twenty-four (428.24) through four hundred

1 twenty-eight point twenty-nine (428.29), inclusive, and
2 chapters four hundred thirty-three (433) through four hundred
3 forty (440), inclusive, of the Code.

4 On the tenth day of the month following the month of col-
5 lection, the county treasurer shall distribute the moneys
6 received from the additional school district tax on industrial
7 and utility property to each school district within the county
8 on a per pupil basis determined by dividing
9 the amount of moneys received by the total fall enrollment
10 in the county.

11 Sec. 15. ADDITIONAL SCHOOL DISTRICT PROPERTY TAX
12 AND INCOME TAX—OTHER THAN INDUSTRIAL AND UTILITY PROPERTY.

Subject

13 to the maximum millage provided by this Act or approved by
14 the voters as provided in this Act, the remaining
15 additional school district property tax and the school district
16 income tax shall be determined by the state comptroller for
17 each school district in the state for each school year as
18 follows:

19 1. Determine the total amount needed for the school dis-
20 trict's general fund budget for the 1970-1971 school year
21 and subtract from that amount the receipts that would have
22 section 2 of this Act, the amount which
23 would have been received by the district from the additional
24 tax on industrial and utility property, and all other receipts
25 that would have been anticipated other than the additional
26 property tax and school district income tax provided in this
27 section.

28 2. Determine the total assessed valuation of taxable prop-
29 erty in the school district for the 1971 calendar year,
30 and the total
31 amount of state individual income tax as shown on the
32 individual tax returns of individuals residing in the school
33 district on December 31, 1970, or at the time of filing for
34 those on other than a calendar year basis and included in
35

1 the department of revenue 1970 income tax annual statistical
2 report. The director of revenue shall certify to the state
3 comptroller on or before November 1, 1971, the total Iowa net
4 income and total state income tax of individuals residing
5 in each school district on December 31, 1970.

6 3. Add the total amounts of Iowa net income in the district
7 and the total assessed valuation of taxable property in the
8 district as determined in subsection two (2) of this section,
9 and divide the sum into the amount obtained in subsection
10 one (1) of this section. Multiply the quotient obtained by
11 the total amount of Iowa net income and divide the result
12 by the amount of the total state income tax for the district
13 as determined in subsection two (2) of this section. The
14 quotient obtained is the rate of school district income tax
15 and is hereby imposed as a surtax on the amount of state
16 income tax paid on incomes earned in 1971 for the 1972-1973
17 school year and on state income tax paid on incomes earned
18 in 1972 for the 1973-1974 school year. The surtax for the
19 1974-1975 school year and every school year thereafter and
20 the additional school district property tax levy on other
21 than industrial and utility property for the 1972-
22 1973 school year and every school year thereafter shall be
23 determined by the state comptroller in the manner set forth
24 in subsection four (4) of this section.

25 4. a. Determine the total amount needed for the school
26 district's general fund budget for the current year less
27 anticipated receipts from all sources other than the additional
28 school district property tax on other than industrial and
29 utility property and the school district income
30 tax.

31 b. Determine the total assessed valuation of taxable prop-
32 erty in the school district for the current calendar year
33 and the total amount of school district income tax as shown
34 on the individual tax returns of individuals residing in the
35 school district on December thirty-first of the most recently

- 36 completed calendar year or at the time of filing for those
- 37 on other than a calendar year basis and filing within the

1 most recently completed calendar year. The director of revenue
2 shall report to the state comptroller the amount of school
3 district income tax collected for the current school year
4 on or about October twentieth of the current school year.

5 c. Subtract the school district income tax determined
6 in paragraph b of this subsection from the amount obtained
7 in paragraph a of this subsection and divide the result by
8 the total assessed valuation of taxable property in the
9 district for the current calendar year. The quotient obtained
10 multiplied by one thousand is the millage rate to be levied
11 on the assessed valuation of taxable property in the district
12 other than industrial and utility property,
13 in addition to the school foundation property tax, for school
14 general fund purposes for the current school year.

15 However, if such millage rate will increase the property
16 tax measured in dollar amounts for a taxpayer sixty-five
17 years of age or older who has an adjusted gross income
18 computed for federal income tax purposes of less than six
19 thousand dollars, over the amount the taxpayer paid in
20 1971, then the amount of taxes to be paid by such taxpayer
21 shall be reduced to the level of taxes paid in the year
22 1971 and such taxpayer shall only be required to pay the
23 amount of taxes equal to that amount paid in the year
24 1971.

25 An equivalent percentage, based upon one percent for each
26 ten mills, is the base for determining the surtax to be imposed
27 on the incomes earned during the year. Multiply the
28 percentage times the total Iowa net income of the district
29 and divide the result by the amount of the total state income
30 tax reported for the district. The quotient obtained is the
31 surtax to be imposed on the incomes earned during the current
32 calendar year. The state comptroller shall certify to the
33 director of revenue
34 the surtax to be imposed for each school district on the
35 incomes earned during that year of all individuals residing

36 in the school district on December thirty-first of the current
37 calendar year, or at the time of filing for those on other
38 than a calendar year basis and filing within the current
39 calendar year.

40 Sec. 16. FORM AND TIME OF RETURN. The school district
41 income tax return shall be made a part of the Iowa individual
42 income tax return subject to the conditions and restrictions
43 set forth in section four hundred twenty-two point twenty-
44 one (422.21) of the Code.

1 **Sec. 17. DEPOSIT OF SCHOOL DISTRICT INCOME TAX.** The
2 director of revenue shall deposit all moneys received as
3 school district income tax to the credit of each district
4 from which the moneys are received, in a "school district
5 income tax fund" which is established in the office of the
6 treasurer of state.

7 **Sec. 18. SCHOOL DISTRICT INCOME TAX CERTIFICATION.**
8 or before October 20, 1972, and each year thereafter the
9 director of revenue shall make an accounting of the school
10 district income tax collected under this Act applicable to
11 tax returns for the most recent completed tax year as defined
12 in section four hundred twenty-two point four (422.4),
13 subsection four (4), of the Code, from taxpayers in each of
14 the various school districts in the state and certify to the
15 state comptroller and the state department of public
16 instruction the amount of total school district income tax
17 credited from the taxpayers of each school district.
18 Additional returns in process, if any, at the time of
19 certification shall be completed and the additional amount
20 of school district income tax reported to the state comptroller
21 for distribution back to the school district with the first
22 installment of the following school year.

23 **Sec. 19. SCHOOL DISTRICT INCOME TAX DISTRIBUTION.** The
24 state controller shall certify to the state department of
25 public instruction the amount of school district income tax
26 payable to each school district, and the state comptroller
27 shall draw warrants in payment of the amount of tax payable
28 to each of the school districts in two installments to be
29 paid on approximately the first day of December and the first
30 day of February, and cause the same to be delivered to the
31 respective school districts.

32 **Sec. 20. DEPOSIT IN GENERAL FUND.** All amounts received
33 by a school district under the provisions of sections two
34 (2), eight (8), and thirteen (13) of this Act shall be
35 deposited in the school general fund, and may be used for

1 any school general fund purpose.

1 instruction.

2 Sec. 23. DUTIES OF COMMITTEE.

3 If a school board applies to the school budget review
4 committee for an allotment of special funds the committee
5 may make an allotment from any funds appropriated
6 specifically for this purpose, making allowance for pro-
7 rating the appropriated funds among the districts who
8 apply, in proportion to their needs. The committee, in
9 determining whether to grant special funds, shall
10 consider unique and unusual circumstances including, but
11 not limited to, unusual increases or decreases in
12 enrollments, natural disasters, unusual transportation
13 problems, and initial staffing problems, and shall grant
14 permission for the election only if unique and unusual
15 circumstances exist in the district.

16 The school budget review committee may call in any
17 county board of education or joint county board of
18 education for the purpose of reviewing its budget as it
19 relates to the individual districts within the county.

20 Sec. 24. Not later than December first for the following
21 school year, the board of directors of each school district
22 shall set a tentative limitation in dollars of the amount
23 the district may spend on each program in the system as
24 defined by the school budget review committee and in the
25 form which the committee prescribes. This prospectus or
26 program and allotted dollars as approved by the board of
27 directors shall guide the superintendent when preparing
28 the proposed budget for the following school year. These
29 limitations submitted by the board of directors to the
30 superintendent of schools for the district shall be
31 promptly forwarded to the school budget review committee.

32 Sec. 25. Section two hundred ninety-eight point one
33 (298.1), Code 1971, is amended as follows:

34 298.1 SCHOOL TAXES. The board of each school corporation
35 shall estimate the amount of the proposed expenditures and

36 proposed receipts for the general school purposes at a time
 37 and in a manner to effectuate the provisions of [chapter 442]
 38 sections 1 through 18, inclusive, of this Act. Compliance
 39 with chapter 24 shall be observed.
 40 [Prior to compliance with section 24.9, the superintendent
 41 of the county school systems shall call a joint meeting of

HOUSE FILE 654
 FISCAL NOTE

Date prepared May 18, 1971

Requested by Senator Ollenburg.

Prepared in regard to Division 6 of Senate Ways and Means Committee amendment to H.F. 654, an Act relating to state aid for schools, school district property tax, etc. Following is the fiscal effect in dollars of the legislative proposal as required by Rule 31.

The following is the estimated fiscal effect of division 6 of this amendment:

Estimated cost of proposed plan as contained in division 6 of this amendment	\$11,000,000
Less the estimated cost of the present double homestead credit	<u>(7,600,000)</u>
Estimated additional cost	<u>\$ 3,400,000</u>

The estimated additional cost of \$3,400,000 is for the first twelve month period after the effective date of this legislation. No estimate is available beyond the first twelve month period.

Source: Department of Revenue

Filed
 May 18, 1971

By GERRY D. RANKIN
 Legislative Fiscal Director

1 school superintendents and school board members for all of
2 the local districts within the county basic school tax unit.
3 The time and place for such joint meetings shall be set by
4 the superintendent of the county school systems.]

5 [The purpose of the joint meeting shall be for a review
6 of the budgets of the several school districts within the
7 county basic school tax units, and for the discussion of
8 common problems within the county basic unit.]

9 Sec. 26. Section four hundred twenty-two point nine
10 (422.9), subsection two (2), paragraph b, Code 1971, is
11 amended as follows:

12 b. Add the amount of federal income taxes paid or
13 accrued as the case may be, during the tax year, adjusted
14 by any federal income tax refunds. Provided, however, that
15 where married persons[, who have] filed a joint federal income
16 tax return, [file separately, such total shall be divided
17 between them according to the portion thereof paid or
18 accrued, as the case may be, by each] *they shall file a*
19 *joint state income tax return*; and provided further that
20 where a taxpayer has used an optional standard deduction
21 on his federal return, he shall use the optional standard
22 deduction provided for above.

23 Sec. 27. Section four hundred twenty-two point sixty-five
24 (422.65), subsection one (1) and unnumbered paragraph three
25 (3), are amended as follows:

26 1. Fifty percent to the [basic school tax equalization
27 fund of the basic school tax unit] *general fund of the school*
28 *district* from which the tax is collected[, to be distributed
29 in the same manner as other funds in the basic school tax
30 equalization fund].

31 Quarterly, the director of revenue shall certify to the
32 treasurer of state the amounts to be paid to each [basic school
33 tax unit] *school district*, city, town, and county from the
34 franchise tax fund. All moneys received from the franchise
35 tax are hereby appropriated according to the provisions of

36 this section.

1 Sec. 28. Section four hundred thirty A point three
2 (430A.3), Code 1971, is amended as follows:
3 430A.3 LEVY. There is hereby imposed upon capital employed
4 in the business of making loans or investments within the
5 state of Iowa, as determined under the provisions of this
6 chapter, a tax of five mills on each dollar of such capital;
7 such tax to be considered a tax upon moneys and credits of
8 such corporations which shall be levied by the board of
9 supervisors, and placed upon the tax list and collected by
10 the county treasurer. The amount collected in each taxing
11 district in cities and towns shall be apportioned twenty
12 percent to the county general fund, thirty percent to the
13 city or town general fund, and fifty percent to the [basic
14 school tax equalization fund] *general fund of the school*
15 *district where collected*, and the amount collected in each
16 taxing district outside of cities and towns shall be
17 apportioned fifty percent to the county general fund and fifty
18 percent to the [basic school tax equalization fund] *general*
19 *fund of the school district where collected*. The term "loans"

1 as used herein shall mean the lending of money to members
2 of the general public upon other than real estate security.
3 The term "investments" as used herein shall mean the
4 discounting, purchasing, or otherwise acquiring notes,
5 mortgages, sales contracts, debentures, or any other evidences
6 of indebtedness, based upon other than real estate security
7 when such investments are made in connection with loans made
8 to members of the general public in the state of Iowa or in
9 the courts of any operations having as their effect the
10 financing of business transactions within the state of Iowa
11 resulting in the incurring of any indebtedness based upon
12 security other than real estate security.

13 Sec. 29. Chapter four hundred forty-two (442), Code 1971,
14 is repealed.

15 Sec. 30. Section four hundred twenty-two point five
16 (422.5), Code 1971, is amended by striking subsections
17 three (3) through seven (7), inclusive, and inserting in
18 lieu thereof the following:

19 3. On the third thousand dollars of taxable income,
20 or any part thereof, two and one-half percent.

21 4. On the fourth thousand dollars of taxable income,
22 or any part thereof, four percent.

23 5. On the fifth and sixth thousand dollars of taxable
24 income, or any part thereof, five percent.

25 6. On the seventh and eighth thousand dollars of taxable
26 income, or any part thereof, six percent.

27 7. On the ninth and tenth thousand dollars of taxable
28 income, or any part thereof, seven percent.

29 8. On the eleventh and twelfth thousand dollars of
30 taxable income, or any part thereof, eight percent.

31 9. On the thirteenth and fourteenth thousand dollars
32 of taxable income, or any part thereof, nine percent.

33 10. On the fifteenth and sixteenth thousand dollars of
34 taxable income, or any part thereof, ten percent.

35 11. On the seventeenth and eighteenth thousand dollars

- 36 of taxable income, or any part thereof, eleven percent.
- 37 12. On the nineteenth and twentieth thousand dollars of
- 38 taxable income, or any part thereof, twelve percent.

1 13. On all taxable income over twenty thousand dollars
2 and not exceeding fifty thousand dollars, thirteen percent.

3 14. On all taxable income over fifty thousand dollars,
4 fourteen percent.

5 Sec. 31. Section four hundred twenty-two point sixty-
6 nine (422.69), Code 1971, is amended by adding the
7 following new subsection:

8 A "municipal assistance fund" is created in the office
9 of the treasurer of state. Annually, prior to December
10 thirty-first, 1971, and each year thereafter, the
11 treasurer of state shall transfer an amount equal to one-
12 fourth of the net receipts of one cent of the sales tax
13 collected under division four (IV) of this chapter during
14 the last preceding fiscal year into the municipal assistance
15 fund for distribution to cities, towns, and counties.

16 On or before December thirty-first, the state comptroller
17 shall distribute the moneys in the municipal assistance
18 fund to each city, town, and county as follows:

19 a. Divide the total population of the state into the
20 total amount of funds available under this subsection in
21 order to determine a per capita distribution rate of the
22 funds available.

23 b. Determine the total population of each city and
24 town in this state and the total population of each area
25 outside the incorporated limits of cities and towns
26 in each county in this state.

27 c. Distribute to each city and town in this state an
28 amount equal to the per capita rate multiplied by the
29 number of residents of the city or town. Distribute to

1 each county in this state an amount equal to the per
2 capital rate multiplied by the number of residents of
3 the county residing outside the incorporated limits of
4 the cities and towns in the county.

5 Sec. 32. Section four hundred twenty-two point thirty-
6 three (422.33) subsection one (1) paragraph b, un-
7 numbered paragraph four (4), is amended as follows:

8 The gross sales of the corporation within the state
9 shall be taken to be the gross sales from goods sold and
10 delivered within the state. [, excluded deliveries for
11 transportation out of the state.]

12 Sec. 33. Section four hundred twenty-two point sixty-
13 nine (422.69), subsection two (2), Code 1971, is amended
14 by striking the subsection and inserting in lieu thereof
15 the following:

16 2. A "moneys and credits tax replacement fund" is
17 created in the office of the treasurer of state. Annually
18 on December thirty-first the treasurer of state shall
19 transfer four million dollars of moneys credited to the
20 general fund under this section to the moneys and credits
21 tax replacement fund.

22 Sec. 34. Notwithstanding any provisions of the Code,
23 interstate bridges owned by a city or a town shall be
24 subject to assessment and taxation, however, the levies
25 imposed shall only be those levies which a city or a
26 town is authorized to levy by law. No other political
27 subdivision of this state may impose a levy on interstate
28 bridges.

HOUSE FILE 654

1 Amend House File 654, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting clause
4 and inserting in lieu thereof the following:

5 DIVISION 1

Adopted as amended 5/24

6 Section 1. FOUNDATION PROPERTY TAX. Each school
7 district shall cause to be levied each year beginning
8 in 1972 for the school general fund a foundation property
9 tax of twenty mills per dollar of assessed valuation
10 on all taxable property in the district. However, a
11 school district which can meet its general fund budget
12 by a levy of less than twenty mills per dollar of
13 assessed valuation on all taxable property in the
14 district, shall levy only the lesser amount needed.
15 Each county auditor shall certify to each school district
16 within the county and to the state comptroller not later
17 than June first each year the assessed valuation of
18 taxable property in each school district within the
19 county.

20 Sec. 2. FOUNDATION FORMULA. The foundation formula
21 is a method of determining the amount of per pupil state
22 aid to be paid to public school districts in the state,
23 based upon the relative wealth of each school district.
24 The formula consists of multiplying a school district's
25 relative wealth factor by the average per pupil state

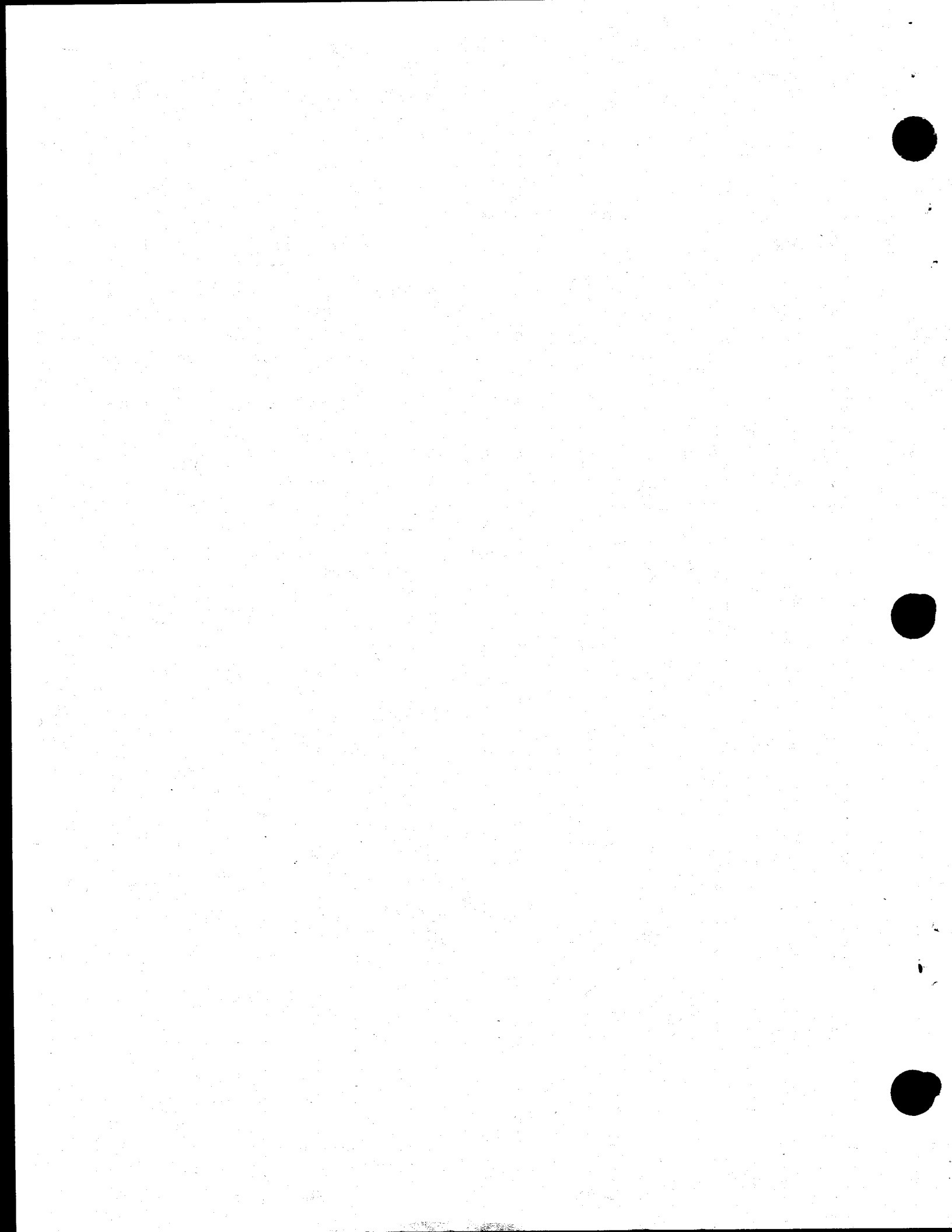
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1 aid factor.

2 A school district's relative wealth factor is
3 determined for each school year by dividing the state
4 average per pupil wealth by the school district's per
5 pupil wealth. The state average per pupil wealth is
6 determined by adding together the total assessed
7 valuation of taxable property in the state and the total
8 adjusted gross income in the state, and dividing the
9 sum by the total per pupil enrollment in the state.
10 The school district's per pupil wealth is determined
11 by adding together the total assessed valuation of
12 taxable property in the school district and the total
13 adjusted gross income in the district, and dividing
14 the sum by the total per pupil enrollment in the
15 district.

16 The average per pupil state aid factor is determined
17 for each school year by dividing the total amount of
18 money appropriated for state aid by the total per pupil
19 enrollment in the state.

20 Each public school district in the state which cannot
21 meet its general fund budget by the levy of the



22 foundation property tax is entitled to state aid equal
23 to the amount of its per pupil state aid as determined
24 by the foundation formula multiplied by its per pupil
25 enrollment. However, no district shall receive during

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1 a school year an amount of state aid per pupil which,
2 added to the amount receivable per pupil from the
3 foundation property tax, exceeds eighty-five percent
4 of the district's general fund budget per pupil, or
5 eighty-five percent of the state average general fund
6 budget per pupil, whichever is smaller.

7 Prior to July fifteenth each year, the state
8 comptroller shall determine an accurate approximation
9 of the amount of state aid to be paid to each school
10 district in the state under this section, and shall
11 certify the estimated amount to each school district
12 for use in preparing budgets.

13 As soon as possible each year, the state comptroller
14 shall compute the actual amount due each school district
15 in the state under the provisions of this section, and
16 shall pay the amount due to each school district in
17 three installments to be paid on approximately the first
18 days of November, February, and May of each school year.
19 The installments shall be as nearly equal as possible
20 as determined by the state comptroller, taking into
21 consideration the relative budget and cash position
22 of the state resources.

23 Sec. 3. GENERAL FUND BUDGET. Subject to limitations
24 imposed by the school budget review committee or by
25 state law, the general fund budget of a school district

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1 shall be determined as follows:

2 1. Determine estimated general fund expenditures
3 exclusive of gifts, and federal grants and aids, except
4 federal aids paid in anticipation of or reimbursement
5 for expenses caused by a federal activity in or near
6 a school district which would otherwise need to be paid
7 from local sources, by adding together the estimated
8 amounts to be expended for the school year, for
9 administration, instruction, attendance services, health
10 services, pupil transportation services, fixed charges,
11 operation and maintenance, community services, capital
12 outlay, debt service, and tuition paid other districts.
13 The cost of food services and student body activities
14 shall not be included in general fund costs.

15 2. From the total of the sums determined under
16 subsection one (1) of this section deduct the following:

17 a. Estimated receipts from state appropriations
18 for handicapped children aid, vocational aid, driver

19 education aid, and junior college aid.
20 b. Estimated general fund receipts from the
21 following: Tuition paid by individuals or by the state;
22 transportation; services; rents; income on investment
23 securities; other general fund revenue receipts; general
24 fund nonrevenue receipts; and transfers to the general
25 fund other than those resulting from clearing accounts,

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1 reorganization; and the return of principal of invested
2 securities.
3 c. An estimate of the total amount determined on
4 the per pupil cost basis for children transported who
5 live within statutory walking distance from school.
6 Sec. 4. DETERMINATION OF PER PUPIL ENROLLMENT.
7 The total amount of state aid allocated to public schools
8 shall be paid to each school district, on a per pupil
9 basis, based on the number of students in each school
10 district. The number of students in each school district
11 including special education students shall be determined
12 by a count of actual enrollment on the second Friday
13 in September. Shared-time students shall be counted
14 in the enrollment on the basis of number of hours of
15 instruction in a public school, proportionate to a full-
16 time student enrolled in the district. A school district
17 may appear before the school budget review committee
18 to apply for additional state aid providing it can
19 substantiate that the second semester increased
20 enrollment, based upon a recount of actual enrollment
21 on the second Friday in February, shows an increase
22 over active enrollment on the second Friday in Septem-
23 ber of more than five percent, and that the increased
24 enrollment has caused increased costs over the initial
25 program presented in the proposed budget for the year.

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1 The school budget review committee may distribute
2 additional state aid per pupil allocated for this purpose
3 equally to those schools qualifying. However, the
4 amount per pupil distributed shall not exceed one half
5 of the amount distributed per pupil in fall enroll-
6 ment.
7 Sec. 5. PERCENTAGE GROWTH FACTOR.
8 1. It is the intent of the legislature that the
9 total amount of state aid appropriated for use in
10 determining the amount to be paid to each school district
11 under the school foundation formula provided in section
12 two (2) of this Act, will be increased annually by the
13 amount of the percentage growth factor for the state,
14 which will be computed by the state comptroller each
15 year as follows:

- 16 a. Determine the percent of increase or decrease
17 in state revenue from taxes other than any school
18 district income surtax, adjusted for changes in rates
19 or basis, for each year of the last three calendar years
20 for which accurate figures are available, and divide
21 the total by three.
22 b. The total state aid for the last preceding school
23 year multiplied by the percentage growth factor gives
24 the additional amount of state aid which should be added
25 to the appropriation for the current school year.

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1 Sec. 6. ADDITIONAL SCHOOL PROPERTY TAX AND BUDGET
2 LIMITATION. The remainder of a school district's general
3 fund budget for the 1972-1973 school year, after
4 allowance for expected receipts from the foundation
5 property tax and from state aid based upon the foundation
6 formula as determined under sections one (1) and two
7 (2) of this Act, shall be provided by a tax which the
8 school board shall cause to be levied on all taxable
9 property within the district. However, a district's
10 general fund budget for the 1972-1973 school year may
11 not exceed one hundred three percent of its general
12 fund budget for the 1971-1972 school year.

13 Sec. 7. MAXIMUM MILLAGE. The total tax caused to
14 be levied by a school district in 1972 for the foundation
15 property tax and the additional school property tax
16 shall be the maximum millage which the school board
17 may cause to be levied for school general fund purposes
18 in subsequent years. If a school district cannot meet
19 its general fund budget by a combination of state aid
20 based upon the foundation formula, and the maximum
21 property tax millage permitted under this section, the
22 school board may apply to the school budget review
23 committee for an allotment of any special funds
24 appropriated for this purpose, or may hold a special
25 election on the question of whether to adopt a school

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1 district income surtax.
2 Sec. 8. SCHOOL BUDGET REVIEW COMMITTEE. A school
3 budget review committee is established, which consists
4 of the superintendent of public instruction, the state
5 comptroller, and three members appointed by the governor
6 to represent the public and to serve three-year staggered
7 terms. Those serving as public members on the effective
8 date of this Act shall continue to serve out their
9 unexpired terms. The superintendent of public
10 instruction and the state comptroller may each appoint
11 a member of his staff to serve as his permanent
12 representative on the committee. The school budget

13 review committee shall meet and hold hearings each year
14 in Des Moines in May, and shall continue in session
15 until it has reviewed budgets of school districts, as
16 provided in section nine (9) of this Act. It may call
17 in school board members and employees as necessary for
18 the hearings. Legislators shall be notified of hearings
19 concerning school districts in their constituencies.

20 The committee shall adopt its own rules of procedure.
21 The superintendent of public instruction or his
22 representative shall serve as chairman, and the state
23 comptroller or his representative shall serve as
24 secretary. The committee members representing the
25 public are entitled to receive a per diem equal to the

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1 per diem of members of the board of public instruction,
2 and their necessary travel and other expenses while
3 engaged in their official duties. Expense payments
4 shall be made from appropriations to the department
5 of public instruction.

6 Not later than December first for the following
7 school year, the board of directors of each school
8 district shall set a tentative limitation in dollars
9 of the amount the district may spend on each program
10 in the system as defined by the school budget review
11 committee and in the form which the committee prescribes.
12 This prospectus of program and allotted dollars as
13 approved by the board of directors shall guide the
14 superintendent when preparing the proposed budget for
15 the following school year. These limitations submitted
16 by the board of directors to the superintendent of
17 schools for the district shall be promptly forwarded
18 to the school budget review committee.

19 Sec. 9. DUTIES OF COMMITTEE. The school budget
20 review committee may recommend to the state board of
21 public instruction the revision of any rules,
22 regulations, directives, or forms relating to school
23 district budgeting and accounting, confer with local
24 school boards or their representatives and make
25 recommendations relating to any budgeting or accounting

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1 matters, and may direct the superintendent of public
2 instruction or the state comptroller to make studies
3 and investigations of school costs in any school district
4 whose budget has been submitted to the committee. The
5 committee shall report to each session of the general
6 assembly, which report shall include any recommended
7 changes in laws relating to school districts, and shall
8 set out the number of hearings held pursuant to this
9 Act, the reasons for any authorized increases in school

Senate 13
May 14, 1971

10 costs, and other information as the committee deems
11 advisable.

12 If a school board applies to the school budget review
13 committee for an allotment of special funds the committee
14 may make an allotment from any funds appropriated
15 specifically for this purpose, making allowance for
16 prorating the appropriated funds among the districts
17 who apply, in proportion to their needs. The committee,
18 in determining whether to grant special funds, shall
19 consider unique and unusual circumstances including,
20 but not limited to, unusual increases or decreases in
21 enrollments, natural disasters, unusual transportation
22 problems, and initial staffing problems, and shall grant
23 permission for the election only if unique and unusual
24 circumstances exist in the district.

25 The school budget review committee may call in any

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1 county board of education or joint county board of
2 education for the purpose of reviewing its budget as
3 it relates to the individual districts within the county.

4 Sec. 10. SPECIAL ELECTION. A school board may
5 submit the question of whether to adopt a school district
6 income surtax at a special election as provided in
7 chapter two hundred seventy-seven (277) of the Code.

8 The question submitted to the voters shall state
9 the specific rate of school district income surtax which
10 will be imposed upon individuals residing in the school
11 district on December thirty-first of that year, or on
12 the last day of a tax year falling within that calendar
13 year, in order to meet the school district's general
14 fund budget as proposed. The surtax rate is determined
15 by dividing the additional amount needed to meet the
16 district's general fund budget by the amount of state
17 individual income tax paid by individuals residing in
18 the school district on December thirty-first of the
19 last preceding year for which accurate figures are
20 available, or on the last day of a taxpayer's tax year
21 ending within that calendar year.

22 If a majority of those voting favors adoption of
23 the proposed budget and the specified school district
24 income surtax, the tax shall be imposed as provided
25 in section eleven (11) of this Act.

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1 If a majority of those voting does not favor adoption
2 of the proposed budget and the specified school district
3 income surtax, the school board shall reduce its general
4 fund budget to the amount which can be met by its maximum
5 property tax millage and its state aid.

6 The school board shall certify the result of an
7 election required under this section to the school

8 budget review committee, to the county auditor, to the
9 director of revenue, and to the state comptroller,
10 within ten days following the election.

11 Sec. 11. SCHOOL DISTRICT INCOME TAX. If the voters
12 of a school district approve the imposition of a school
13 district income surtax of a specified rate, the school
14 board shall impose the tax by resolution, as a surtax
15 on the state individual income tax paid on incomes
16 received during the current calendar year by taxpayers
17 residing in the school district on December thirty-first
18 of the current year, or on the last day of a taxpayer's
19 tax year ending during the current calendar year.

20 A local school district income surtax imposed after
21 approval by the voters shall continue to be in effect
22 in that school district until altered by another
23 election. If a school board increases its general fund
24 budget so that it cannot be met by the combination of
25 its maximum property tax, state aid based on the

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1 foundation formula, and the approved school district
2 income surtax, the school board may hold another election
3 as provided in section ten (10) of this Act, to submit
4 the question of whether to increase the surtax rate
5 for the district.

6 At least once every five years, the school board
7 shall submit to the voters of the school district, at
8 the regular school election or at a special election,
9 the question of whether to continue imposition of the
10 established school district income surtax. If a majority
11 of those voting does not approve continuation of the
12 school district income surtax, the school board may
13 reduce its general fund budget to the amount which can
14 be met by its maximum property tax millage and state
15 aid, or may reduce the budget and submit to the voters
16 the question of imposition of a lesser rate of school
17 district income surtax, as provided in section ten (10),
18 of this Act. If the voters refuse to approve any school
19 district income surtax, the school board shall reduce
20 its budget accordingly.

21 Sec. 12. STATUTES APPLICABLE. The director of
22 revenue shall administer any school district income
23 tax imposed under section eleven (11) of this Act, and
24 all the provisions of sections four hundred twenty-two
25 point twenty-two (422.22) through four hundred twenty-

PAGE 14

1 two point thirty-one (422.31), inclusive, and four
2 hundred twenty-two point seventy-three (422.73) of the
3 Code, shall apply in respect to administration of the
4 school district income tax.

5 Sec. 13. FORM AND TIME OF RETURN. The school
6 district income tax return shall be made a part of the
7 Iowa individual income tax return subject to the
8 conditions and restrictions set forth in section four
9 hundred twenty-two point twenty-one (422.21) of the
10 Code.

11 Sec. 14. DEPOSIT OF SCHOOL DISTRICT INCOME TAX.
12 The director of revenue shall deposit all moneys received
13 as school district income tax to the credit of each
14 district from which the moneys are received, in a "school
15 district income tax fund" which is established in the
16 office of the treasurer of state.

17 Sec. 15. SCHOOL DISTRICT INCOME TAX CERTIFICATION.
18 On or before October twentieth each year, the direc-
19 tor of revenue shall make an accounting of the school
20 district income tax collected under this Act applicable
21 to tax returns for the last preceding calendar year
22 or a taxpayer's tax year ending within that calendar
23 year, from taxpayers in each of the various school
24 districts in the state and certify to the state
25 comptroller and the state department of public

PAGE 15

1 instruction the amount of total school district income
2 tax credited from the taxpayers of each school district.
3 Additional returns in process, if any, at the time of
4 certification shall be completed and the additional
5 amount of school district income tax reported to the
6 state comptroller for distribution back to the school
7 district with the first installment of the following
8 school year.

9 Sec. 16. SCHOOL DISTRICT INCOME TAX DISTRIBUTION.
10 The state comptroller shall draw warrants in payment
11 of the amount of tax payable to each of the school
12 districts in two installments to be paid on approximately
13 the first day of December and the first day of February,
14 and cause the same to be delivered to the respective
15 school districts.

16 Sec. 17. DEPOSIT IN GENERAL FUND. All amounts
17 received by a school district under the provisions of
18 sections two (2), four (4), nine (9), and sixteen (16)
19 of this Act shall be deposited in the school general
20 fund, and may be used for any school general fund
21 purpose.

22 Sec. 18. Section two hundred ninety-eight point
23 one (298.1), Code 1971, is amended as follows:

24 298.1 SCHOOL TAXES. The board of each school
25 corporation shall estimate the amount of the proposed

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1 expenditures and proposed receipts for the general
2 school purposes at a time and in a manner to effectuate
3 the provisions of chapter-442 sections 1 through 17,
4 inclusive, of this Act. Compliance with chapter 24
5 shall be observed.

6 ~~Prior-to-compliance-with-section-24.9,-the~~
7 ~~superintendent-of-the-county-school-systems-shall-call~~
8 ~~a-joint-meeting-of-school-superintendents-and-school~~
9 ~~board-members-for-all-of-the-local-districts-within~~
10 ~~the-county-basic-school-tax-unit.--The-time-and-place~~
11 ~~for-such-joint-meetings-shall-be-set-by-the~~
12 ~~superintendent-of-the-county-school-systems-~~

13 ~~The-purpose-of-the-joint-meeting-shall-be-for-a~~
14 ~~review-of-the-budgets-of-the-several-school-districts~~
15 ~~within-the-county-basic-school-tax-units,-and-for-the~~
16 ~~discussion-of-common-problems-within-the-county-basic~~
17 ~~unit-~~

18 Sec. 19. Section four hundred twenty-two point
19 sixty-five (422.65), Code 1971, is amended as follows:

20 422.65 ALLOCATION OF REVENUE. ~~Ten~~ Fifty-five percent
21 of the total moneys received from the franchise tax
22 shall be deposited in the state general fund. The
23 remaining moneys received from the franchise tax shall
24 be deposited in a franchise tax fund hereby established
25 in the office of the treasurer of state, and shall be

PAGE 17

1 paid quarterly on warrants by the state comptroller,
2 after certification by the director of revenue, as
3 follows:

4 ~~1.--Fifty-percent-to-the-basic-school-tax-equalization~~
5 ~~fund-of-the-basic-school-tax-unit-from-which-the-tax~~
6 ~~is-collected,-to-be-distributed-in-the-same-manner-as~~
7 ~~other-funds-in-the-basic-school-tax-equalization-fund.~~

8 ~~2.--Thirty~~ 1. Sixty percent to the general fund
9 of the city or town from which the tax is collected.

10 ~~3.--Twenty~~ 2. Forty percent to the general fund
11 of the county from which the tax is collected.

12 If the financial institution maintains one or more
13 offices for the transaction of business, other than
14 its principal office, a portion of its franchise tax
15 shall be allocated to each office, based upon a
16 reasonable measure of the business activity of each
17 office. The director of revenue shall prescribe, for
18 each type of financial institution, a method of measuring
19 the business activity of each office. Financial
20 institutions shall furnish all necessary information
21 for this purpose at the request of the director.

18 There is hereby imposed a tax of ~~three~~ four percent
19 upon the gross receipts from all sales of tangible
20 personal property, consisting of goods, wares, or mer-
21 chandise, except as otherwise provided in this division,
22 sold at retail in the state to consumers or users; a
23 like rate of tax upon the gross receipts from the sales,
24 furnishing or service of gas, electricity, water, heat,
25 and communication service, including the gross receipts

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1 from such sales by any municipal corporation furnishing
2 gas, electricity, water, heat, and communication service
3 to the public in its proprietary capacity, except as
4 otherwise provided in this division, when sold at retail
5 in the state to consumers or users; and a like rate
6 of tax upon the gross receipts from all sales of tickets
7 or admissions to places of amusement, athletic events
8 including those of educational institutions, fairs;
9 and a like rate of tax upon that part of private club
10 membership fees or charges paid for the privilege of
11 participating in any athletic sports provided club
12 members.

13 There is hereby imposed a tax of ~~three~~ four percent
14 upon the gross receipts derived from the operation of
15 all forms of amusement devices and commercial amuse-
16 ment enterprises operated or conducted within the state
17 of Iowa, such tax to be collected from the operator
18 in the same manner as is provided for the collection
19 of taxes upon the gross receipts of tickets or admission
20 as provided in this section.

21 The tax herein levied shall be computed and collected
22 as hereinafter provided. The tax herein imposed shall
23 be at the rate of ~~three~~ four percent.

24 There is hereby imposed, a tax of ~~three~~ four percent
25 upon the gross receipts from the rendering, furnishing,

PAGE 21

1 or performing of services as defined in section 422.42.

2 Sec. 23. Section four hundred twenty-three point
3 two (423.2), Code 1971, is amended as follows:

4 423.2 IMPOSITION OF TAX. An excise tax is hereby
5 imposed on the use in this state of tangible personal
6 property purchased for use in this state, at the rate
7 of ~~three~~ four percent of the purchase price of such
8 property. Said tax is hereby imposed upon every person
9 using such property within this state until such tax
10 has been paid directly to the county treasurer or
11 department of public safety to a retailer, or to the
12 department as hereinafter provided. An excise tax is
13 hereby imposed on the use in this state of services

14 enumerated in section 422.43 at the rate of three four
15 percent. Said tax shall be applicable where services
16 are rendered, furnished, or performed in this state
17 or where the product or result of such service is used
18 in this state. Such tax is imposed on every person
19 using such services or the product of such services
20 in this state until such user has paid such tax either
21 to an Iowa use tax permit holder or has paid such tax
22 to the department of revenue.

23 Sec. 24. The tax imposed under sections twenty-two
24 (22) and twenty-three (23) of this Act shall be at the
25 rate of three percent on the sales and use of tangible

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1 personal property and the sale of taxable services,
2 either of which is used in the performance of a building
3 or construction contract executed prior to the effective
4 date of this Act.

DIVISION 3

Adopted as amended 5/24

6 Sec. 25. Chapter four hundred twenty-two (422),
7 Code 1971, is amended by adding the following new
8 section:

9 "Commencing January 1, 1972, every resident individual
10 shall be entitled to a sales tax credit against any
11 tax due resulting from income earned in the year 1971
12 and each year thereafter with respect to himself and
13 each of the persons for whom he is entitled to claim
14 as a personal exemption for purposes of the personal
15 income tax imposed under division two (2) of this
16 chapter, whether or not the resident individual is
17 required to file a personal income tax return or pay
18 the tax. If no tax is due, the amount of the sales
19 tax credit shall be refunded.

20 The amount of the sales tax credit shall be computed
21 in accordance with the following table:

22 If the net income of the	The credit allowed to resident
23 resident individual is	individual for himself and for
24	each person for whom he is
25	entitled to claim a personal

PAGE 23

1	exemption is:	
2 Under \$1,000		\$12
3 \$1,000 or over and less than \$2,000		10
4 \$2,000 or over and less than \$3,000		7
5 \$3,000 or over and less than \$4,000		5
6 \$4,000 or over and less than \$5,000		3

7 The amount of the sales tax credit shall be allowed
8 as a credit against the personal income tax imposed
9 under the provisions of this chapter, provided the

10 resident individual claims the sales tax credit on his
11 personal income tax return filed under section four
12 hundred twenty-two point thirteen (422.13) of the Code.
13 If the income tax due a resident individual shown by
14 personal income tax return is less than the full amount
15 of the sales tax credit to which he is entitled pursuant
16 to this section, the excess of the sales tax credit
17 over the income tax due shall be refunded to him by
18 the department of revenue.

19 No resident individual shall be eligible to claim
20 a sales tax refund if the individual has been claimed
21 as a dependent on another resident individual's income
22 tax return.

23 If any resident individual entitled to a sales tax
24 credit under this section is not otherwise required
25 to file an income tax return, the sales tax credit to

PAGE 24

1 which he is entitled shall be refunded to him upon
2 furnishing proof of his personal income and the number
3 of his personal exemptions to the department of revenue.

4 For the purposes of this section, 'resident
5 individual' means any person who has resided in this
6 state for a full taxable year."

7 Sec. 26. The provisions of section twenty-five (25)
8 of this Act shall become effective January 1, 1972.

9 DIVISION 4

Adopted as amended 5/24

10 Sec. 27. Section four hundred twenty-two point
11 sixty-nine (422.69), Code 1971, is amended by adding
12 the following new subsection:

13 "A 'municipal assistance fund' is created in the
14 office of the treasurer of state. Annually, prior to
15 December thirty-first, the treasurer of state shall
16 transfer an amount equal to one-fourth of the net
17 receipts of one cent of the sales tax collected under
18 division four (IV) of this chapter during the last
19 preceding fiscal year into the municipal assistance
20 fund for distribution to cities and towns. On or before
21 December thirty-first, the state comptroller shall
22 distribute the moneys in the municipal assistance fund
23 to each city and town in the state in the proportion
24 that the population of each city and town is to the
25 total population of all cities and towns in the state.

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1 The moneys in the municipal assistance fund are
2 appropriated for this purpose."

3 DIVISION 5

Adopted as amended 5/24

4 Sec. 28. Section four hundred twenty-two point five
5 (422.5), Code 1971, is amended by striking subsections

6 five (5), six (6), and seven (7), and inserting in lieu
7 thereof the following:
8 5. On the fifth thousand dollars of taxable income,
9 or any part thereof, three and three-quarters percent.
10 6. On the sixth thousand dollars of taxable income,
11 or any part thereof, four and one-quarter percent.
12 7. On the seventh thousand dollars of taxable income,
13 or any part thereof, five percent.
14 8. On the eighth thousand dollars of taxable income,
15 or any part thereof, five and three-quarters percent.
16 9. On the ninth thousand dollars of taxable income,
19 or any part thereof, seven percent.
20 11. On the eleventh and twelfth thousand dollars
21 of taxable income, or any part thereof, seven and one-
22 half percent.
23 12. On the thirteenth and fourteenth thousand dollars
24 of taxable income, or any part thereof, eight and one-
25 half percent.

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1 13. On the fifteenth and sixteenth thousand dollars
2 of taxable income, or any part thereof, nine percent.
3 14. On all taxable income over sixteen thousand
4 dollars, nine and one-half percent.
5 Sec. 29. Section four hundred twenty-two point nine
6 (422.9), subsection two (2), paragraph "b", Code 1971,
7 is amended as follows:
8 b. Add the amount of federal income taxes paid or
9 accrued as the case may be, during the tax year, adjusted
10 by any federal income tax refunds and limited to twenty
11 percent of the taxpayer's net income. Provided, however,
12 that where married persons, who have filed a joint
13 federal income tax return, file separately, such total
14 shall be divided between them according to the portion
15 thereof paid or accrued, as the case may be, by each;
16 and provided further that where a taxpayer has used
17 an optional standard deduction on his federal return,
18 he shall use the optional standard deduction provided
19 for above.
20 Sec. 30. Section four hundred twenty-two point
21 thirty-three (422.33), unnumbered paragraph one (1),
22 Code 1971, is amended as follows:
23 A tax is hereby imposed upon each corporation
24 organized under the laws of this state, and upon every
25 foreign corporation doing business in this state,

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1 Annually in an amount computed by applying the following

2 rates of taxation to the net income received by the
3 corporation during the income year:

4 On the first twenty-five thousand dollars of taxable
5 income, or any part thereof, the rate of ~~four~~ five
6 percent.

7 On taxable income between twenty-five thousand dollars
8 and one hundred thousand dollars or any part thereof,
9 the rate of ~~six~~ seven percent.

10 On taxable income of one hundred thousand dollars
11 or more, the rate of eight nine percent.

12 Sec. 31. Section four hundred twenty-two point
13 sixty-nine (422.69), Code 1971, is amended by striking
14 subsection two (2).

15 Sec. 32. Section four hundred twenty-two point
16 seventy-eight (422.78), Code 1971, is repealed.

17 Sec. 33. The provisions of section thirty (30) of
18 this Act shall be effective January 1, 1971, for all
19 taxable years commencing on or after January 1, 1971,
20 and to this extent section thirty (30) of this Act is
21 retroactive.

22 Sec. 34. The provisions of sections twenty-eight
23 (28), twenty-nine (29), thirty-one (31), and thirty-
24 two (32) of this Act shall be effective January 1, 1972.

25 DIVISION 6

Adopted as amended 5/24

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1 Sec. 35. Section four hundred twenty-five point
2 one (425.1), subsection five (5), unnumbered paragraph
3 one (1) and paragraph "b", Code 1971, are amended as
4 follows:

5 ~~5. In addition to the homestead credit of twenty-~~
6 ~~five mills on twenty-five hundred dollars of assessed~~
7 ~~valuation allowable under this chapter, in the event~~
8 In lieu of the homestead tax credit allowed pursuant
9 to subsections 1 through 4 of this section, if the
10 owner, as defined in this chapter, is over sixty-five
11 years of age, or is totally disabled, and provided that
12 his Iowa net income, as defined in section 422.7, plus
13 interest and dividends from federal securities and
14 income from social security and other tax-exempt
15 retirement or pension plans, when included with that
16 of the spouse, brother, sister, son, daughter, if any,
17 living with the claimant, is less than ~~three thousand~~
18 five hundred four thousand dollars for the last twelve-
19 month income tax accounting period, there shall be
20 credited by the county auditor on such owner's eligible
21 homestead, an amount equal to ~~but not exceeding the~~
22 amount calculated as provided in this section one hundred

23 twenty-five dollars.

24 b. His Iowa net income, plus interest and dividends
25 from federal securities and income from social security

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1 and other tax-exempt retirement or pension plans when
2 included with that of his spouse, if any, during the
3 last preceding twelve-month income tax accounting period
4 is less than ~~three-thousand-five-hundred~~ four thousand
5 dollars.

6 Sec. 36. The provisions of section thirty-five (35)
7 of this Act shall become effective January 1, 1972.

8 DIVISION 7 *Adopted as amended 5/24*

9 Sec. 37. There is appropriated from the general
10 fund of the state to the department of public instruction
11 for the fiscal year beginning July, 1972 and ending
12 June 30, 1973, the sum of two hundred forty-six million
13 (246,000,000) dollars, or so much thereof as may be
14 necessary, to be distributed to public school districts
15 as general state aid in the manner provided by the
16 general assembly.

17 Sec. 38. The total amount of general state aid to
18 be paid to each school district shall be increased
19 annually by the dollar amount of the percentage growth
20 factor for the state, which the state comptroller shall
21 compute each year as follows:

22 1. Determine the percent of increase or decrease
23 in state revenue from taxes other than any school
24 district income surtax, adjusted for changes in rates
25 or basis, for each year of the last three calendar years

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1 for which accurate figures are available, and divide
2 the total by three.

3 2. The total general state aid for the last preceding
4 school year multiplied by the percentage growth factor
5 gives the additional amount of general state aid which
6 shall be added to the last preceding appropriation to
7 determine the appropriation for the current school year.

8 There is appropriated annually, for the fiscal year
9 beginning July 1, 1973, and each fiscal year thereafter,
10 from the general fund of the state to the department
11 of public instruction for general state aid to public
12 school districts, an amount sufficient to carry out
13 the provisions of this section.

14 2. Amend the title, page 1, by striking all after
15 the word "to" in line 1 and inserting in lieu thereof
16 the words: "financing of governmental programs by pro-
17 viding state aid to schools, school district property
18 taxes, imposing a school district income tax including

Senate 24
May 14, 1971

19 administration by the director of revenue and adoption
20 of administrative provisions for the state individual
21 income tax including interest and penalties, providing
22 for an increase in the rate of sales and use taxes, pro-
23 viding for a sales tax credit, providing aid to cities
24 and towns from sales tax receipts, relating to the state
25 individual and corporate income taxes and providing that

PAGE 31

1 the corporation income tax rates are retroactive, pro-
2 viding property tax relief for the elderly and totally
3 disabled, and appropriating moneys from the general
4 fund of the state for aid to public schools."

Filed - *adopted as amended 5/24* By COMMITTEE ON WAYS AND MEANS
May 13, 1971

House refused to concur 5/25
Senate insisted 5/26

SENATE CLIP SHEET
Tuesday, May 18, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, page 24, by inserting after line
5 3 the following new paragraph:
6 "If the combined net income of the husband and wife
7 exceeds five thousand dollars, neither the husband or
8 wife shall receive any benefits under the provisions of
9 this section. In computing net income, the net income
10 of the husband and wife shall be added together to deter-
11 mine the appropriate sales tax credit."

Filed - W.D. 5/19
May 17, 1971

By SHAFF

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258 of
4 the Senate Journal, as follows:
5 1. Page 22, line 22, by striking the word "net".
6 2. Page 24, by inserting after the period in line 6
7 the following new paragraph:
8 "For the purposes of this section 'income' includes
9 all income received, regardless of source, including but
10 not limited to wages, salaries, interest and dividends
11 from nontaxable bonds of the state and federal government
12 or any of its municipalities, social security and veter-
13 ans benefiss, railroad retirement benefits, income from
14 all pensions and annuities, workmens compensation bene-
15 fits, cost of living allowances paid to federal employees,
16 allowances received by dependents of servicemen, income
17 from loss of time insurance, and the amount of capital
18 gains excluded from adjusted gross income."

Filed - Adopted 5/19
May 17, 1971

By DeKOSTER

Motion to reconsider prevailed 5/19
W. D. 5/19

Senate 3
May 18, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment filed
2 May 14, 1971, to House File 654 as follows:
3 1. Page 20, line 20, by striking the period and adding the
4 following:
5 "; provided, however, that no tax shall be collected from
6 the gross receipts from the sale of tangible personal property
7 when sold through coin operated vending machines below a sum
8 of fifteen cents."

Filed and Lost
May 17, 1971

By GRIFFIN

HOUSE FILE 654

1 Amend the Senate Ways and Means amendment to House File 654,
2 filed May 13, 1971, Page 21, by adding the following new sec-
3 tions after line 22, and renumbering the remaining sections:
4 1. Section four hundred twenty-two point forty-five
5 (422.45), Code 1971, is amended by adding the following new
6 subsection:
7 "The gross receipts from sales of tangible personal
8 property used or to be used as railroad rolling stock for
9 transporting persons or property, or as materials or parts
10 therefor."
11 2. Section four hundred twenty-three point four (423.4),
12 Code 1971, is amended by adding the following new subsection:
13 "Tangible personal property used or to be used as rail-
14 road rolling stock for transporting persons or property, or
15 as materials or parts therefor."

Filed and Adopted
May 17, 1971

By MOWRY, MILLER, DAVIS and WALSH

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment,
2 dated May 14, 1971, to House File 654, page 8, line 1, by
3 adding after the word "surtax." the following:
4 "However the school budget Review Committee may authorize a
5 school district to increase the property tax millage levy up to
6 three mills for general fund purpose over the limitations pro-
7 vided in this section, if within the boundaries of that district
8 there has been a closing of a school resulting in a substantial
9 increase in public school enrollment in that district."

Filed - *Adopted 5/20*
May 17, 1971

By OLLENBURG

Senate 4
May 18, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654 as amended, passed, and reprinted,
3 filed May 13, 1971, commencing on page 1258 of the
4 Senate Journal, as follows:

5 1. Page 22, by inserting after line 4 the following
6 new section:

7 "After approval by the voters, a local sales and
8 use tax at a rate of not more than one percent may be
9 imposed by a city on the gross receipts from the sale
10 or use of tangible personal property or services subject
11 to the state sales and use tax.

12 Upon its own motion, or upon receipt of a valid peti-
13 tion signed by voters of the city equal in number to
14 ten percent of the persons who voted at the last
15 preceding regular city election, but not less than ten
16 persons, requesting that an election be held, the city
17 council shall submit to the voters of the city, at a
18 special election called for that purpose, the question
19 of imposing a local sales and use tax at a specified
20 rate of not more than one percent. If a majority of
21 those voting favors the imposition of the tax, the
22 council shall impose the tax by ordinance, and shall
23 continue to impose the tax for a minimum of four years.
24 After the four year period, the tax may be discontinued
25 by the council or by petition and election in the same

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1 manner as it was imposed.

2 If a majority of those voting does not favor the
3 imposition of a local sales and use tax, the council
4 shall not submit the question of imposition of the same
5 rate of tax within one year following the election.

6 The special election may not be held within thirty
7 days of a general election. Prior to the special elec-
8 tion, the city council shall publish notice of the elec-
9 tion in a newspaper published at least once a week and
10 having general circulation in the city, except that
11 the notice shall be published twice. If the city has
12 a population of two hundred or less, a publication may
13 be made by posting notice in three public places in
14 the city which have been permanently designated by
15 ordinance.

16 A local sales and use tax shall be imposed on the
17 same basis as the state sales and use tax and may not
18 be imposed on the sale or use of any tangible personal
19 property or services not taxed by the state. A local
20 sales and use tax is applicable only within the terri-
21 torial limits of the city imposing it and shall be col-

Senate 5
May 18, 1971

22 lected by all persons required to collect state sales
23 and use taxes. The amount of the sale, for purposes
24 of determining the amount of the local sales and use
25 tax, does not include the amount of the state sales

PAGE 3

1 and use tax. No sales and use tax permit, other than
2 the state sales and use tax permits, may be required.
3 A local sales and use tax may be imposed either January
4 first or July first following a favorable election.

5 The director of revenue shall administer the provi-
6 sions of a local sales and use tax as nearly as possible
7 in conjunction with the administration of state tax
8 laws. He shall provide appropriate forms, or provide
9 on the regular state tax forms, for reporting local
10 sales and use tax liability.

11 An ordinance imposing a local sales and use tax shall
12 adopt by reference the applicable provisions of the
13 appropriate sections of chapters four hundred twenty-
14 two (422) and four hundred twenty-three (423) of the
15 Code, and all powers of the director to administer the
16 state sales and use tax law are applicable to his
17 administration of a local sales and use tax ordinance.
18 Local officials shall confer with the director of revenue
19 and obtain his assistance in drafting the ordinance
20 imposing a local sales and use tax. A certified copy
21 of the ordinance shall be filed with the director as
22 soon as possible after passage.

23 The director, in consultation with local officials,
24 shall collect and account for a local sales and use
25 tax. The director shall retain for the use of the

PAGE 4

1 department one percent of all local sales and use tax
2 receipts, to cover administrative expense, and shall
3 credit remaining local sales and use tax receipts to
4 a local sales and use tax fund hereby established in
5 the office of the treasurer of state.

6 The treasurer of state shall remit quarterly to the
7 cities which have imposed a local sales and use tax
8 their share of the balance in the local sales and use
9 tax fund. Local sales and use tax moneys received by
10 a city may be expended for any lawful city purpose."

11 2. Renumber sections and correct internal references
12 as necessary in accordance with this amendment.

13 3. Amend the title, page 30, line 22, by inserting
14 after the word "taxes," the words "providing for a
15 local option sales tax".

Filed - w & 5/21
May 17, 1971

By ARBUCKLE and MESSERLY

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 filed May 13, 1971 to House File 654, page 21, by inserting the
3 following new section after line 22 and renumber the remaining
4 sections to conform with this amendment:

5 Section four hundred twenty-two point fifty-two (422.52),
6 subsection 1, Code 1971, is amended as follows:

7 1. The tax levied hereunder shall be due and payable in
8 quarterly installments on or before the last day of the month
9 next succeeding each quarterly period, the first of such quarterly
10 periods being the period commencing with April 1, 1937, and ending
11 on the thirtieth day of June, 1937; provided, however, commencing
12 with the period beginning January 1, 1966, every retailer who
13 collects more than five hundred dollars in retail sales taxes in
14 any one month commencing with January 1, 1966, shall deposit with
15 the department or in a depository bank designated by the director,
16 said sum, made out on a deposit form for the month in such form
17 and manner as may be prescribed by the director, said deposit form
18 being due on or before the ~~twentieth~~ last day of the month next
19 succeeding the month of collection, except no deposit will re-
20 quired for the third month of the calendar quarter and the total
21 quarterly amount, less the amounts deposited for the first two
22 months of the quarter, will be due with the quarterly report on
23 the last day of the month next succeeding the month of collection.
24 Said monthly remittance procedure shall be optional for any sales
25 tax permit holder whose average monthly collection of tax amounts

PAGE 2

1 to more than twenty-five dollars and less than five hundred
2 dollars. If the exact amounts of the taxes due on the monthly
3 deposit form are not ascertainable by the retailer, or would
4 work undue hardship in the computation of the taxes due by the
5 retailer, the director may provide by rules and regulations
6 alternative procedures for estimating the amounts (but not the
7 dates) so due by the retailers. The form so prescribed by the
8 director shall be referred to as "retailers monthly tax deposit".
9 Deposit forms shall be signed by the retailer or his duly auth-
10 orized agent, and must be duly certified by him to be correct.
11 The director may authorize incorporated banks and trust companies
12 which are depositories or financial agents of the United States,
13 or of this state, to receive any tax imposed under this chapter,
14 in such manner, at such times and under such conditions as the
15 director may prescribe. The director shall prescribe the manner,
16 times, and conditions under which the receipt of such tax by such
17 banks and trust companies to be treated as payment of such tax
18 to the department.

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May 18, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amend-
2 ment to House File 654, as amended, passed, and re-
3 printed by the House, filed May 13, 1971, commencing
4 on page 1258 of the Senate Journal, as follows:

5 1. Strike page 22, lines 6 through 25, inclusive,
6 all of page 23, and lines 1 through 6, inclusive,
7 of page 24, and insert in lieu thereof the following
8 new section:

9 Chapter four hundred twenty-two (422), Code 1971,
10 is amended by adding the following new section:

11 "In addition to the other provisions of this
12 chapter, every resident individual shall be entitled
13 to a sales tax credit for each taxable year with
14 respect to himself and each of the persons for whom
15 he is entitled to claim as a personal exemption for
16 purposes of the individual income tax imposed under
17 division two (II) of this chapter, whether or not
18 the resident individual is required to file an
19 individual income tax return or pay the tax.

20 The amount of credit shall be computed in accordance
21 with the following table:

22 If the net income of the	The credit allowed to
23 resident individual for the	resident individual for
24 taxable year is:	himself and for each
25	person for whom he is

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1	entitled to claim a
	personal exemption is:
3 Under \$1,000	\$16.
4 Over \$1,000, but under \$2,000	15.
5 Over \$2,000, but under \$2,500	14.
6 Over \$2,500, but under \$3,000	13.
7 Over \$3,000, but under \$3,500	12.
8 Over \$3,500, but under \$4,000	10.
9 Over \$4,000, but under \$5,000	8.
10 Over \$5,000, but under \$5,500	6.

11 No resident individual shall be eligible to claim
12 the sales tax credit if the individual has a net
13 income of over six thousand dollars.

14 No resident individual shall be eligible to claim
15 a sales tax credit if the individual has been claimed
16 as a dependent on another resident individual's income
17 tax return.

18 No resident individual may receive more than one
19 sales tax refund. The sales tax refund must be claimed
20 by the individual on his income tax return and such
21 individual must claim the sales tax refund for all

22 dependents claimed on the return.
23 No resident individual shall be eligible to claim
24 a sales tax credit if the individual has filed a joint
25 federal income tax return and the combined adjusted

PAGE 3

1 gross income on the federal income tax return exceeds
2 ~~nine thousand~~ dollars. *corrected to "fifty-five hundred" 5/21*
3 The amount of the credit provided for in this
4 section shall be allowed as a credit against the
5 individual income tax imposed under this chapter,
6 provided the resident individual claims the credit
7 on his income tax return required to be filed under
8 section four hundred twenty-two point thirteen (422.13)
9 of the Code. If the income tax due a resident in-
10 dividual shown by his tax return is less than the
11 full amount of the credit to which he is entitled
12 under this section, the excess of the credit over
13 the income tax otherwise due shall be refunded to
14 him by the department of revenue.
15 If any resident individual entitled to a credit
16 under this section is not otherwise required by section
17 four hundred twenty-two point thirteen (422.13) of
18 the Code to file an income tax return, the credit
19 to which he is entitled shall be refunded to him upon
20 furnishing the department of revenue with proof, as
21 required by the director of revenue, of his taxable
22 income and the number of his personal exemptions.
23 For the purpose of this section, the term 'resident
24 individual' means a natural person who has resided
25 in the state for the full taxable year. The term

PAGE 4

1 'net income' means net income as defined in section
2 four hundred twenty-two point seven (422.7) of the
3 Code.
4 The department of revenue shall make all rules
5 and regulations with respect to the credits for this
6 section, including the manner and requirements for
7 claiming credit for or refund of the amount thereof
8 in the same manner as state income tax refunds, and
9 in accordance with the provisions of sections four
10 hundred twenty-two point sixteen (422.16) and four
11 hundred twenty-two point sixty-seven (422.67) of the
12 Code."
13 2. Renumber sections and correct internal

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May 18, 1971

14 references as necessary in accordance with this
15 amendment.

Filed *Deferred 5/19 - Lact 5/21*
May 17, 1971

By DODERER, GAUDINEER, MILLER,
COLEMAN, ROBINSON, KENNEDY,
TAPSCOTT, GLENN, GROSS, HILL,
GILST and PALMER

HOUSE FILE 654

1 Amend the Senate Ways and Means Committee amendment filed May
2 13, 1971, to House File 654, page 24, by inserting after the
3 period in line 25, the following:
4 However, the comptroller shall in no event distribute in
5 any year to any city or town an amount in excess of one-half
6 the amount to be collected from property tax levies by that
7 city or town for that year. Any moneys remaining in the munic-
8 pal assistance fund as a result of this limitation, or for any
9 other reason, shall be retained in the fund and be available for
10 distribution the following year."

Filed - *Adopted 5/20*
May 17, 1971

By POTTER

HOUSE FILE 654

1 Amend the Ways and Means committee amendment to
2 House File 654, page 27, lines 22 and 23, by striking the
3 words and figure "section twenty-eight (28)," and by in-
4 serting in lieu thereof the words and figures "section
5 twenty-eight (28) shall be effective for all taxable in-
6 come earned from and after July 1, 1972 and sections".

Filed - *Lact 5/18*
May 17, 1971

By GAUDINEER

Senate 10
May 18, 1971

HOUSE FILE 654

- 1 Amend the Committee on Ways and Means amendment to
2 House File 654, filed Thursday, May 13, 1971, as follows:
3 1. Page 21, by adding before section 23 the following
4 section:
5 "Sec. 23. Section four hundred twenty-two point
6 forty-five (422.45), Code 1971, is amended by adding the
7 following new subsection:
8 'The gross receipts from the sales of tangible personal
9 property which are necessary and are used in the trade,
10 business, occupation, or profession of the person making
11 the purchase.'"
12 2. By renumbering the remaining sections.

Filed and Lost
May 17, 1971

By ANDERSON

HOUSE FILE 654

- 1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258 of
4 the Senate Journal, as follows:
5 1. Page 26, by striking lines 5 through 19, inclusive.
6 2. Renumber sections and correct internal references
7 as necessary in accordance with this amendment.

Filed
May 17, 1971

By SCHAFF

HOUSE FILE 654

- Division 1
1 Amend the Senate Committee on Ways and Means amendment filed
2 May 14, 1971, to House File 654 as follows:
3 1. Page 21, by inserting after line 1 the following new
4 section and renumbering the remaining sections to conform with
5 this amendment:
6 Sec. 23. "Section four hundred twenty-two point forty-five
7 (422.45), Code 1971, is amended by adding the following new
8 subsection:
9 Gross receipts from the sales of prescription drugs."
Division 2
10 2. Page 30, line 22, by inserting after the word "taxes,"
11 the words ", and exempting prescription drugs from the sales
12 and use tax,".

Filed, Division 1 Adopted
Division 2 Deferred.
May 17, 1971

By GRIFFIN, WALSH and RILEY

*Motion to
reconsider
filed 5/17
Div 2 adopted w.d. 5/20
5/24*

Senate 11
May 18, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, filed May 13, 1971, as follows:
3 1. By striking from page 19, lines 13 through 25.
4 2. By striking pages 20 and 21.
5 3. By striking from page 22, lines 1 through 4 and
6 inserting in lieu thereof the following:
7 "after approval by the voters, a local sales and
8 use tax at a rate of not more than one percent may be
9 imposed by a city on the gross receipts from the sale
10 or use of tangible personal property or services subject
11 to the state sales and use tax.
12 Upon its own motion, or upon receipt of a valid peti-
13 tion signed by voters of the city equal in number to
14 ten percent of the persons who voted at the last
15 preceding regular city election, but no less than ten
16 persons, requesting that an election be held, the city
17 council shall submit to the voters of the city, at a
18 special election called for that purpose, the question
19 of imposing a local sales and use tax at a specified
20 rate of not more than one percent. If a majority of
21 those voting favors the imposition of the tax, the
22 council shall impose the tax by ordinance, and shall
23 continue to impose the tax for a minimum of four years.
24 After the four-year period, the tax may be discontinued
25 by the council or by petition and election in the same

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1 manner as it was imposed.
2 If a majority of those voting does not favor the
3 imposition of a local sales and use tax, the council
4 shall not submit the question of imposition of the same
5 rate of tax within one year following the election.
6 The special election may not be held within thirty
7 days of a general election. Prior to the special elec-
8 tion, the city council shall publish notice of the elec-
9 tion in a newspaper published at least once a week and
10 having general circulation in the city, except that
11 the notice shall be published twice. If the city has
12 a population of two hundred or less, a publication may
13 be made by posting notice in three public places in
14 the city which have been permanently designated by
15 ordinance.
16 A local sales and use tax shall be imposed on the
17 same basis as the state sales and use tax and may not
18 be imposed on the sale or use of any tangible personal
19 property or services not taxed by the state. A local
20 sales and use tax is applicable only within the terri-
21 torial limits of the city imposing it and shall be col-

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May 18, 1971

22 lected by all persons required to collect state sales
23 and use taxes. The amount of the sale, for purposes
24 of determining the amount of the local sales and use
25 tax, does not include the amount of the state sales

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1 and use tax. No sales and use tax permit, other than
2 the state sales and use tax permits, may be required.
3 A local sales and use tax may be imposed either January
4 first or July first following a favorable election.

5 The director of revenue shall administer the provi-
6 sions of a local sales and use tax as nearly as possible
7 in conjunction with the administration of state tax
8 laws. He shall provide appropriate forms, or provide
9 on the regular state tax forms, for reporting local
10 sales and use tax liability.

11 An ordinance imposing a local sales and use tax shall
12 adopt by reference the applicable provisions of the
13 appropriate sections of chapters four hundred twenty-
14 two (422) and four hundred twenty-three (423) of the
15 Code, and all powers of the director to administer the
16 state sales and use tax law are applicable to his
17 administration of a local sales and use tax ordinance.
18 Local officials shall confer with the director of revenue
19 and obtain his assistance in drafting the ordinance
20 imposing a local sales and use tax. A certified copy
21 of the ordinance shall be filed with the director as
22 soon as possible after passage.

23 The director, in consultation with local officials,
24 shall collect and account for a local sales and use
25 tax. The director shall retain for the use of the

PAGE 4

1 department one percent of all local sales and use tax
2 receipts, to cover administrative expense, and shall
3 credit remaining local sales and use tax receipts to
4 a local sales and use tax fund hereby established in
5 the office of the treasurer of state.

6 The treasurer of state shall remit quarterly to the
7 cities which have imposed a local sales and use tax
8 their share of the balance in the local sales and use
9 tax fund. Local sales and use tax moneys received by
10 a city may be expended for any lawful city purpose."

11 4. By striking from page 24, lines 9 through 25.

12 5. By striking from page 25, lines 1 and 2.

13 6. Renumber sections and correct internal references
14 as necessary in accordance with this amendment.

15 7. Amend the title, page 30, line 22, by inserting

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May 18, 1971

16 after the word "taxes," the words "providing for a local
17 option sales tax".

Filed - *Lost Motion to reconsider*
May 17, 1971 *filed 5/20 lost 5/21* By ARBUCKLE

HOUSE FILE 654

1 Amend the Ways and Means Committee amendment, filed May 13,
2 to House File 654, page 25, line 2, by inserting after the 1971,
3 following: period the

4 Any city or town which receives financial assistance from
5 fund and has a population of over two thousand shall implement this
6 program - performance budgeting and accounting system. The a uniform

7 for initiation of a uniform program - performance budgeting and deadline
8 accounting shall be January 1973. As soon as practical be the
9 and towns of over two thousand population shall prepare and cities
10 tentative budget for a three year period. The budget for the adopt a
11 and third years may be less detailed than for the next following second
12 year.

13 The deadline for completing a program - performance budgeting
system shall be January 1975.

Filed - *Revised out of order 5/20*
May 17, 1971 By WALSH

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means
2 Amendment to House File 654, as amended, passed, and
3 reprinted by the House, filed May 13, 1971, commencing
4 on page 1258 of the Journal of the Senate, as follows:
5 1. Page 3, by adding after line 22 the following
6 new section:
7 Sec. 3. NONPUBLIC SCHOOL FUND.
8 1. As used in this section:
9 a. "Board" means the state board of public in-
10 struction.
11 b. "State approved course" means any course of
12 study which is substantially the same as any course
13 presented in the curricula of the public schools of
14 this state, including those courses and services
15 included in the minimum curriculum standards adopted
16 by the board pursuant to section two hundred fifty-
17 seven point twenty-five (257.25) of the Code, and
18 shall not include any course of instruction in
19 religion, or in denominational tenets, doctrine, or
20 worship, or where the primary purpose of the course
21 is to inculcate such tenets, doctrine, or worship.
22 c. "Lay teacher" means a person who is not an
23 ordained minister or a member of a religious order,
24 society, or community, who is employed by a nonpublic
25 school, and who renders educational services in one

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1 or more state approved courses in a nonpublic school.
2 To qualify under this Act after July 1, 1971, a lay
3 teacher shall hold a valid certificate and approval
4 statement issued by the board on the same basis as
5 for rendering educational services in the public
6 schools.
7 d. "Approved nonpublic school" means a nonprofit
8 elementary or secondary school within the state other
9 than a public school, which is approved by the board
10 pursuant to chapter two hundred fifty-seven (257)
11 of the Code and which carries out a policy of open
12 enrollment. Laboratory schools as authorized by
13 chapter two hundred sixty-five (265) of the Code shall
14 not be deemed approved nonpublic schools.
15 3. "Lay teacher salary supplement contracts" are
16 contracts between the board and lay teachers of
17 approved nonpublic schools, in which the board agrees
18 to pay a portion of the lay teacher's salary and the
19 lay teacher agrees to render educational services
20 in state approved courses in the approved nonpublic
21 school.

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May 18, 1971

22 f. "Salaries of lay teachers" means the total
23 renumeration received from all sources by the teacher
24 for rendering educational services, but does not
25 include any of the following:

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1 (1) Expenses or allowances.
2 (2) Contributions or credits for medical, health,
3 hospitalization, or life insurance.
4 (3) Contrubutions for retirement or pension plans.
5 (4) The cost of additional teacher training or
6 education.
7 (5) Any other fringe benefit. Lay teachers shall
8 be awarded lay teachers' salary supplement contracts
9 only on the basis of the portion of time attributed
10 to rendering educational services in state approved
11 courses.
12 g. "Rendering educational services" includes both
13 classroom work and the time spent by a lay teacher
14 outside the classroom in work directly related to
15 teaching a state approved course.
16 h. "Open enrollment" means the offer by a nonpublic
17 school of equal opportunity of admission to all persons
18 meeting its reasonable academic and financial
19 requirements regardless of race or ethnic origin,
20 and also means an enrollment policy which is in
21 compliance with title six (VI) of the Civil Rights
22 Act of 1964.
23 2. So as to stabilize public school enrollments,
24 the state comptroller shall pay into a nonpublic
25 school fund a sum equal to forty-five dollars for

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1 each nonpublic school student in this state for the
2 fiscal year beginning July 1, 1971. For the fiscal
3 year beginning July 1, 1972, the state comptroller
4 shall pay into a nonpublic school fund a sum equal
5 to eighty-one dollars for each nonpublic school student
6 in this state.
7 3. There is hereby established a nonpublic school
8 fund to be administered by the state board of public
9 instruction. The board shall deposit in the nonpublic
10 school fund any money received for the benefit of
11 qualified lay teachers in qualified nonpublic schools
12 of this state, including gifts, bequests, and state
13 or federal appropriations. The nonpublic school fund
14 shall be used for the purpose of paying lay teacher
15 salary supplement contracts, and reasonable amounts,
16 to be approved by the state comptroller, for
17 administrative expenses of the state board of public

18 instruction, To the extent that funds are available
19 in the nonpublic school fund, the board shall enter
20 into lay teacher salary supplement contracts with
21 lay teachers. Such contracts shall not exceed that
22 portion of the lay teacher's time that is directly
23 related to rendering educational services in state
24 approved courses. The state board of public
25 instruction shall promulgate rules and regulations

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1 to carry out the provisions of this Act. These rules
2 shall provide for the equitable distribution of the
3 funds available in the nonpublic school fund, placing
4 initial emphasis on supplementing the salaries of
5 teachers engaged in educating disadvantaged children
6 in nonpublic schools. The board also shall base
7 distribution as nearly as possible upon all of the
8 following:
9 a. Total pupil enrollment in nonpublic schools.
10 b. Number of lay teachers teaching state approved
11 courses in nonpublic schools.
12 c. Number of state approved courses taught by
13 lay teachers in nonpublic schools.
14 d. The qualifications and salary level of nonpublic
15 school teachers who make application.
16 e. The number of applications made in relation
17 to the total amount of money available.
18 4. A lay teacher who enters into a lay teacher
19 salary supplement contract shall be an independent
20 contractor, and not an employee of the state. Nothing
21 in this Act shall be construed to permit a lay teacher
22 to participate in the state teachers retirement system,
23 to receive workmen's compensation benefits as a public
24 school teacher, or in any way to be considered an
25 employee of the state board of public instruction

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1 or of the state of Iowa.
2 2. Page 30, by adding after line 13 the following
3 new division:
4 DIVISION 8
5 Sec. 39. Section four hundred fifty point six
6 (450.6), Code 1971, is amended by striking the section
7 and inserting in lieu thereof the following:
8 450.6 ACCRUAL OF TAX-MATURITY--EXTENSION OF TIME.
9 The tax hereby imposed shall be for the use of the
10 state, shall accrue at the death of the decedent
11 owner, and shall be paid to the department of revenue
12 within nine months after the death of the decedent
13 owner except when otherwise provided in this chapter.

14 The director of revenue may grant an extension of
15 time, not to exceed nine months, for filing any return
16 required by this chapter, but in case of any such
17 extension the tax shall bear six percent interest
18 from the expiration of nine months from decedent's
19 death.

20 Sec. 40. Section four hundred fifty point ten
21 (450.10), subsection one (1), Code 1971, is amended
22 as follows:

23 1. When such property, interest, or income passes
24 to the wife or the husband of the deceased, grantor,
25 donor, or vendor, or to the father or mother, or to

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1 any child or lineal descendant of such decedent,
2 grantor, donor or vendor, including a legally adopted
3 child or illegitimate child entitled to inherit under
4 the laws of this state, the tax imposed shall be on
5 the individual share ~~so-passing-in-excess-of-the~~
6 ~~exemptions-herein-allowed-and-shall-be~~ as follows:

7 One Two percent of the first ~~five-thousand-dollars~~
8 ~~twelve thousand five hundred dollars.~~

9 ~~Two-percent-of-any-amount-in-excess-of-five-thousand~~
10 ~~dollars-and-up-twelve-thousand-five-hundred-dollars.~~

11 Three percent on any amount in excess of twelve
12 thousand five hundred dollars and up to twenty-five
13 thousand dollars.

14 Four percent on any amount in excess of twenty-
15 five thousand dollars and up to fifty thousand dollars.

16 Five percent on any amount in excess of fifty
17 thousand dollars and up to seventy-five thousand
18 dollars.

19 Six percent on any amount in excess of seventy-
20 five thousand dollars and up to one hundred thousand
21 dollars.

22 Seven percent on any amount in excess of one hundred
23 thousand dollars and up to one hundred fifty thousand
24 dollars.

25 Eight Ten percent on all sums in excess of one

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1 hundred fifty thousand dollars.

2 After computing the total tax on the individual
3 share of the estate passing to the surviving spouse,
4 heirs or beneficiaries of the deceased, the following
5 tax credits shall be allowed:

6 a. Surviving spouse, one thousand two hundred
7 twenty-five dollars.

8 b. Each minor son and daughter including legally
9 adopted sons and daughters, or minor illegitimate

10 sons and daughters entitled to inherit under the law
11 of this state, four hundred seventy-five dollars.

12 c. Each adult son and daughter including legally
13 adopted sons and daughters, or adult illegitimate
14 sons and daughters entitled to inherit under the law
15 of this state, two hundred dollars.

16 d. Any other lineal descendant of the deceased,
17 one hundred dollars.

18 Sec. 41. Section four hundred fifty point sixty-
19 three (450.63), Code 1971, is amended as follows:

20 450.63 MATURITY OF TAX-INTEREST. All taxes imposed
21 by this chapter shall be payable to the department
22 of revenue and, except when otherwise provided in
23 this chapter, shall be paid within ~~eighteen~~ nine
24 months from the death of the testator or intestate.
25 All taxes not paid within the time prescribed in this

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1 chapter shall draw interest at the rate of ~~eight~~ six
2 percent per annum thereafter until paid. If any tax
3 imposed by this chapter is not paid within the time
4 prescribed in this chapter, there shall be added to
5 the amount due a penalty for late payment equal to
6 two percent per month or each fraction thereof during
7 which such failure continues with a maximum penalty
8 of twenty-five percent of the tax due. Such penalty
9 shall be in addition to the interest provided by this
10 section.

11 Sec. 42. Chapter four hundred fifty (450), Code
12 1971, is amended by adding the following new section:

13 "There is hereby imposed an administrative fee
14 of twenty-five dollars on the estate of every decedent
15 subject to the provisions of this chapter, except
16 that the administrative fee shall not be collected
17 from an estate exempt under the provisions of section
18 four hundred fifty point four (450.4), subsection
19 one (1), of the Code.

20 The administrative fee shall be collected by the
21 department of revenue before the department issues
22 any final receipt for payment of the taxes imposed
23 by this chapter, or before issuing any clearance of
24 inheritance tax when no tax is due."

25 Sec. 43. Section four hundred fifty point nine

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1 (450.9), Code 1971, is repealed.

2 3. Add at the end of the amendment the follow-
3 ing new section:

4 "If any provision of this Act or the application
5 thereof to any person shall be invalid, such invalidity
6 shall not affect the provisions or application of

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May 18, 1971

7 this Act which can be given effect without the invalid
8 provisions or application, and to this end the
9 provisions of this Act are severable."
10 4. Page 31, line 3, insert after the comma the
11 words "providing moneys for nonpublic schools,".

Filed
May 17, 1971

By WALSH, NEU, DAVIS, KENNEDY,
PALMER, ROBINSON, TAPSCOTT,
RILEY, and GRIFFIN

Div. 2 and 3 W.D. 5/24

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amend-
2 ment to House File 654, as amended, passed, and re-
3 printed by the House, filed May 13, 1971, commencing
4 on page 1258 of the Senate Journal, as follows:

5 1. Strike page 22, lines 6 through 25, inclusive,
6 all of page 23, and lines 1 through 6, inclusive,
7 of page 24, and insert in lieu thereof the following
8 new section:

9 Chapter four hundred twenty-two (422), Code 1971,
10 is amended by adding the following new section:

11 "In addition to the other provisions of this
12 chapter, every resident individual shall be entitled
13 to a sales tax credit for each taxable year with
14 respect to himself and each of the persons for whom
15 he is entitled to claim as a personal exemption for
16 purposes of the individual income tax imposed under
17 division two (II) of this chapter, whether or not
18 the resident individual is required to file an
19 individual income tax return or pay the tax.

20 The amount of credit shall be computed in accordance
21 with the following table:

22 If the net income of the	The credit allowed to
23 resident individual for the	resident individual for
24 taxable year is:	himself and for each
25	person for whom he is

PAGE 2

1	entitled to claim a
2	personal exemption is:
3 Under \$1,000	\$12.
4 Over \$1,000, but under \$2,000	11.
5 Over \$2,000, but under \$2,500	10.
6 Over \$2,500, but under \$3,000	9.
7 Over \$3,000, but under \$3,500	8.
8 Over \$3,500, but under \$4,000	7.
9 Over \$4,000, but under \$5,000	6.
10 Over \$5,000, but under \$5,500	5.
11 Over \$5,500, but under \$6,000	4.

12 No resident individual shall be eligible to claim
13 the sales tax credit if the individual has a net
14 income of over six thousand dollars.

15 No resident individual shall be eligible to claim
16 a sales tax credit if the individual has been claimed
17 as a dependent on another resident individual's income
18 tax return.

19 No resident individual may receive more than one
20 sales tax refund. The sales tax refund must be claimed
21 by the individual on his income tax return and such
22 individual must claim the sales tax refund for all
23 dependents claimed on the return.
24 No resident individual shall be eligible to claim
25 a sales tax credit if the individual has filed a joint

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1 federal income tax return and the combined adjusted
2 gross income on the federal income tax return exceeds
3 ~~nine thousand~~ dollars. *corrected to "six thousand" 5/21*
4 The amount of the credit provided for in this
5 section shall be allowed as a credit against the
6 individual income tax imposed under this chapter,
7 provided the resident individual claims the credit
8 on his income tax return required to be filed under
9 section four hundred twenty-two point thirteen (422.13)
10 of the Code. If the income tax due a resident in-
11 dividual shown by his tax return is less than the
12 full amount of the credit to which he is entitled
13 under this section, the excess of the credit over
14 the income tax otherwise due shall be refunded to
15 him by the department of revenue.
16 If any resident individual entitled to a credit
17 under this section is not otherwise required by section
18 four hundred twenty-two point thirteen (422.13) of
19 the Code to file an income tax return, the credit
20 to which he is entitled shall be refunded to him upon
21 furnishing the department of revenue with proof, as
22 required by the director of revenue, of his taxable
23 income and the number of his personal exemptions.
24 For the purpose of this section, the term 'resident
25 individual' means a natural person who has resided

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1 in the state for the full taxable year. The term
2 'net income' means net income as defined in section
3 four hundred twenty-two point seven (422.7) of the
4 Code.
5 The department of revenue shall make all rules
6 and regulations with respect to the credits for this
7 section, including the manner and requirements for
8 claiming credit for or refund of the amount thereof
9 in the same manner as state income tax refunds, and
10 in accordance with the provisions of sections four
11 hundred twenty-two point sixteen (422.16) and four

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12 hundred twenty-two point sixty-seven (422.67) of the
13 Code."
14 2. Renumber sections and correct internal
15 references as necessary in accordance with this
16 amendment.

Filed - *Last 5/21*
May 17, 1971

By DODERER, SCHABEN, PALMER,
GAUDINEER, COLEMAN, KENNEDY,
ROBINSON, MILLER, TAPSCOTT,
HILL and GROSS

1 Amend the Ways and Means Committee amendment
2 filed May 13, 1971 to House File 654, page 2, line 15,
3 by inserting after the period the following:
4 "For the purpose of determining a school district's
5 relative wealth only, per pupil enrollment includes the
6 number of students residing in the district or the state
7 and attending nonpublic schools, as well as the students
8 attending public schools, and shared-time students shall
9 not be separately counted."

Filed - *Adopted 5/24*
May 14, 1971

By NEU

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, is amended as follows:
5 1. Page 27, by inserting after line 11 the following
6 new section:
7 "Section four hundred twenty-two point thirty-three
8 (422.33), subsection one (1), paragraph 'b', unnumbered
9 paragraph four (4) is amended as follows:
10 The gross sales of the corporation within the state
11 shall be taken to be the gross sales from goods sold and
12 delivered within the state, ~~excluding deliveries for~~
13 ~~transportation out of the state.~~"
14 2. Renumber sections and correct internal references
15 as necessary in accordance with this amendment.

Filed - *W O 5/18*
May 14, 1971

By SHAFF

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted
3 by the House, filed May 13, 1971, commencing on page
4 1258 of the Senate Journal, as follows:

5 1. Page 26, by striking lines 20 through 25, inclu-
6 sive, and page 27, by striking lines 1 through 11,
7 inclusive, and inserting in lieu thereof the following
8 new section:

9 Sec. 30. Section four hundred twenty-two point thirty-
10 three (422.33), Code 1971, is amended by striking
11 subsections one (1) and two (2) and inserting in lieu
12 thereof the following new subsections:

13 1. ALLOCATION OF BUSINESS INCOME. If the trade
14 or business of the taxpayer is carried on entirely
15 within the state, the tax shall be imposed on the entire
16 net income. Any taxpayer having income from business
17 activity which is taxable both within and without this
18 state, other than the rendering of purely personal
19 services by an individual, shall allocate and apportion
20 his net income as provided in this section.

21 2. DEFINITIONS. As used in this section, unless
22 the context otherwise requires:

23 a. "Business income" means income arising from
24 transactions and activity in the regular course of the
25 taxpayer's trade or business and includes income from

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1 tangible and intangible property if the acquisition,
2 management, and disposition of the property constitute
3 integral parts of the taxpayer's regular trade or
4 business operations.

5 b. "Commercial domicile" means the principal place
6 from which the trade or business of the taxpayer is
7 directed or managed.

8 c. "Compensation" means wages, salaries, commissions,
9 and any other form of remuneration paid to employees
10 for personal services.

11 d. "Nonbusiness income" means all income other than
12 business income.

13 e. "Sales" means all gross receipts of the taxpayer
14 not allocated under subsections four (4) through eight
15 (8) of this section.

16 f. "State" means any state of the United States,
17 the District of Columbia, the Commonwealth of Puerto
18 Rico, any territory or possession of the United States,
19 and any foreign country or political subdivision thereof.

20 3. NONRESIDENT TAXPAYER. For purposes of allocation
21 and apportionment of income under this chapter, a

22 taxpayer is taxable in another state if:
23 a. In that state he is subject to a net income tax,
24 a franchise tax measured by net income, a franchise
25 tax for the privilege of doing business, or a corporate

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1 stock tax; or
2 b. That state has jurisdiction to subject the
3 taxpayer to a net income tax regardless of whether,
4 in fact, the state does or does not.
5 4. ALLOCATION OF CERTAIN ITEMS. Rents and royalties
6 from real or tangible personal property, capital gains,
7 interest, dividends, or patent or copyright royalties,
8 to the extent that they constitute nonbusiness income,
9 shall be allocated as provided in subsections five (5)
10 through eight (8) of this section.
11 5. RENTS AND ROYALTIES.
12 a. Net rents and royalties from real property located
13 in this state are allocable to this state.
14 b. Net rents and royalties from tangible personal
15 property are allocable to this state:
16 (1) If and to the extent that the property is
17 utilized in this state; or
18 (2) In their entirety if the taxpayer's commercial
19 domicile is in this state and the taxpayer is not
20 organized under the laws of or taxable in the state
21 in which the property is utilized.
22 c. The extent of utilization of tangible personal
23 property in a state is determined by multiplying the
24 rents and royalties by a fraction, the numerator of
25 which is the number of days of physical location of

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1 the property in the state during the rental or royalty
2 period in the taxable year and the denominator of which
3 is the number of days of physical location of the
4 property everywhere during all rental or royalty periods
5 in the taxable year. If the physical location of the
6 property during the rental or royalty period is unknown
7 or unascertainable by the taxpayer tangible personal
8 property is utilized in the state in which the property
9 was located at the time the rental or royalty payer
10 obtained possession.
11 6. PROPERTY--CAPITAL GAINS AND LOSSES.
12 a. Capital gains and losses from sales of real
13 property located in this state are allocable to this
14 state.

15 b. Capital gains and losses from sales of tangible
16 personal property are allocable to this state if:

17 (1) The property had a situs in this state at the
18 time of the sale; or

19 (2) The taxpayer's commercial domicile is in this
20 state and the taxpayer is not taxable in the state in
21 which the property had a situs.

22 c. Capital gains and losses from sales of intangible
23 personal property are allocable to this state if the
24 taxpayer's commercial domicile is in this state.

25 7. INTEREST AND DIVIDENDS. Interest and dividends

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1 are allocable to this state if the taxpayer's commercial
2 domicile is in this state.

3 8. PATENTS AND COPYRIGHTS.

4 a. Patent and copyright royalties are allocable
5 to this state:

6 (1) If and to the extent that the patent or copyright
7 is utilized by the taxpayer in this state; or

8 (2) If and to the extent that the patent or copyright
9 is utilized by the taxpayer in a state in which the
10 taxpayer is not taxable and the taxpayer's commercial
11 domicile is in this state.

12 b. A patent is utilized in a state to the extent
13 that it is employed in production, fabrication,
14 manufacturing, or other processing in the state or to
15 the extent that a patented product is produced in the
16 state. If the basis of receipts from patent royalties
17 does not permit allocation to states or if the accounting
18 procedures do not reflect states of utilization, the
19 patent is utilized in the state in which the taxpayer's
20 commercial domicile is located.

21 c. A copyright is utilized in a state to the extent
22 that printing or other publication originates in the
23 state. If the basis of receipts from copyright royalties
24 does not permit allocation to states or if the accounting
25 procedures do not reflect states of utilization, the

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1 copyright is utilized in the state in which the
2 taxpayer's commercial domicile is located.

3 9. BUSINESS INCOME. All business income shall be
4 apportioned to this state by multiplying the income
5 by a fraction, the numerator of which is the property
6 factor plus the payroll factor plus the sales factor,
7 and the denominator of which is three.

8 10. PROPERTY FACTOR. The property factor is a
9 fraction, the numerator of which is the average value
10 of the taxpayer's real and tangible personal property
11 owned or rented and used in this state during the tax
12 period and the denominator of which is the average value
13 of all the taxpayer's real and tangible personal property
14 owned or rented and used during the tax period.

15 11. PROPERTY OWNED AND RENTED. Property owned by
16 the taxpayer is valued at its original cost. Property
17 rented by the taxpayer is valued at eight times the
18 net annual rental rate. Net annual rental rate is the
19 annual rental rate paid by the taxpayer less any annual
20 rental rate received by the taxpayer from subrentals.

21 12. AVERAGE VALUE OF PROPERTY. The average value
22 of property shall be determined by averaging the values
23 at the beginning and ending of the tax period but the
24 director of revenue may require the averaging of monthly
25 values during the tax period if reasonably required

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1 to reflect properly the average value of the taxpayer's
2 property.

3 13. PAYROLL FACTOR. The payroll factor is a
4 fraction, the numerator of which is the total amount
5 paid in this state during the tax period by the taxpayer
6 for compensation, and the denominator of which is the
7 total compensation paid everywhere during the tax period.

8 14. COMPENSATION. Compensation is paid in this
9 state if:

10 a. The individual's service is performed entirely
11 within the state; or

12 b. The individual's service is performed both within
13 and without the state, but the service performed without
14 the state is incidental to the individual's service
15 within the state; or

16 c. Some of the service is performed in the state
17 and:

18 (1) The base of operations or, if there is no base
19 of operations, the place from which the service is
20 directed or controlled is in the state; or

21 (2) The base of operations or the place from which
22 the service is directed or controlled is not in any
23 state in which some part of the service is performed,
24 but the individual's residence is in this state.

25 15. SALES FACTOR. The sales factor is a fraction,

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1 the numerator of which is the total sales of the taxpayer
2 in this state during the tax period, and the denominator
3 of which is the total sales of the taxpayer everywhere
4 during the tax period.

5 16. LOCAL SALES OF TANGIBLE PERSONAL PROPERTY.
6 Sales of tangible personal property are in this state
7 if:

8 a. The property is delivered or shipped to a
9 purchaser, other than the United States government,
10 within this state regardless of the f.o.b. point or
11 other conditions of the sale; or

12 b. The property is shipped from an office, store,
13 warehouse, factory, or other place of storage in this
14 state and:

15 (1) The purchaser is the United States government;

16 or

17 (2) The taxpayer is not taxable in the state of
18 the purchaser.

19 17. OTHER SALES. Sales, other than sales of tangible
20 personal property, are in this state if:

21 (a) The income-producing activity is performed in
22 this state; or

23 (b) The income-producing activity is performed both
24 in and outside this state and a greater proportion of
25 the income-producing activity is performed in this state

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1 than in any other state, based on costs of performance.

2 18. ADDITIONAL METHODS OF DETERMINING BUSINESS SITUS.
3 The allocation and apportionment provisions of this
4 section do not fairly represent the extent of the
5 taxpayer's business activity in this state, the taxpayer
6 may petition for or the director of revenue may require,
7 in respect to all or any part of the taxpayer's business
8 activity, if reasonable:

9 (a) Separate accounting except to a unitary business;

10 (b) The exclusion of any one or more of the factors;

11 (c) The inclusion of one or more additional factors

12 which will fairly represent the taxpayer's business
13 activity in this state; or

14 (d) The employment of any other method to effectuate
15 an equitable allocation and apportionment of the
16 taxpayer's income.

17 2. Page 30, line 25, by striking the word "that"
18 and page 31, line 1, by striking the words "the

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19 corporation income tax rates are retroactive" and
20 inserting in lieu thereof the words "for a three-factor
21 formula for the allocation of corporate income for tax
22 purposes".

Filed
May 17, 1971

By HILL

Div. 1 - Pages 1 thru 8 and lines 1 thru 16 of page 9 - Last 5/18
Div. 2 - Withdrawn 5/24

EXPLANATION

This bill provides for the allocation of corporate income on the basis of sales, property, and payroll. This will change Iowa's present formula from a single-factor formula to a three-factor formula.

HOUSE FILE 654

- 1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, as follows:
- 5 1. Page 19, line 18, by striking the words "~~three~~
6 four" and inserting in lieu thereof the word "three".
 - 7 2. Page 20, line 13, by striking the words "~~three~~
8 four" and inserting in lieu thereof the word "three".
 - 9 3. Page 20, line 23, by striking the words "~~three~~
10 four" and inserting in lieu thereof the word "three".
 - 11 4. Page 20, line 24, by striking the words "~~three~~
12 four" and inserting in lieu thereof the word "three".
 - 13 5. Page 21, by inserting after line 1 the following
14 new section:
15 "Section four hundred twenty-two point forty-three
16 (422.43), Code 1971, is amended by adding the following
17 new paragraph:
18 In addition to the tax imposed under the provisions
19 of this section, there is imposed an additional tax of
20 one percent upon the gross receipts from all sales
21 services subject to the tax under this division, except
22 food products for human consumption which
23 are not prepared for immediate consumption on or off the
24 premises."
25 6. Page 21, line 7, by striking the words "~~three~~

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- 1 four" and inserting in lieu thereof the word "three".
- 2 7. Page 21, line 14, by striking the words "~~three~~
3 four" and inserting in lieu thereof the word "three".
- 4 8. Page 21, by inserting after line 22, the following
5 new paragraph:
6 "In addition to the tax imposed under the provisions
7 of this section, there is imposed an additional tax of
8 one percent upon the use in this state of tangible
9 personal property purchased for use in this state and
10 subject to the tax under this chapter, except
11 food products for human consumption which are not
12 prepared for immediate consumption on or off the premises."
- 13 9. Renumber the sections and correct internal
14 references as necessary in accordance with this amendment.

HOUSE FILE 654

- 1 Amend the Senate Committee on Ways and Means Amend-
2 ment to House File 654, as amended, passed, and re-
3 printed by the House, filed May 13, 1971, commencing
4 on page 1258 of the Journal of the Senate, as follows:
5 1. Page 25, strike lines 4 through 25, inclusive,
6 and strike lines 1 through 19, inclusive, of page 26,
7 and insert in lieu thereof the following:
8 Section 1. Section four hundred twenty-two point
9 four (422.4), Code 1971, is amended by striking
10 subsection one (1) and inserting in lieu thereof the
11 following:
12 1. The words "net income" mean that portion of
13 a person's base income for a tax year which is
14 allocable under the provisions of section four hundred
15 twenty-two point eight (422.8), of the Code, less
16 the standard exemption allowed by section four hundred
17 twenty-two point nine (422.9) of the Code.
18 Sec. 2. Section four hundred twenty-two point
19 four (422.4), subsections three (3), four (4), seven
20 (7), ten (10), and seventeen (17), Code 1971, are
21 amended as follows:
22 3. The words "income Year" mean the calendar year
23 or the fiscal year upon the basis of which the net
24 base income is computed under this division.
25 4. The words "tax year" mean the calendar year,

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- 1 or the fiscal year ending during such calendar year,
2 upon the basis of which the net base income is computed
3 under this division.
4 7. The word "paid", for the purposes of the
5 deductions under this division, means "paid or accrued"
6 or "paid or incurred", and the terms "paid or incurred"
7 and "paid or accrued" shall be construed according
8 to the method of accounting upon the basis of which
9 the net base income is computed under this division.
10 The term "received", for the purpose of the computation
11 of net base income under this division, means "received
12 or accrued", and the term "received or accrued" shall
13 be construed according to the method of accounting
14 upon the basis of which the net base income is computed
15 under this division.
16 10. The word "individual" means a natural person;
17 and where an individual is permitted to file as a
18 corporation, under the provisions of the Internal
19 Revenue Code of 1954, such fictional status shall
20 not be recognized for purposes of this chapter, and
21 such individual's taxable adjusted gross income shall

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22 be computed as required under the provisions of the
23 Internal Revenue Code of 1954 relating to individuals
24 not filing as a corporation, with the adjustments
25 allowed by this chapter.

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1 17. "Internal Revenue Code of 1954" means the
2 Internal Revenue Code of 1954, as amended to and
3 including January 1, ~~1970~~ 1971, and as further amended
4 by the Tax Reform Act of 1969, including provisions
5 therein to be later effective.

6 Sec. 3. Section four hundred twenty-two point
7 five (422.5), Code 1971, is amended by striking the
8 section and inserting in lieu thereof the following:

9 422.5 TAX IMPOSED. A tax is imposed upon every
10 resident of this state, and upon that part of the
11 net income of any nonresident which is derived from
12 any property, trust, or other source within this
13 state, including any business, trade, profession,
14 or occupation carried on within this state, which
15 tax shall be levied, collected, and paid annually
16 upon and with respect to the taxpayer's entire net
17 income at rates as follows:

- 18 1. On the first one thousand dollars of net income,
19 or any part thereof, one percent.
- 20 2. On the second thousand dollars of net income,
21 or any part thereof, two percent.
- 22 3. On the third thousand dollars of net income,
23 or any part thereof, three percent.
- 24 4. On the fourth and fifth thousand dollars of
25 net income, or any part thereof, four percent.

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1 5. On the sixth and seventh thousand dollars of
2 net income, or any part thereof, five percent.

3 6. On the eighth and ninth thousand dollars of
4 net income, or any part thereof, six percent.

5 7. On the tenth, eleventh, and twelfth thousand
6 dollars of net income, or any part thereof, seven
7 percent.

8 8. On the thirteenth, fourteenth, and fifteenth
9 thousand dollars of net income, or any part thereof,
10 eight percent.

11 9. On the sixteenth, seventeenth, and eighteenth
12 thousand dollars of net income, or any part thereof,
13 nine percent.

14 10. On the nineteenth, twentieth, and twenty-first
15 thousand dollars of net income, or any part thereof,
16 ten percent.

17 1. On the twenty-second thousand dollars of net

18 income, or any part thereof, eleven percent, and on
19 all net income in excess of twenty-two thousand
20 dollars, eleven percent.

21 However, no tax shall be imposed on any resident
22 or nonresident whose base income, as defined in section
23 four hundred twenty-two point seven (422.7) of the
24 Code, is three thousand dollars or less; but in the
25 event that the payment of tax under this division

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1 would reduce the base income to less than three
2 thousand dollars, then the tax shall be reduced to
3 that amount which would result in allowing the tax-
4 payer to retain a base income of three thousand
5 dollars. The preceding sentence does not apply to
6 estates or trusts. For the purpose of this paragraph,
7 the entire base income, including any part not
8 allocated to Iowa, shall be taken into account. If
9 the combined base income of a husband and wife exceeds
10 three thousand dollars, neither of them shall receive
11 the benefit of this paragraph, whether they file a
12 joint return or separate returns. An unmarried person
13 under twenty-one years of age who is a dependent of
14 his parent or parents as defined in the Internal
15 Revenue Code of 1954, shall not receive the benefit
16 of this paragraph if the combined base income of his
17 parents exceeds three thousand dollars.

18 The provisions of this division apply to all
19 salaries received by federal officials or employees
20 of the United States government.

21 Sec. 4. Section four hundred twenty-two point
22 six (422.6), Code 1971, is amended as follows:

23 422.6 INCOME FROM ESTATES OR TRUSTS. The tax
24 imposed by section 422.5 shall apply to and become
25 a charge against estates and trusts with respect to

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1 their taxable net income, and the rates shall be the
2 same as those applicable to individuals. The fiduciary
3 shall be responsible for making the return of income
4 for the estate or trust for which he acts, whether
5 such income be taxable to the estate or trust or to
6 the beneficiaries thereon.

7 Sec. 5. Section four hundred twenty-two point
8 seven (422.7), unnumbered paragraph one (1), Code
9 1971, is amended as follows:

10 422.7 "NET BASE INCOME"--HOW COMPUTED. The term
11 "net base income" means the adjusted gross income
12 as properly computed for federal income tax purposes
13 under the Internal Revenue Code of 1954, with the

14 following adjustments:

15 Sec. 6. Section four hundred twenty-two point
16 seven (422.7), Code 1971, is amended by adding the
17 following new subsections:

18 1. "Add an amount equal to fifty percent of the
19 excess of the net long-term capital gain for the tax
20 year over the net short-term capital loss for such
21 year, to the extent deducted from gross income in
22 the computation of adjusted gross income."

23 2. "Add an amount equal to the amount of tax
24 imposed by this chapter to the extent deducted from
25 gross income in the computation of adjusted gross

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1 income for the tax year."

2 3. "A resident of Iowa who is on active duty in
3 the armed forces of the United States, as defined
4 in the United States Code, title ten (1), section
5 one hundred one (101), for more than six continuous
6 months, shall not include any income received for
7 such service performed after the effective date of
8 this Act, in computing base income."

9 4. "Subtract an amount equal to all amounts
10 included in adjusted gross income which are exempt
11 from taxation by this state, either by reason of its
12 constitution or by reason of the constitution,
13 treaties, or statutes of the United States."

14 Sec. 7. Section four hundred twenty-two point
15 eight (422.8), unnumbered paragraph one (1) and
16 subsections two (2) and three (3), Code 1971, are
17 amended as follows:

18 422.8 ALLOCATION OF INCOME EARNED IN IOWA AND
19 OTHER STATES. Under rules and regulations prescribed
20 by the director, net base income of individuals,
21 estates and trusts shall be allocated as follows:

22 2. In the case of nonresident taxpayers, if any
23 net base income is received from a business, trade,
24 profession, or occupation carried on partly within
25 and partly without the state of Iowa, only such portion

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1 of said net base income as is fairly and equitably
2 attributable to that part of the business, trade,
3 profession, or occupation carried on within the state
4 of Iowa shall be allocated to Iowa; income from any
5 property, trust, estate or other source within Iowa
6 shall be allocated to Iowa, except that annuities,
7 interest on bank deposits and interest-bearing
8 obligations, and dividends shall be allocated to Iowa
9 only to the extent to which the same are derived from

10 a business, trade, profession, or occupation carried
11 on within the state of Iowa.
12 3. Taxable Base income of resident and nonresident
13 estates and trusts shall be allocated in the same
14 manner as individuals.
15 Sec. 8. Section four hundred twenty-two point
16 nine (422.9), Code 1971, is amended by striking the
17 section and inserting in lieu thereof the following:
18 "In computing net income under this chapter, there
19 shall be allowed as an exemption, the sum of the
20 amounts determined under subsections one (1) and two
21 (2) of this section, multiplied by a fraction, the
22 numerator of which is the amount of the person's base
23 income allocable to this state for the tax year, as
24 determined pursuant to section four hundred twenty-
25 two point eight (422.8) of the Code, and the

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1 denominator of which is the person's total base income
2 for the tax year.
3 1. Each person shall be allowed a basic exemption
4 of one thousand dollars.
5 2. Persons other than fiduciaries shall be allowed
6 an additional amount of one thousand dollars for each
7 exemption in excess of one allowable to such person
8 for the tax year under section one hundred fifty-one
9 (151) of the Internal Revenue Code of 1954.
10 3. If a husband and wife file separate state
11 returns, each must take at least his own basic
12 exemption of one thousand dollars on his separate
13 return."
14 Sec. 9. Section four hundred twenty-two point
15 twelve (422.12), Code 1971, is repealed.
16 Sec. 10. Section four hundred twenty-two point
17 thirteen (422.13), subsections one (1) and two (2),
18 Code 1971, are amended as follows:
19 1. Every resident of Iowa who is required to file
20 a federal income tax return under the Internal Revenue
21 Code of 1954, or who has a net base income of one
22 thousand dollars or more for the tax year from sources
23 taxable under this division, shall make and-sign,
24 sign, and file a return.
25 2. Every nonresident who is required to file a

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1 federal income tax return under the Internal Revenue
2 Code of 1954 and who has a net base income of one
3 thousand dollars or more for the tax year from sources
4 taxable under this division, shall make and-sign,

5 sign, and file a return.

6 Sec. 11. Section four hundred twenty-two point
7 fourteen (422.14), subsection one (1), Code 1971,
8 is amended as follows:

9 1. Every fiduciary subject to taxation under the
10 provisions of this division, as provided in section
11 422.6, shall make ~~and-sign~~, sign, and file a return
12 for the individual, estate or trust for whom or for
13 which he acts, if the ~~taxable~~ base income thereof
14 amounts to ~~six-hundred~~ one thousand dollars or more.
15 A nonresident fiduciary shall file a copy of the
16 federal income tax return for the current tax year
17 with the return required by this section.

18 Sec. 12. Section four hundred twenty-two point
19 twenty-one (422.21), unnumbered paragraph one (1),
20 Code 1971, is amended as follows:

21 422.21 FORM AND TIME OF RETURN. Returns shall
22 be in such form as the director may, from time to
23 time, prescribe, and shall be filed with the department
24 on or before the last day of the fourth month after
25 the expiration of the tax year. In case of sickness,

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1 absence, or other disability, or whenever good cause
2 exists, the director may allow further time for filing
3 returns. The director shall cause to be prepared
4 blank forms for said returns and shall cause them
5 to be distributed throughout the state and to be
6 furnished upon application, but failure to receive
7 or secure the form shall not relieve the taxpayer
8 from the obligations of making any return herein
9 required. The department may as far as consistent
10 with the provisions of the Code so draft income tax
11 forms as to conform to the income tax forms of the
12 internal revenue department of the United States
13 government. Each return by a taxpayer upon whom a
14 tax is imposed by ~~subsection-7-of~~ section 422.5 shall
15 show the county of the residence of the taxpayer.

16 Sec. 13. Section four hundred twenty-two point
17 thirty-two (422.32), Code 1971, is amended by striking
18 the section and inserting in lieu thereof the
19 following:

20 422.32 DEFINITIONS. As used in this division,
21 unless otherwise required by the context:

22 1. "Corporation: includes joint stock companies,
23 and associations organized for pecuniary profit,
24 except limited partnerships organized under chapter
25 five hundred forty-five (545) of the Code.

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1 2. "Domestic corporation" means any corporation
2 organized under the laws of this state.
3 3. "Foreign corporation" means any corporation
4 other than a domestic corporation.
5 4. "Internal Revenue Code of 1954" means the
6 Internal Revenue Code of 1954, as amended to and
7 including January 1, 1970.
8 5. "Income year" means the calendar year or the
9 fiscal year upon the basis of which the net income
10 is computed under this division.
11 6. "Tax year" means the calendar year, or the
12 fiscal year ending during such calendar year, upon
13 the basis of which the net income is computed under
14 this division.
15 7. "Paid" means "paid or accrued" or "paid or
16 incurred", and "received" means "received or accrued",
17 which shall be construed according to the method of
18 accounting upon the basis of which the net income
19 is computed under this division.
20 8. The terms defined in section four hundred
21 twenty-two point four (422.4), subsections five (5),
22 six (6), eight (8), nine (9), and ten (10), of the
23 Code, shall have the same meanings in this division
24 unless the context clearly indicates a different
25 meaning.

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1 Sec. 14. Chapter four hundred twenty-two (422),
2 Code 1971, is amended by adding the following new
3 section:
4 "The director of revenue shall prepare bills
5 reflecting any amendments to the Code that are
6 necessary because of future amendments to the Internal
7 Revenue Code of 1954. These bills shall be filed
8 with the clerk of the house of representatives and
9 the secretary of the senate in the name of the
10 committee on ways and means. If the legislature is
11 in session, the bills shall be immediately placed
12 on the calendar in both houses. If the legislature
13 is not in session, the bills shall be a first order
14 of business when the legislature next convenes. The
15 legislature shall commence legislative action on the
16 bills within not more than ten days after the bills
17 are placed on the calendar or designated as a first
18 order of business.
19 Sec. 15. Section one hundred thirty-five D point
20 twenty-two (135D.22), subsection one (1), Code 1971,
21 is amended as follows:

22 1. Multiply the number of square feet of floor
23 space each mobile home contains when parked and in
24 use by ten cents, except that if the owner of a mobile
25 home is sixty-five years of age or older and his net

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1 ~~income-as-defined-in-section-422.7~~ adjusted gross
2 income as determined for federal income tax purposes,
3 plus interest and dividends from federal securities
4 and income from social security and other tax-exempt
5 retirement or pension plans, when included with that
6 of his spouse is less than thirty-five hundred dollars
7 per year, the semiannual tax shall be computed by
8 multiplying the number of square feet of floor space
9 the mobile home contains when parked and in use by
10 seven and one-half cents. In computing floor space
11 the exterior measurements of the mobile home shall
12 be used as shown on the certificate of registration
13 and title, but not including any area occupied by
14 any hitching device.

15 Sec. 16. Section one hundred thirty-five D point
16 twenty-eight (135D.28), unnumbered paragraph one (1),
17 Code 1971, is amended as follows:

18 135D.28 OWNERS OVER SIXTY-FIVE YEARS OF AGE.
19 If the owner of a mobile home is sixty-five years
20 of age or older and his ~~net-income-as-defined-in~~
21 ~~section-422.7~~ adjusted gross income as determined
22 for federal income tax purposes, plus interest and
23 dividends from federal securities and income from
24 social security and other tax-exempt retirement or
25 pension plans, when included with that of his spouse

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1 is less than thirty-five hundred dollars per year,
2 the owner may apply for the lower tax rate.

3 Sec. 17. Section four hundred point three (400.3),
4 unnumbered paragraph two (2), Code 1971, is amended
5 as follows:

6 Such plan for group insurance may include insurance
7 coverage for an employee's dependents. The term
8 "dependent" shall have the same meaning as in section
9 ~~422.127-subsection-3~~ 152, Internal Revenue Code of
10 1954.

11 Sec. 18. Section four hundred twenty-five point
12 one (425.1), subsection five (5), Code 1971, is amended
13 as follows:

14 5. In addition to the homestead credit of twenty-
15 five mills on twenty-five hundred dollars of assessed
16 valuation allowable under this chapter, in the event
17 the owner, as defined in this chapter, is over sixty-

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May 18, 1971

18 five years of age, or is totally disabled, and provided
19 that his ~~Iowa net income, as defined in section 422.7~~
20 adjusted gross income as determined for federal income
21 tax purposes, plus interest and dividends from federal
22 securities and income from social security and other
23 tax-exempt retirement or pension plans, when included
24 with that of the spouse, brother, sister, son,
25 daughter, if any, living with the claimant, is less

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1 than three thousand five hundred dollars for the last
2 twelve-month income tax accounting period, there shall
3 be credited by the county auditor on such owner's
4 eligible homestead, an amount equal to but not
5 exceeding the amount calculated as provided in this
6 section.

7 Sec. 19. Section four hundred fifty point four
8 (450.4), subsection five (5), Code 1971, is amended
9 as follows:

10 5. On the value of that portion of installment
11 payments which will be includable ~~as net income as~~
12 ~~defined in section 422.7 as~~ in adjusted gross income
13 as determined for federal income tax purposes, received
14 by a beneficiary under an annuity which was purchased
15 under an employee's pension or retirement plan.

16 Sec. 20. Sections one (1) through nineteen (19),
17 inclusive, of this amendment shall take effect on
18 July 1, 1971, and shall apply to tax years beginning
19 on or after July 1, 1971.

20 2. Page 27, lines 22 and 23, strike the words
21 and figures "twenty-eight (28), twenty-nine (29)".

22 3. Renumber sections and correct internal
23 references as necessary in accordance with this
24 amendment.

Filed *at* *Oct 5/18*
May 17, 1971

By TAPSCOTT, KENNEDY, PALMER,
GAUDINEER, ROBINSON, GLENN
and DODERER

Senate 2
May 17, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, as follows:
5 1. Page 25, by striking lines 4 through 25, inclusive,
6 and inserting in lieu thereof the following:
7 "Sec. 28. Section four hundred twenty-two point
8 five (422.5), Code 1971, is amended by striking subsec-
9 tions four (4) through seven (7), inclusive, and inserting
10 in lieu thereof the following:
11 4. On the fourth thousand dollars of taxable income,
12 or any part thereof, three and one-quarter percent.
13 5. On the fifth, sixth, and seventh thousand dollars
14 of taxable income, or any part thereof, four and six-
15 tenths percent.
16 6. On the eighth and ninth thousand dollars of tax-
17 able income, or any part thereof, six percent.
18 7. On all taxable income over nine thousand dollars
19 and not exceeding twenty-five thousand dollars, seven
20 percent.
21 8. On all taxable income over twenty-five thousand
22 dollars and not exceeding fifty thousand dollars, eight
23 percent.
24 9. On all taxable income over fifty thousand dollars,
25 nine percent."

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1 2. Page 26, by striking lines 1 through 4, inclusive.

Filed *Adopted 5/18* By SHAFF
May 14, 1971
Motion to reconsider filed 5/18
Lost 5/21

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258 of
4 the Senate Journal, page 2, line 25, by adding after the
5 word "enrollment" the words ", and the total prorated by
6 the state comptroller so that the total to be paid to all
7 school districts equals but does not exceed the total
8 amount of money appropriated for state aid under this
9 section".

Filed - *Adopted 5/19* By SHAFF
May 14, 1971

Senate 3
May 17, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House file 654, as amended, passed, and reprinted
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, as follows:

5 1. Page 23, by inserting after line 22 the following
6 new paragraph:

7 "No resident individual may receive more than one
8 sales tax refund. The sales tax refund must be claimed
9 by the individual on his income tax return and such
10 individual must claim the sales tax refund for all
11 dependents claimed on the return."

12 2. Page 24, line 2, by inserting after the word
13 "proof" the words ", as required by the director of
14 revenue,".

15 3. Page 24, by inserting after line 3 the following
16 new paragraph:

17 "The department of revenue shall promulgate rules and
18 regulations with respect to refunds for this section
19 including the manner and requirements for claiming the
20 credit for or refund of the amount thereof in the same
21 manner as state income tax refunds, and in accordance
22 with the provisions of section four hundred twenty-two
23 point sixteen (422.16) and four hundred twenty-two point
24 seventy-four (422.74) of the Code."

Filed - *Adopted 5/19*
May 14, 1971

By SHAFF

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House 654, as amended, passed, and reprinted by the
3 House, filed May 13, 1971, commencing on page 1258 of the
4 Senate Journal, page 28, line 23, by inserting after the
5 word "dollars the words "except that the credit shall
6 not exceed the amount of the property taxes levied and
7 collectible on the homestead for that year".

Filed - *Adopted 5/20*
May 14, 1971

By SHAFF

Senate 5
May 17, 1971

HOUSE FILE 654

1 Amend the Committee on Ways and Means amendment to
2 House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, as follows:

5 1. Page 22, by striking lines 5 through 25, inclu-
6 sive.

7 2. Page 23, by striking lines 1 through 25, inclu-
8 sive.

9 3. Page 24, by striking lines 1 through 8, inclu-
10 sive.

11 4. Page 28, by striking lines 1 through 25, inclu-
12 sive.

13 5. page 29, by striking lines 1 through 7, inclu-
14 sive, and inserting in lieu thereof the following:

15 "Section 1. SHORT TITLE. This Act may be cited as
16 the 'Tax Relief Act for Elderly and Totally Disabled Homeowners'.

17 Sec. 2. PURPOSE. The purpose of this Act is to
18 provide relief, through a system of income tax credits
19 and refunds and appropriations from the general fund,
20 to certain persons who own their homestead.

21 Sec. 3. DEFINITIONS. As used in this Act:

22 1. 'Income' means the sum of federal adjusted gross
23 income as defined in the Internal Revenue Code of the
24 United States (1954), the amount of capital gains
25 excluded from adjusted gross income, alimony, support

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1 money, nontaxable strike benefits, cash public assistance
2 and relief (not including relief granted under this
3 Act), the gross amount of any pension or annuity
4 (including railroad retirement benefits, all payments
5 received under the federal social security act, state
6 unemployment insurance laws, and veteran's disability
7 pensions), nontaxable interest received from the federal
8 government or any of its instrumentalities, workman's
9 compensation, and the gross amount of 'loss of time'
10 insurance. It does not include gifts from nongovern-
11 mental sources, or surplus foods or other relief in
12 kind supplied by a governmental agency.

13 2. 'Household' means a claimant and spouse.

14 3. 'Household income' means all income received
15 by all persons of a household in a calendar year while
16 members of the household.

17 4. 'Homestead' means the dwelling, whether owned
18 or rented, and so much of the land surrounding it, not
19 exceeding one acre, as is reasonably necessary for use
20 of the dwelling as a home, and may consist of a part
21 of a multi-dwelling or multi-purpose building and a

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May 17, 1971

22 part of the land upon which it is build. ('Owned'
23 includes a vendee in possession under a land contract
24 and of one or more joint tenants or tenants in common.)
25 It does not include personal property such as furniture,

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1 furnishings or appliances, but a mobile home may be
2 a homestead.
3 5. 'Calimant' means a person who is sixty-five years
4 of age or older or is totally disabled and has filed
5 a claim under this Act and was domiciled in this state
6 during the entire calendar year preceding the year in
7 which he filed claim for relief under this Act. When
8 two individuals of a household are able to meet the
9 qualifications for a claimant, they may determine between
10 them as to whom the claimant shall be. If they are
11 unable to agree, the matter shall be referred to the
12 director of the department of revenue and his decision
13 shall be final. If a homestead is occupied by two or
14 more individuals, and more than one individual is able
15 to qualify as a claimant, and some or all the qualified
16 individuals are not related, the individuals may
17 determine among them as to whom the claimant shall be.
18 If they are unable to agree, the matter shall be referred
19 to the director of the department of revenue, and his
20 decision shall be final.
21 6. 'Property taxes accrued' means property taxes
22 (exclusive of special assessments, penalties and
23 interest) levied on a claimant's homestead in this state
24 in 1971 or any calendar year thereafter. If a homestead
25 is owned by two or more persons or entities as joint

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1 tenants or tenants in common, and one or more persons
2 or entities are not a member of claimant's household,
3 'property taxes accrued' is that part of property taxes
4 levied on the homestead which reflects the ownership
5 percentage of the claimant and his household. If a
6 claimant and spouse own their homestead part of the
7 preceding calendar year and rent it or a different
8 homestead for part of the same year, 'property taxes
9 accrued' means only taxes levied on the homestead when
10 both owned and occupied by the claimant at the time
11 of the levy, multiplied by the percentage of twelve
12 months that such property was owned and occupied by
13 the household as its homestead during the preceding
14 year. When a household owns and occupies two or more
15 different homesteads in this state in the same cal-
16 endar year, 'property taxes accrued' shall relate only
17 to that property occupied by the household as a homestead.

18 on the levy date. If a homestead is an integral part
19 of a larger unit such as a farm, or a multi-purpose
20 or multi-dwelling building, property taxes accrued shall
21 be that percentage of the total property taxes accrued
22 as the value of the homestead is of the total value.
23 For purposes of this subsection 'unit' refers to the
24 parcel of property covered by a single tax statement
25 of which the homestead is a part.

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1 Sec. 4. CLAIM IN PERSONAL. The right to file claim
2 under this Act shall be personal to the claimant and
3 shall not survive his death, but such right may be
4 exercised on behalf of a claimant by his conservator
5 or attorney-in-fact. If a claimant dies after having
6 filed a timely claim, the amount thereof shall be
7 disbursed to another member of the household as
8 determined by the director of the department of revenue.
9 If the claimant was the only member of his household,
10 the claim may be paid to his executor or administrator,
11 but if neither is appointed and qualified within two
12 years of the filing of the claim, the amount of the
13 claim shall escheat to the state.

14 Sec. 5. CLAIM AS INCOME TAX CREDIT OR REBATE.
15 Subject to the limitations provided in this Act, a
16 claimant may claim in any year as a credit against Iowa
17 income taxes otherwise due on his income, property taxes
18 accrued. If the allowable amount of such claim ex-
19 ceeds the income taxes otherwise due on claimant's
20 income, or if there are no Iowa income taxes due on
21 claimant's income, the amount of the claim not used
22 as an offset against income taxes, after certification
23 by the director of the department of revenue, shall
24 be paid to claimant from the general fund. No interest
25 shall be allowed on any payment made to a claimant

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1 pursuant to this Act.

2 Sec. 6. FILING DATE. A claim shall be filed with
3 the director of revenue no later than April thirtieth
4 of the year property taxes accrued are due and payable.

5 Sec. 7. SATISFACTION OF OUTSTANDING TAX LIABILITIES.
6 The amount of any claim otherwise payable under this
7 Act may be applied by the department of revenue against
8 any debt owing the state of Iowa by the claimant, or
9 his or her spouse who was a member of the claimant's
10 household in the year to which the claim relates.

11 Sec. 8. ONE CLAIM PER HOUSEHOLD. Only one claimant
12 per household per year shall be entitled to relief under
13 this Act.

14 Sec. 9. LIMITS. The amount of any claim pursuant
15 to this Act shall be determined to the nearest dollar
16 amount in accordance with the following schedule:
17 Household Percent (Property Tax
18 Income Range of Tax Accrued)
19 0 -1,000 (75) percent
20 1,001 - 2,000 (60) percent
21 2,001 - 3,000 (45) percent
22 3,001 - 4,000 (30) percent
23 4,001 - 5,000 (15) percent
24 Over 5,000 not eligible
25 Sec. 10. ADMINISTRATION. The director of the

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1 department of revenue shall make available suitable
2 forms with instructions for claimants, including a form-
3 which may be included with or as a part of the individual
4 income tax blank. The claim shall be in such form as
5 the director of the department of revenue may prescribe.
6 Sec. 11. PROOF OF CLAIM. Every claimant under this
7 Act shall supply to the department of revenue, in support
8 of his claim, a certified statement showing that he was
9 sixty-five years of age or totally disabled on or before
10 the date of filing the claim, property taxes accrued,
11 changes of homestead, household membership, household
12 income, size and nature of property claimed as the
13 homestead and a statement that the property taxes accrued
14 and used for purposes of this Act have been or will
15 be paid by him and that there are no delinquent property
16 taxes on the homestead. All persons living in the
17 household who have attained their majority shall join
18 in the signing and verification of said statement or
19 the claim shall be denied.
20 Sec. 12. AUDIT OF CLAIM. If on the audit of any
21 claim filed under this Act the director of the department
22 of revenue determines the amount to have been incorrectly
23 determined, he shall redetermine the claim and notify
24 the claimant of the redetermination and his reasons
25 for it. The redetermination shall be final unless
26

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1 appealed within thirty days of notice to the district
2 court of the county wherein the property was situated
3 on which property taxes accrued or rent constituting
4 property taxes was paid.
5 Sec. 13. DENIAL OF CLAIM. If it is determined that
6 a claim is excessive and was filed with fraudulent
7 intent, the claim shall be disallowed in full, and,
8 if the claim has been paid or a credit has been allowed
9 against income taxes otherwise payable, the credit shall

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May 17, 1971

10 be canceled and the amount paid may be recovered by
11 assessment (as income taxes are assessed), and the
12 assessment shall bear interest from the date of payment
13 or credit of the claim, until refunded or paid, at the
14 rate of one percent per month. The claimant in such
15 case, and any person who assisted in the preparation
16 or filing of such excessive claim or supplied information
17 upon which such excessive claim was prepared, with
18 fraudulent intent, is guilty of a misdemeanor. If it
19 is determined that a claim is excessive and was
20 negligently prepared, ten percent of the corrected claim
21 shall be disallowed, and if the claim has been paid
22 or credited against income taxes otherwise payable,
23 the credit shall be reduced or canceled, and the proper
24 portion of any amount paid shall be similarly recovered
25 by assessment as provided in section four hundred twenty-

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1 two point thirty (422.30) of the Code, and the assess-
2 ment shall bear interest at one percent per month from
3 the date of payment until refunded or paid.

4 Sec. 14. APPEALS. Any person aggrieved by the
5 denial in whole or in part of relief claimed under this
6 Act, may appeal by filing a petition within thirty days
7 after such denial to the district court as provided
8 in section twelve (12) of this Act.

9 Sec. 15. PUBLIC WELFARE RECIPIENTS EXCLUDED. No
10 claim for relief funds this Act shall be allowed to
11 any person who is a recipient of public funds for the
12 payment of the taxes during the period for which the
13 claim is filed.

14 Sec. 16. DISALLOWANCE OF CERTAIN CLAIMS. A claim
15 shall be disallowed, if the department finds that the
16 claimant received title to his homestead primarily for
17 the purpose of receiving benefits under this Act.

18 Sec. 17. EXTENSION OF TIME FOR FILING CLAIMS. In
19 case of sickness, absence, or other disability, or if,
20 in his judgment, good cause exists, the director of
21 the department of revenue may extend for a period not
22 to exceed six months the time for filing a claim."

23 6. Renumber sections and correct internal references
24 as necessary in accordance with this amendment.

25 7. Amend the title, page 31, line 3, by inserting

PAGE 10

1 after the word "disabled" the words "including penal-
2 ties for filing fraudulent claims,".

Filed - W. D. 5/19
May 14, 1971

By RILEY, THORSEN, ERSKINE,
POTGETER and KRODES

EXPLANATION OF AMENDMENT

The amendment recognizes that low-income elderly or totally disabled are in the most desperate of all circumstances, having fixed income, inability to gain employment, and usually subject to higher medical expense, than any other category.

The amendment offers these advantages to the "double homestead credit" approach.

- (1) Benefits are greater. A senior citizen with \$2,000 income and a property tax of \$300 (after ordinary homestead credit) would receive \$180 credit versus the additional \$62.50. Moreover, the income bracket goes to \$5,000 versus \$4,000.
- (2) There is a gradual reduction in benefits as income rises versus a sharp cutoff. For example, as income rises from \$1,000 to \$4,000, benefit on a \$300 property tax drops from \$225 to \$90. Under the Senate Ways and Means proposal, if you have \$3,999 income, you get the full double homestead, but if you have one dollar more, you lose it.
- (3) Benefits are related to the amount of the property tax. A senior citizen receives the same percentage reduction if he is in the same income bracket so if his property taxes happen to be higher, his benefits are also.

The benefits are received by the senior citizen by filing an income tax return and receiving credit on his income taxes or a cash rebate if the benefit exceeds the income tax. To avoid abuses where a financially responsible son or daughter resides in the home, all income in the household is taken into account.

The cost of financing this proposal, according to the Department of Revenue, is 13.7 million dollars. The present "double homestead" costs 3.8 million dollars. The Senate Ways and Means Committee proposal of a "full double homestead" will cost another 3.4 million dollars for a total cost of 7.2 million. By using the 7 million dollars estimated cost of the sales tax credit, the state can adequately finance relief for elderly, low-income homeowners. The amendment opts in favor of substantial help for the low income elderly and totally disabled rather than dribbling the money out in small increments and offering real help to nobody.

Senate 11
May 17, 1971

HOUSE FILE 654

- 1 Amend the Senate Committee on Ways and Means amend-
- 2 ment to House File 654, as amended, passed, and re-
- 3 printed by the House, filed May 13, 1971, commencing
- 4 on page 1258 of the Journal of the Senate, as follows:
- 5 1. Page 1, line 10, by adding after the period the
- 6 following:
- 7 "For the purpose of this Act a school district is
- 8 defined as a school corporation organized under chap-
- 9 ter two hundred seventy-four (274), of the Iowa Code."
- 10 2. Page 1, line 17, by striking the word "June"
- 11 and inserting the word "February".
- 12 3. Page 1, line 18, by inserting after the word
- 13 "property" the words "for the preceding year".
- 14 4. Page 2, line 7, by inserting after the word
- 15 "valuation" the words "for the preceding year".
- 16 5. Page 2, line 8, by striking the words "adjusted
- 17 gross income" and inserting the words "net income as
- 18 defined in section four hundred twenty-two point seven
- 19 (422.7), of the Code, for the most recently completed
- 20 year".
- 21 6. Page 2, line 12, by inserting after the word
- 22 "property" the words "for the preceding year".
- 23 7. Page 2, line 13, by striking the words "adjusted
- 24 gross income" and inserting the words "net income for
- 25 the most recently completed year".

PAGE 2

- 1 8. Page 3, by striking all of line 4, and in line
- 2 5 the words "eighty-five percent".
- 3 9. Page 3, line 6, by striking the words ", which-
- 4 ever is smaller".
- 5 10. Page 3, line 7, by striking the word "July"
- 6 and inserting the word "April".
- 7 11. Page 3, line 8, by striking the word "accurate".
- 8 12. Page 3, line 8, by inserting after the word
- 9 "approximation" the words "based on the previous year's
- 10 fall enrollment".
- 11 13. Page 3, line 25, by striking the words "of a
- 12 school district" and inserting the words "for the pur-
- 13 pose set forth in section two (2) of this Act".
- 14 14. Page 6, line 12, by inserting after the word
- 15 "increased" the words "or decreased".
- 16 15. Page 6, line 17, by inserting after the word
- 17 "state", the words "general fund".
- 18 16. Page 6, line 24, by inserting after the word
- 19 "added" the words "or subtracted".
- 20 17. Page 7, line 10, by inserting after the word
- 21 "budget" the words "per pupil".

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May 17, 1971

- 22 18. Page 7, line 11, by striking the word "three"
23 and inserting the word "five".
24 19. Page 7, line 12, by inserting after the word
25 "budget" the words "per pupil".

PAGE 3

- 1 20. Page 7, by adding after the period in line 12,
2 the following:
3 "However, the general fund budget of a school dis-
4 trict for 1972-1973 shall not increase by more than
5 forty-six dollars per pupil."
6 21. Page 7, line 15, by inserting after the second
7 word "tax" the words "as provided in section six (6)
8 of this Act".
9 22. Page 7, line 24, by striking the word "or" and
10 inserting the words "and if its application is refused,".
11 23. Page 8, line 9, by striking the words "the su-
12 perintendent of public" and all of lines 10 and 11 and
13 the words "representative on the committee" in line
14 12.
15 24. Page 8, by striking in line 13 the words "each
16 year".
17 24. Page 8, by striking lines 14 and 15 and in line
18 16 the words "provided in" and inserting the words "to
19 carry out the provisions of".
20 26. Page 8, lines 21 and 22, by striking the words
21 "or his representative".
22 27. Page 8, by striking in line 23, the words "or
23 his representative".
24 28. Page 9, by striking in line 11 the words "which
25 the committee prescribes" and inserting the words "so

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- 1 prescribed".
2 29. Page 9, line 24, by inserting after the word
3 "instruction" the words "and the state comptroller".
4 30. Page 10, line 22, by striking the words ", and
5 shall grant" and all of lines 23 and 24, and inserting
6 in lieu thereof a period.
7 31. Page 11, by striking in lines 11, 12 and 13
8 the words "or on the last day of a tax year falling
9 within that calendar year" and inserting the words "or
10 for fiscal year taxpayers, on the last day of their
11 tax year falling after the adoption of the income sur-
12 tax".
13 32. Page 11, line 20, by striking everything after
14 the comma and all of line 21 and inserting in lieu
15 thereof "or for fiscal year taxpayers on the last day
16 of their tax year falling after the adoption of the
17 income surtax. For purposes of this Act the words

18 'state individual tax paid' shall mean the tax computed
19 under section four hundred twenty-two point five (422.5),
20 Code of Iowa, less the deductions allowed in section
21 four hundred twenty-two point twelve (422.12), Code
22 of Iowa."
23 33. Page 12, line 10, by adding after the period
24 the following:
25 "The school board shall publish in an official news-

PAGE 5

1 paper the income surtax rate."
2 34. Page 12, by striking lines 18 and 19, and in-
3 serting in lieu thereof "of the current year, or for
4 fiscal year taxpayers, on the last day of their tax
5 year falling after the adoption of the income surtax."
6 35. Page 12, line 20, by inserting after the word
7 "surtax" the words "or as much thereof as may be neces-
8 sary,".
9 36. Page 12, line 22, by inserting after the word
10 "until" the words "the school board finds that the sur-
11 tax or a part thereof is unnecessary, or until the
12 amount of the surtax is".
13 37. Page 13, line 4, by striking the word "increase"
14 and inserting the word "alter".
15 38. Page 13, line 6, by inserting after the word
16 "years," the words "if a school district income surtax
17 is found to be necessary,".
18 39. Page 13, line 23, by striking the word "tax"
19 and inserting the word "surtax".
20 40. Page 14, line 4, by striking the word "tax"
21 and inserting the word "surtax".
22 41. Page 14, line 6, by striking the words "tax
23 return" and inserting the word "surtax".
24 42. Page 14, line 11, by striking the word "TAX"
25 and inserting the word "SURTAX".

PAGE 6

1 43. Page 14, line 13, by striking the word "tax"
2 and inserting the word "surtax".
3 44. Page 14, line 15, by striking the word "tax"
4 and inserting the word "surtax".
5 45. Page 14, line 17, by striking the word "TAX"
6 and inserting the word "SURTAX".
7 46. Page 14, line 20, by striking the word "tax"
8 and inserting the word "surtax".
9 47. Page 14, by striking in lines 22 and 23 the
10 words "a taxpayer's tax year ending within that calendar
11 year" and inserting in lieu thereof the words "for fis-
12 cal year taxpayers, on the last day of their tax year
13 falling after the adoption of the income surtax".
14 48. Page 15, line 2, by striking the word "tax"
15 and inserting the word "surtax".
16 49. Page 15, line 2, by striking the word "tax"
17 and inserting the word "surtax".
18 50. Page 15, line 9, by striking the word "TAX"
19 and inserting the word "SURTAX".

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, as follows:
5 1. Page 30, by inserting after line 13 the following
6 new division:

7 DIVISION 8

8 Sec. 39. Section four hundred thirty-two point one
9 (423.1), unnumbered paragraph one (1), Code 1971, is
10 amended as follows:

11 Every insurance company or association of whatever kind
12 or character, not including fraternal beneficiary associa-
13 tions, ~~and nonprofit hospital and medical service corpora-~~
14 ~~tions~~, shall, at the time of making the annual statement
15 as required by law, pay to the director of the department
16 of revenue, or to a depository designated by the director,
17 as taxes, and amount equal to the following, except that
18 the premium tax applicable to county mutual associations
19 shall be governed by section 518.18:

20 Sec. 40. Taxes imposed on nonprofit hospital and
21 medical service corporations pursuant to section four
22 hundred thirty-two point one (432.1) of the Code shall
23 first be imposed upon a nonprofit hospital and medical
24 service corporation when such corporation increasess
25 premium rates to be paid by its subscribers after the

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1 effective date of this Act.

2 The taxes herein imposed on nonprofit hospital and
3 medical service corporations shall not include the
4 premiums charged people over age sixty-five.

5 2. Renumber sections and correct internal references
6 as necessary in accordance with this amendment.

7 3. Amend the title, page 31, line 3, by inserting
8 after the word "disabled," the words "relating to the
9 collection of premiums taxes on insurance premiums of
10 nonprofit hospital and medical service corporations,".

Filed and Withdrawn
May 24, 1971

By GRIFFIN and POTGETER

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment to
2 House File 654, as amended, passed, and reprinted by the House,
3 filed May 13, 1971, commencing on page 1258 of the Senate
4 page 29, lines 12 and 13, by striking the words and figures
5 hundred forty-six million (246,000,000) and inserting in lieu
6 thereof the words and figures "two hundred thirty-six million
7 (236,000,000)".

Filed and Adopted
May 24, 1971

By SHAFF

HOUSE FILE 654

1 Amend the Senate Ways and Means Committee amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Journal of the Senate, as follows:
5 1. Page 11, insert after line 3 the following new
6 section:
7 "Sec. 10. MANDATORY REORGANIZATION. The school
8 budget review committee shall study and review the present
9 organization of school districts and shall formulate
10 recommendations to reduce the number of districts by
11 requiring the reorganization of some districts. The
12 committee shall study and review any school district which
13 has less than five hundred pupils in enrollment as
14 determined under section four (4) of this division, or
15 any school district which has a general fund budget per
16 pupil which exceeds the state average general fund budget
17 per pupil by more than fifteen percent. The committee
18 shall hold a hearing with the school board of any district
19 before requiring reorganization of the district. If the
20 school budget review committee makes a final determination
21 to require reorganization of any school district, the
22 school board shall, prior to the following October first,
23 submit to the county board of education of the county in
24 which the school district is located a plan for reorganiza-
25 tion with a contiguous school district. The combined

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1 current fall enrollments of the school districts involved
2 in the reorganization plan shall be at least one thousand
3 two hundred pupils.
4 The provisions of section two hundred seventy-five
5 point twelve (275.12), subsections two (2) and three (3),
6 and sections two hundred seventy-five point fourteen
7 (275.14), two hundred seventy-five point fifteen (275.15),
8 and two hundred seventy-five point sixteen (275.16) of the
9 Code shall apply to a reorganization required by this
10 section, except that any reference to 'petition' shall
11 mean 'the plan submitted by the local school board' and
12 except that the county board may alter, but shall not
13 dismiss the plan.
14 A special election for a board of directors shall be
15 held within thirty days following the decision of the
16 county board or state department of public instruction,
17 whichever finally rules upon the plan under section
18 two hundred seventy-five point sixteen (275.16) of the
19 Code, and shall be called by the county superintendent
20 pursuant to section two hundred seventy-five point twenty-
21 five (275.25) of the Code. However, if a court appeal on
22 the plan is filed, it shall stay the election until deci-
23 sion on the appeal.
24 The newly-formed school district shall be established
25 on July first next following the election. A district

Senate 6
May 21, 1971

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1 required to reorganize shall pay all expenses incurred
2 by the county superintendent and the county board of
3 education in connection with the proceedings, including
4 the election of the first board of directors.

5 The provisions of sections two hundred seventy-five
6 point twenty-seven (275.27) through two hundred seventy-
7 five point thirty-one (275.31), inclusive, of the Code
8 shall apply to this section."

9 2. By renumbering the remaining sections and correct-
10 ing internal references as necessary in accordance with
11 this amendment.

Filed and lost
May 20, 1971

By DODERER
GAUDINEER

HOUSE FILE 654

1 Amend the Senate Ways and Means Committee amendment
2 filed May 13, 1971 to House File 654 as follows:

3 1. Page 24 by striking in line 16 the words "one-
4 fourth" and inserting in lieu thereof the words
5 "one-half".

Filed and lost.
May 20, 1971

By TAPSCOTT, DODERER,
GLENN, PALMER

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment to
2 House File 654, as amended, passed, and reprinted by the House,
3 filed May 13, 1971, commencing on page 1258 of the Senate Journal,
4 page 24, by inserting after line 3 the following new paragraph:

5 "If the combined net income of the husband and wife exceeds
6 five thousand dollars, neither the husband or wife shall receive
7 any benefits under the provisions of this section. In computing
8 net income, the net income of the husband and wife shall be added
9 together to determine the appropriate sales tax credit."

Filed - *Adopted 5/21*
May 20, 1971

By SHAFF

Senate 7
May 21, 1971

HOUSE FILE 654

Division 1

1 Amend the Senate Committee on Ways and Means
2 Amendment to House File 654, as amended, passed, and
3 reprinted by the House, filed May 13, 1971, commencing
4 on page 1258 of the Journal of the Senate, as follows:
5 1. Page 3, by adding after line 22 the following
6 new section:
7 Sec. 3. NONPUBLIC SCHOOL FUND.
8 1. There is hereby established a nonpublic school
9 fund to be administered by the state board of public
10 instruction. The board shall deposit in the fund
11 any money received as provided in this section, and
12 any gifts, bequests, and state or federal
13 appropriations designated for nonpublic school aid.
14 2. For the fiscal year beginning July 1, 1971,
15 the state comptroller shall pay into the nonpublic
16 school fund a sum equal to forty-five dollars for
17 each nonpublic school student in this state enrolled
18 on September 15, 1971, in nonpublic schools. For
19 the fiscal year beginning July 1, 1972, the state
20 comptroller shall pay into the nonpublic school fund
21 a sum equal to eighty-one dollars for each nonpublic
22 school student in this state, using the enrollment
23 as of September 15, 1971, in nonpublic schools.
24 3. The nonpublic school fund shall be used only
25 for the purposes set forth in this section, and the

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1 state comptroller shall distribute the moneys provided
2 in this section only to the public school districts
3 of this state who have and are providing educational
4 services and materials as set forth in this section.
5 Payment shall be made only after presentation of
6 itemized costs of the educational services and
7 materials and shall not be less than nor exceed forty-
8 five dollars per student for the fiscal year beginning
9 July 1, 1971, and shall not be less than nor exceed
10 eighty-one dollars per student for the year beginning
11 July 1, 1972.
12 4. The nonpublic school fund shall be used to
13 reimburse local school districts for their expenses
14 in providing instructors and educational services
15 and materials to nonpublic school students, except
16 that no local school district shall be eligible for
17 assistance from the nonpublic school fund unless the
18 instructors, services, and materials are provided
19 under the following conditions:
20 a. That the instruction shall be provided at the
21 site of the nonpublic school when requested by the

22 nonpublic school administrator and when it is
23 practicable to provide instruction at the site.
24 b. That the teachers assigned for instruction
25 in nonpublic schools be approved in writing by the

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1 nonpublic school administrators involved.
2 c. That the instruction, services, and materials
3 provided shall be consistent and harmonious with the
4 educational program of the nonpublic schools in non-
5 religious subjects.
6 d. That the courses of instruction be substantially
7 the same as any course presented in the curricular
8 of the public schools of this state and shall not
9 include any course of instruction in religion, or
10 in denominational tenet, doctrine, or worship or where
11 the primary purpose of the course is to inculcate
12 such tenets, doctrines, or worship.
13 5. School districts shall also use the nonpublic
14 school fund for special educational services and for
15 library service and materials, for guidance counselors,
16 and for other pupil personnel services as mentioned
17 in section two hundred fifty-seven point twenty-five
18 (257.25) of the Code, and for adequate instructional
19 materials including audiovisual.
20 6. The school providing the educational materials
21 and services may bill the state comptroller for
22 students who reside within the district or for students
23 who attend a nonpublic school in the district but
24 reside in any other Iowa school district.
25 7. Instruction and educational services and

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1 materials provided under this division shall be under
2 the supervision in each county of the county
3 superintendent of schools having jurisdiction of the
4 county. Each county superintendent of schools in
5 this state shall:
6 a. Make reports as required by the state
7 comptroller and the state board of public instruction
8 regarding each school district within the county
9 qualifying for assistance from the nonpublic school
10 fund.
11 b. Supervise and coordinate the instruction and
12 educational services and the furnishing of materials
13 provided by school districts within the county to
14 nonpublic school pupils whenever a school district
15 makes application for assistance from the nonpublic
16 school fund, or whenever a nonpublic school makes
17 a request to have its pupils receive such educational

18 services and materials.

19 c. Arbitrate and settle any disputes between the
20 administrators of local school districts and nonpublic
21 schools under the provisions of subsections four (4)
22 and five (5) of this section. If a county superin-
23 tendent of schools finds that a school district within
24 the county is arbitrarily and without good cause with-
25 holding such instruction and educational services

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1 and materials to a nonpublic school, the county superintendent
2 shall report the facts to the state board of public instruction.

3 8. A nonpublic school student, his parents, or the non-
4 public school may appeal directly to the state board of public
5 instruction if there is a claim that a school district is
6 arbitrarily and without good cause withholding instruction
7 and educational services and materials.

8 9. If the state board of public instruction finds after
9 notice to the district and after hearing that any school dis-
10 trict is arbitrarily and without good cause withholding in-
11 struction and educational services and materials from nonpublic
12 school children as provided in this section, the state board of
13 instruction shall take action to assure the furnishing of educa-
14 tional services and materials to nonpublic school students.

15 10. In order to be eligible for services and materials
16 those nonpublic schools involved must be nonprofit elementary
17 or secondary schools within the state other than public schools,
18 which are approved by the state board of public instruction
19 pursuant to chapter two hundred fifty-seven (257) of the Code
20 and which carry out a policy of open enrollment.

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1 Laboratory schools as authorized by chapter two hundred
2 sixty-five (265) of the Code shall not be deemed
3 approved nonpublic schools. Open enrollment means
4 the offer by a nonpublic school of equal opportunity
5 of admission to all persons meeting its reasonable
6 academic and financial requirements regardless of
7 race or ethnic origin, and also means an enrollment
8 policy which is in compliance with title six (VI)
9 of the Civil Rights Act of 1964.

Division 2

10 2. Page 30, by adding after line 13 the following
11 new division:

12

DIVISION 8

13 Sec. 39. Section four hundred fifty point six
14 (450.6), Code 1971, is amended by striking the section
15 and inserting in lieu thereof the following:

16 450.6 ACCRUAL OF TAX-MATURITY--EXTENSION OF TIME.
17 The tax hereby imposed shall be for the use of the

18 state, shall accrue at the death of the decedent
19 owner, and shall be paid to the department of revenue
20 within nine months after the death of the decedent
21 owner except when otherwise provided in this chapter.
22 The director of revenue may grant an extension of
23 time, not to exceed nine months, for filing any return
24 required by this chapter, but in case of any such
25 extension the tax shall bear six percent interest

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1 from the expiration of nine months from decedent's
2 death.
3 Sec. 40. Section four hundred fifty point ten
4 (450.10), subsection one (1), Code 1971, is amended
5 as follows:
6 1. When such property, interest, or income passes
7 to the wife or the husband of the deceased, grantor,
8 donor, or vendor, or to the father or mother, or to
9 any child or lineal descendant of such decedent,
10 grantor, donor or vendor, including a legally adopted
11 child or illegitimate child entitled to inherit under
12 the laws of this state, the tax imposed shall be on
13 the individual share ~~so-passing-in-excess-of-the~~
14 ~~exemptions-herein-allowed-and-shall-be~~ as follows:
15 One Two percent of the first ~~five-thousand-dollars~~
16 ~~twelve thousand five hundred dollars.~~
17 ~~Two-percent-of-any-amount-in-excess-of-five-thousand~~
18 ~~dollars-and-up-twelve-thousand-five-hundred-dollars.~~
19 Three percent on any amount in excess of twelve
20 thousand five hundred dollars and up to twenty-five
21 thousand dollars.
22 Four percent on any amount in excess of twenty-
23 five thousand dollars and up to fifty thousand dollars.
24 Five percent on any amount in excess of fifty
25 thousand dollars and up to seventy-five thousand

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1 dollars.
2 Six percent on any amount in excess of seventy-
3 five thousand dollars and up to one hundred thousand
4 dollars.
5 Seven percent on any amount in excess of one hundred
6 thousand dollars and up to one hundred fifty thousand
7 dollars.
8 ~~Eight~~ Ten percent on all sums in excess of one
9 hundred fifty thousand dollars.
10 After computing the total tax on the individual
11 share of the estate passing to the surviving spouse,
12 heirs or beneficiaries of the deceased, the following
13 tax credits shall be allowed:

- 14 a. Surviving spouse, one thousand two hundred
15 twenty-five dollars.
16 b. Each minor son and daughter including legally
17 adopted sons and daughters, or minor illegitimate
18 sons and daughters entitled to inherit under the law
19 of this state, four hundred seventy-five dollars.
20 c. Each adult son and daughter including legally
21 adopted sons and daughters, or adult illegitimate
22 sons and daughters entitled to inherit under the law
23 of this state, two hundred dollars.
24 d. Any other lineal descendant of the deceased,
25 one hundred dollars.

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1 Sec. 41. Section four hundred fifty point sixty-
2 three (450.63), Code 1971, is amended as follows:
3 450.63 MATURITY OF TAX-INTEREST. All taxes imposed
4 by this chapter shall be payable to the department
5 of revenue and, except when otherwise provided in
6 this chapter, shall be ~~paid~~ within ~~eighteen~~ nine
7 months from the death of the testator or intestate.
8 All taxes not paid within the time prescribed in this
9 chapter shall draw interest at the rate of ~~eight~~ six
10 percent per annum thereafter until paid. If any tax
11 imposed by this chapter is not paid within the time
12 prescribed in this chapter, there shall be added to
13 the amount due a penalty for late payment equal to
14 two percent per month or each fraction thereof during
15 which such failure continues with a maximum penalty
16 of twenty-five percent of the tax due. Such penalty
17 shall be in addition to the interest provided by this
18 section.

19 Sec. 42. Chapter four hundred fifty (450), Code
20 1971, is amended by adding the following new section:
21 "There is hereby imposed an administrative fee
22 of twenty-five dollars on the estate of every decedent
23 subject to the provisions of this chapter, except
24 that the administrative fee shall not be collected
25 from an estate exempt under the provisions of section

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1 four hundred fifty point four (450.4), subsection
2 one (1), of the Code.
3 The administrative fee shall be collected by the
4 department of revenue before the department issues
5 any final receipt for payment of the taxes imposed
6 by this chapter, or before issuing any clearance of
7 inheritance tax when no tax is due."
8 Sec. 43. Section four hundred fifty point nine
9 (450.9), Code 1971, is repealed.

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May 21, 1971

10 3. Add at the end of the amendment the follow-
11 ing new section:
12 "If any provision of this Act or the application
13 thereof to any person shall be invalid, such invalidity
14 shall not affect the provisions or application of
15 this Act which can be given effect without the invalid
16 provisions or application, and to this end the
17 provisions of this Act are severable."

Division 3

18 4. Page 31, line 3, insert after the comma the
19 words "providing moneys for nonpublic schools,".

Filed *Div 1 - lost 5/21*
May 20, 1971

By WALSH

Div. 2 & 3 w.D. 5/24

1 Amend the Ways and Means Committee amendment to
2 House File 654, page 27, lines 22 and 23, by striking the
3 words and figures, "section twenty-eight (28), " and by
4 inserting in lieu thereof the words and figures "section
5 twenty-eight (28) shall be effective for all taxable income
6 earned from and after January 1, 1972 and sections".

Filed and adopted
May 21, 1971

By GAUDINEER

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258 of
4 the Journal of the Senate, as follows:
5 1. Page 2, line 6 and 7, strike the words "assessed
6 valuation" and insert in lieu thereof the words "actual
7 value".
8 2. Page 2, line 11, strike the words "assessed
9 valuation" and insert in lieu thereof the words "actual
10 value".

Filed and Lost
May 24, 1971

By DODERER

HOUSE FILE 654

1 Amend the Ways and Means Committee amendment filed May 13, 1971,
2 page 31, line 3, by inserting after the word "disabled" the
3 words "including penalties for filing fraudulent claims,".

Filed and Adopted
May 24, 1971

By RILEY

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258 of
4 the Journal of the Senate, as follows:

5 1. Page 1, strike lines 6 through 25, inclusive, and
6 strike pages 2 through 14, inclusive, and strike lines 1
7 through 21, inclusive, on page 15, and insert in lieu
8 thereof the following:

9 "Section 1. Section four hundred forty-two point two
10 (442.2), Code 1971, is amended by striking subsections one
11 (1), two (2), and three (3), and renumbering the remaining
12 subsections.

13 Sec. 2. Section four hundred forty-two point seven
14 (442.7), Code 1971, is amended as follows:
15 442.7 INCOME TAX ALLOTTED TO COUNTY TREASURER. The
16 state comptroller shall pay the state income tax collected
17 as provided in section 442.5, to each ~~county-treasurer~~
18 ~~school district~~ in equal semiannual installments on or
19 about April 1 and October 1 of each year. There is hereby
20 appropriated from the general fund of the state the amounts
21 necessary to make such payments. ~~The-county-treasurer~~
22 ~~shall-deposit-said-payments-in-the-basic-school-tax~~
23 ~~equalization-fund.~~

24 Sec. 3. Section four hundred forty-two point thirteen
25 (442.13), Code 1971, is amended as follows:

PAGE 2

1 442.13 COMPUTATION. State aid payable to each public
2 school district shall be computed by the state comptroller
3 on the basis of a financial support factor. The financial
4 support factor for the state is the relationship between
5 total pupils in the state, determined by adding the aver-
6 age daily membership and school census for all districts
7 and dividing the sum by two, and total wealth in the state,
8 determined by adding the adjusted gross income and the ad-
9 justed real value of all taxable property. ~~The-adjusted~~
10 ~~real-value-of-taxable-property-is-the-actual-real-value~~
11 ~~modified-so-that-it-is-on-a-seventy-to-thirty-ratio-to-the~~
12 ~~adjusted-gross-income.~~

13 The financial support factor for each district is de-
14 termined in the same manner, based upon the relationship
15 between total pupils and total wealth in the district,
16 ~~except-that-the-adjusted-real-value-of-taxable-property~~
17 ~~in-the-district-is-determined-by-modifying-the-actual-real~~
18 ~~value-by--the-same-percentage-that-the-actual-real-value-of~~
19 ~~taxable-property-in-the-state-was-modified.~~

20 Twenty-five Thirty percent of the ratio of the local to
21 the state support factor subtracted from one shall deter-

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May 21, 1971

22 mine the percent of state aid applicable to each district's
23 allowable general fund expenditure less the district's
24 share of the ~~county-basic-school-tax-equalization-fund~~
25 income tax returned as determined in section 442.7.

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1 However, no school district shall receive in any year
2 from state equalization aid more than eighty percent of the
3 state average per pupil cost, ~~except those districts with~~
4 a per pupil cost which is less than one hundred ten percent
5 of the state average per pupil cost. *Corrected 5/21*
6 Sec. 4. Sections four hundred forty-two point three
7 (442.3), four hundred forty-two point four (442.4), four
8 hundred forty-two point six (442.6), four hundred forty-
9 two point eight (442.8), and four hundred forty-two point
10 ten (442.10), are repealed."
11 2. Page 19, strike lines 11 and 12.
12 3. Renumber sections and correct internal references
13 in accordance with this amendment.

Filed, considered, deferred
May 20, 1971 *Last 5/24*

By DODERER
GAUDINEER

SENATE CLIP SHEET
Thursday, May 20, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, as follows:

5 1. Page 30, by inserting after line 13 the following
6 new division:

7 DIVISION 8

8 Sec. 39. Section four hundred twenty-two point forty-
9 five (422.45), Code 1971, is amended by adding the follow-
10 ing new subsection:

11 "The gross receipts from sales of tangible personal
12 property or services to an urban transit company as
13 defined in section three hundred eighty-six C point 1
14 (386C.1), of the Code."

15 Sec. 40. Section four hundred twenty-three point four
16 (423.4), Code 1971, is amended by adding the following new
17 subsection:

18 "Tangible personal property used by an urban transit
19 company as defined in section three hundred eighty-six C
20 point one (386C.1) of the Code."

21 2. Amend the title, page 30, line 22, by inserting
22 after the word "taxes," the words "exempting sales of
23 tangible personal property to urban transit companies
24 from the sales and use tax,".

Filed - *Adopted 5/24*
May 19, 1971

By WALSH

HOUSE FILE 654

1 Amend the Committee on Ways and Means amendment to House
2 File 654, filed May 13, 1971, as follows:

3 1. Page 30, after line 13 add the following new section:
4 "Sec. Notwithstanding any provisions of the Code, interstate
5 bridges owned by a city or town may be subject to assessment and
6 taxation in the direction of the governing body of the city or
7 town owning such bridge."

8 2. Page 30, line 24, by inserting after the comma the words
9 "relating to the taxation of interstate bridges owned by a city
10 or town,".

Filed - *Adopted 5/24*
May 19, 1971

By DAVIS

Senate 2
May 20, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means mmendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, as follows:
5 1. Page 24, by striking lines 10 through 25, inclu-
6 sive, and inserting in lieu thereof the following:
7 A 'municipal assistance fund' is created in the office
8 of the treasurer of state. Annually, prior to December
9 thirty-first, 1972, and each year thereafter, the
10 treasurer of state shall transfer an amount equal to one-
11 fourth of the net receipts of one cent of the sales tax
12 collected under division four (IV) of this chapter during
13 the last preceding fiscal year into the municipal assist-
14 ance fund. One-half of the moneys deposited in the muni-
15 cipal assistance fund shall be distributed to cities and
16 towns and one-half of the moneys shall be distributed to
17 counties. On or before December thirty-first, the state
18 comptroller shall distribute the moneys in the municipal
19 assistance fund to each city, town, and county as follows:
20 a. Divide the total population of all cities and towns
21 in the state into the total amount of funds available for
22 cities and towns under this subsection in order to
23 determine a per capita distribution rate of the funds
24 available.
25 b. Divide the total population of all counties outside

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1 the incorporated limits of the cities and towns in each
2 county in this state into the total amount of funds
3 available for counties in order to determine a per capita
4 distribution rate of the funds available.
5 c. Distribute to each city and town in this state an
6 amount equal to the perccapita rate multiplied by the
7 number of residents of the city or town.
8 d. Distribute to each county in this state an amount
9 equal to the per capita rate multiplied by the number of
10 residents of the county residing outside the incorporated
11 limits of the cities and towns in the county. The county
12 treasurer shall deposit all moneys received from the muni-
13 cipal assistance fund in the secondary road fund of the
14 county.
15 2. Page 25, by striking lines 1 and 2.
16 3. Renumber sections and correct internal references
17 as necessary in accordance with this amendment.

Filed - *Last 5/20*
May 19, 1971

By ANDERSON

Division 1

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted
3 by the House, filed May 13, 1971, commencing on page
4 1258 of the Journal of the Senate, as follows:

5 1. Page 1, strike lines 6 through 25, inclusive,
6 strike all of pages 2 through 14, inclusive, and strike
7 lines 1 through 21 of page 15, and insert in lieu thereof
8 the following:

9 Section 1. STATE SCHOOL FOUNDATION PROGRAM. This
10 division establishes a state school foundation program.
11 Each school district in the state is entitled to receive
12 state school foundation aid, which shall be an amount
13 per pupil in fall enrollment equal to the difference
14 between the per pupil amount of foundation property
15 tax plus miscellaneous income in the district, and the
16 state foundation base.

17 Sec. 2. STATE FOUNDATION BASE. The state foundation
18 base for school years beginning after July 1, 1972,
19 shall be as follows:

20 1. For the school year beginning July 1, 1972,
21 seventy percent of the state cost per pupil.

22 2. For the school year beginning July 1, 1973,
23 seventy-five percent of the state cost per pupil.

24 3. For the school year beginning July 1, 1974, and
25 all subsequent school years, eighty percent of the

PAGE 2

1 state cost per pupil.

2 Sec. 3. STATE COST PER PUPIL. The state cost per
3 pupil for the school year beginning July 1, 1971, shall
4 be nine hundred twenty dollars. The state cost per
5 pupil for the school year beginning on July 1, 1972,
6 and for each succeeding school year shall be the previous
7 year's state cost per pupil plus the dollar equivalent
8 of the state percent of allowable growth, but this
9 dollar equivalent is limited to a maximum amount of
10 forty-six dollars for the school year beginning on July
11 1, 1972, forty-eight dollars for the school year
12 beginning on July 1, 1973, and fifty-one dollars for
13 the school year beginning on July 1, 1974.

14 The state percent of allowable growth is the percent
15 of increase in state revenues, including the sales and
16 use taxes and the individual and corporate income taxes,
17 and the percent of increase in assessed valuation of
18 taxable property in the state, for each year of the
19 last three years. The sum of the individual percen-
20 tages thus obtained shall be divided by six to arrive
21 at the percent of allowable growth for the state. In

22 making such computations the comptroller shall adjust
23 for changes in rates or basis of the income tax or
24 sales and use tax and for statewide changes in assess-
25 ment practices. He shall thereupon certify the percent

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1 of allowable growth per pupil to the school districts
2 of the state on or before February fifteenth of each
3 year. For the purpose of this computation, "year" means
4 calendar year.

5 If the percent of allowable growth of the state is
6 less than zero, the state cost per student shall be
7 the same as the previous year's state cost per student.

8 Sec. 4. FOUNDATION PROPERTY TAX. The maximum state
9 foundation property tax levy, which shall be levied
10 by every school district in the state except as otherwise
11 provided in this division, shall be:

12 1. For the school year beginning July 1, 1972, and
13 for the school year beginning July 1, 1973, twenty-seven
14 and one-half mills per dollar of assessed valuation
15 on all taxable property in the district as of January
16 1, 1972, and as of January 1, 1973, respectively.

17 2. For the school year beginning July 1, 1974, and
18 all subsequent school years, thirty mills per dollar
19 of assessed valuation on all taxable property in the
20 district as of January 1, 1974, and on each subsequent
21 January thereafter.

22 If a school district can meet its general fund budget
23 or the state foundation base by a levy on the assessed
24 valuation on all taxable property in the district less
25 than specified in this section, it shall levy only the

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1 lesser amount needed.

2 No later than December first of each year the state
3 comptroller shall notify the county auditor of each
4 county the amount, both in dollars and mills, of the
5 foundation property tax levy. The county auditor or
6 auditors shall spread the foundation property tax over
7 all the taxable property in the school district.

8 Sec. 5. FALL ENROLLMENT. Fall enrollment shall
9 be determined by adding the resident pupils who are
10 enrolled on the second Friday of September of each year
11 in public elementary and secondary schools of the
12 district, and in special education schools for which
13 tuition is paid by the district whether the special
14 education school is conducted by a county board of
15 education or another school district. Shared-time
16 pupils shall be counted on the basis of number of hours
17 of instruction in a public school proportionate to a

18 full-time pupil enrolled in the district. Each school
19 district shall certify to the state department of public
20 instruction by September twenty-fifth of each year the
21 fall enrollment in the school district, and the fall
22 enrollment information shall be promptly forwarded to
23 the state comptroller.

24 Sec. 6. ADDITIONAL SCHOOL DISTRICT PROPERTY TAX
25 LEVY. The state comptroller shall determine the addi-

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1 tional school district property tax levy, which is in
2 addition to the foundation property tax levy, as follows:

3 1. The district cost per student for the current
4 school year ending June thirtieth each year, plus the
5 state percent of allowable growth in dollars limited
6 to the maximum amounts defined in section three (3)
7 of this division, determines the district cost per pupil
8 for the school year beginning July first each year.

9 2. The district cost per student multiplied by the
10 estimated fall enrollment for the school year beginning
11 July first each year, determines the maximum general
12 fund budget for the district, unless the school budget
13 review committee authorizes an increase as provided
14 in section thirteen (13) of this division.

15 3. The state foundation base multiplied by the
16 number of pupils in fall enrollment, and the product
17 subtracted from the general fund budget of the district
18 for the school year beginning July first each year,
19 determines the amount to be raised by the additional
20 school district property tax levy.

21 No later than December first of each year, the state
22 comptroller shall notify the county auditor of each
23 county the amount, both in dollars and mills, of the
24 additional property tax levy. Each county auditor shall
25 spread the additional property tax levy over all taxable

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1 property in the school district.

2 Sec. 7. MAXIMUM MILLAGE LEVY. For the purpose of
3 determining the maximum millage levy in a school dis-
4 trict, the state comptroller shall determine the sum
5 of the foundation property tax levy and the additional
6 property tax levy, in mills. When this total millage
7 rate exceeds the district general fund levy in mills
8 for the school year which began July 1, 1970, he shall
9 adjust the district general fund millage levy to a rate
10 equal to the millage levy for the school year beginning
11 July 1, 1970, unless the additional millage is approved
12 by the school budget review committee or by the voters
13 as provided in section eleven (11) of this division.

14 Sec. 8. GUARANTEED STATE AID. For the school year
15 beginning July 1, 1972, and for that year only, the
16 state will provide specific funds, called guaranteed
17 state aid, to any school district to insure that its
18 total general fund millage excluding the millage that
19 could be raised under section eleven (11) of this division
20 will not exceed that of the school year beginning July
21 1, 1970.

22 There is hereby appropriated from the general fund
23 of the state to the department of public instruction
24 funds sufficient to pay the guaranteed state aid. The
25 state comptroller shall pay this aid no later than May

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1 15, 1973.

2 Sec. 9. MISCELLANEOUS INCOME. Miscellaneous income
3 is all revenues of a school district general fund budget.
4 exclusive of the state foundation property tax, the
5 state foundation aid, guaranteed state aid, and the
6 additional school district property tax levy.

7 Sec. 10. SCHOOL BUDGET REVIEW COMMITTEE. There
8 is hereby established a school budget review committee,
9 which consists of the superintendent of public
10 instruction, the state comptroller, and three members
11 appointed by the governor to represent the public and
12 to serve three-year staggered terms. Those serving
13 on the effective date of this division as public members
14 of the school budget review committee established under
15 prior law shall continue to serve out their unexpired
16 terms. The committee shall meet and hold hearings each
17 year in May in Des Moines for purposes of authorizing
18 a school district to propose a budget exceeding the
19 limitations of sections six (6) and seven (7) of this
20 division, and shall continue in session until it has
21 reviewed budgets of school districts, as provided in
22 section eleven (11) of this division. It may call in
23 school board members and employees as necessary for
24 the hearings. Legislators shall be notified of hearings
25 concerning school districts in their constituencies.

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1 The committee shall adopt its own rules of procedure.
2 The superintendent of public instruction shall serve
3 as chairman, and the state comptroller shall serve as
4 secretary. The committee members representing the
5 public shall be entitled to receive a per diem equal
6 to the per diem of members of the board of public
7 instruction and their necessary travel and other expenses
8 while engaged in their official duties. Expense payments
9 shall be made from appropriations to the department

10 of public instruction.

11 Sec. 11. DUTIES OF THE COMMITTEE.

12 1. The school budget review committee may recommend
13 the revision of any rules, regulations, directives,
14 or forms relating to school district budgeting and
15 accounting, confer with local school boards or their
16 representatives and make recommendations relating to
17 any budgeting or accounting matters, and may direct
18 the superintendent of public instruction or the state
19 comptroller to make studies and investigations of school
20 costs in any school district whose budget has been
21 submitted to the committee. The committee shall report
22 to each session of the general assembly, which report
23 shall include any recommended changes in laws relating
24 to school districts, and shall set out the number of
25 hearings held pursuant to this division, the reasons for

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1 any authorized increases in school costs, and other
2 information as the committee deems advisable.

3 2. The committee may review the budget of any school
4 district as follows:

5 a. If the budget or proposed budget shows district
6 costs per pupil in fall enrollment of more than the
7 state cost per pupil.

8 b. If the total general fund budget or proposed
9 budget has increased over the previous year by a percent
10 greater than the percentage growth factor computed by
11 the state comptroller as provided in section three (3)
12 of this division.

13 c. If in the judgment of the committee, the proposed
14 budget shows total general fund expenditures to be
15 unreasonably high in relation to the comparative cost
16 factors of the school district, even if the expenditures
17 do not exceed the state cost per pupil for the year.

18 3. The committee may authorize for the local school
19 board a school budget in excess of limitations provided
20 for in sections six (6) and seven (7) of this division as
21 follows:

22 a. The additional school district property tax levy
23 may be increased up to three mills for general fund
24 purposes over the limitation provided in section seven
25 (7) of this division.

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1 b. Additional supplemental state aid may be paid
2 to any district from any discretionary funds appropri-
3 ated specifically to the committee for this purpose.

4 If the committee does not authorize for a local
5 school board the school district's budget, it shall

6 state its recommendations in terms of a specific reduc-
7 tion in the general fund expenditures included in the
8 budget, and in terms of the projected reduction in the
9 tax rate of the school district, as determined under
10 section seven (7) of this division, and shall notify the
11 local school board of its recommendations through the
12 state comptroller.

13 If the school budget review committee makes a recom-
14 mendation, the school board shall follow the recommen-
15 dation or shall submit to the voters of the school dis-
16 trict, at the regular school election or at a special
17 election called for that purpose, the question of whether
18 the board shall adopt the recommendations of the school
19 budget review committee, or shall approve the budget
20 as proposed. The question submitted to the voters shall
21 state clearly the projected difference in the tax rate
22 of the school district which will result if the board
23 adopts the recommendations of the school budget review
24 committee, or if the proposed budget is adopted.

25 If a majority of those voting favors adoption of

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1 the recommendation of the school budget review committee,
2 the board of directors of the school district shall
3 revise its budget and records as recommended.

4 If a majority of those voting favors adoption of
5 the proposed budget, the district may exceed the
6 limitations provided in sections six (6) and seven (7)
7 of this division.

8 The school board shall certify the result of an
9 election required under this section to the school
10 budget review committee, to the county auditor, and
11 to the state comptroller, within ten days following
12 the election.

13 The committee, when authorizing school budgets in
14 excess of limitations provided in this division, shall
15 consider each district's circumstances and facts which
16 are unique and unusual, including but not limited to
17 any unusual increases or decreases in enrollments,
18 natural disasters, unusual transportation problems,
19 and initial staffing problems.

20 Failure by any school district to provide information
21 or appear before the committee as requested for the
22 accomplishment of review or hearing shall constitute
23 justification for the committee to instruct the state
24 comptroller to withhold any state aid to that district
25 until the committee's inquiries are satisfied completely.

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1 Sec. 12. COUNTY BOARD REVIEW. The school budget

2 review committee may call in any county board of edu-
3 cation for the purpose of reviewing its budget as it
4 relates to the individual districts within the county.

5 Sec. 13. APPROPRIATIONS. There is hereby appro-
6 priated each year from the general fund of the state
7 an amount necessary to pay the state school foundation
8 aid.

9 All state aids paid under sections one (1) through
10 twenty (20), inclusive, of this division, unless otherwise
11 stated shall be in installments due on or about Septem-
12 ber fifteenth, December fifteenth, March fifteenth,
13 and May fifteenth of each year, and the installments
14 shall be as nearly equal as possible as determined by
15 the state comptroller, taking into consideration the
16 relative budget and cash position of the state resources.

17 All moneys received by a school district from the
18 state under the provisions of this division, including the
19 guaranteed state aid, shall be deposited in the general
20 fund of the school district.

21 Sec. 14. GENERAL FUND BUDGET. Subject to limitations
22 imposed by the school budget review committee or by
23 state law, the general fund budget of a school district
24 shall be determined as follows:

25 1. Determine estimated general fund expenditures

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1 exclusive of gifts, and federal grants and aids, except
2 federal aids paid in anticipation of or reimbursement
3 for expenses caused by a federal activity in or near
4 a school district which would otherwise need to be paid
5 from local sources, by adding together the estimated
6 amounts to be expended for the school year, for adminis-
7 tration, instruction, attendance services, health
8 services, pupil transportation services, fixed charges,
9 operation and maintenance, community services, capital
10 outlay, debt service, and tuition paid other districts.
11 The cost of food services and student body activities
12 shall not be included in general fund costs.

13 2. From the total of the sums determined under sub-
14 section one (1) of this section deduct the following:

15 a. Estimated receipts from state appropriations
16 for handicapped children aid, vocational aid, driver
17 education aid, and junior college aid.

18 b. Estimated general fund receipts from the
19 following:

20 Tuition paid by individuals or by the state; transpor-
21 tation; services; rents; income on investment securities;

22 other general fund revenue receipts; general fund non-
23 revenue receipts; and transfers to the general fund
24 other than those resulting from clearing accounts,
25 reorganization, and the return of principal of invested

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1 securities.

2 c. An estimate of the total amount determined on
3 the per pupil cost basis for children transported who
4 live within statutory walking distance from school.

5 Sec. 15. TENTATIVE BUDGET. Not later than December
6 first for each ensuing fiscal year, the board of direc-
7 tors of each school district shall set a tentative bud-
8 get in dollars of the amount the district may spend
9 on each program in the system as defined by the school
10 budget review committee and in the forms prescribed
11 by the committee. This prospectus of program and
12 allotted dollars as approved by the board shall guide
13 the superintendent when preparing the proposed budget
14 for that year. These limitations submitted by the board
15 of directors to the superintendent of schools for the
16 district shall be promptly forwarded to the committee.

17 Sec. 16. ESTIMATES OF MISCELLANEOUS AIDS. No later
18 than September first of each year, the department of
19 public instruction shall certify to the state comp-
20 troller the amounts of any state aids other than the
21 amounts provided in this division that will be received by
22 each school district in the state. In the event any
23 estimate of state aids in any school budget certified
24 to the auditor as provided by section twenty-four point
25 seventeen (24.17) of the Code is more or less than the

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1 amount of state aids certified to the state comptroller
2 by the department of public instruction as provided
3 by this section, the state comptroller shall certify
4 to the county auditors the final millage for each school
5 district.

6 Sec. 17. COMMITTEE CRITERIA TO EXCEED BUDGET LIMITA-
7 TIONS. The school budget review committee shall report
8 annually to a joint meeting of the house and senate
9 schools committees the criteria which will be used in
10 determining the allowances provided in section eleven
11 (11), subsection three (3), paragraphs a and b of this
12 division.

Senate 12
May 20, 1971

Division 2

13 2. Page 30, strike lines 18 through 21, inclusive,
14 and insert in lieu thereof the words "taxes, providing".
15 3. Renumber remaining sections and correct internal
16 references in accordance with this amendment.

Filed
May 19, 1971
Div 2 W.D. 5/24

By CONKLIN, DAVIS, CARLSON
VAN DRIE, RILEY, DODERER
ARBUCKLE

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment to
2 House File 654, as amended, passed, and reprinted by the House,
3 filed May 13, 1971, commencing on page 1258 of the Senate Journal,
4 page 24, by inserting after line 3 the following new paragraph:
5 "If the combined income of the husband or wife exceeds five
6 thousand dollars, neither the husband or wife shall receive any
7 benefits under the provisions of this section. In computing
8 income, the income of the husband and wife shall be added together
9 to determine the appropriate sales tax credit."

Filed, considered and Deferred. By SHAFF
May 19, 1971 *W.D. 5/21*

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment filed
2 May 13, 1971 to House File 654, page 22 by striking lines 20
3 through 25 and page 23, by striking lines 1 through 6 and
4 inserting in lieu thereof "The amount of sales tax credits shall
5 be three-quarters of one percent on incomes up to and including
6 \$5,000.00."

Filed and Lost By COLEMAN
May 19, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment to
2 House File 654, as amended, passed, and reprinted by the House,
3 filed May 13, 1971, commencing on page 1258 of the journal of
4 the senate, as follows:
5 1. Page 8, line 16, by inserting after the period the
6 words "In addition, the school budget review committee may meet
7 at any other time during the year at the call of the chairman."

Filed - *W.D. 5/20*
May 19, 1961

By POTGETER

HOUSE FILE 654

DIVISION 1

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted
3 by the House, filed May 13, 1971, commencing on page
4 1258 of the Journal of the Senate, as follows:

5 1. Page 1, strike lines 6 through 25, inclusive,
6 strike all of pages 2 through 14, inclusive, and strike
7 lines 1 through 21 of page 15, and insert in lieu thereof
8 the following:

9 Section 1. STATE SCHOOL FOUNDATION PROGRAM. This
10 Act establishes a state school foundation program.
11 Each school district in the state is entitled to receive
12 state school foundation aid, which shall be an amount
13 per pupil in fall enrollment equal to the difference
14 between the per pupil amount of foundation property
15 tax plus miscellaneous income in the district, and the
16 state foundation base.

17 Sec. 2. STATE FOUNDATION BASE. The state foundation
18 base for school years beginning after July 1, 1972,
19 shall be as follows:

20 1. For the school year beginning July 1, 1972,
21 seventy percent of the state cost per pupil.

22 2. For the school year beginning July 1, 1973,
23 seventy-five percent of the state cost per pupil.

24 3. For the school year beginning July 1, 1974, and
25 all subsequent school years, eighty percent of the

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1 state cost per pupil.

2 Sec. 3. STATE COST PER PUPIL. The state cost per
3 pupil for the school year beginning July 1, 1971, shall
4 be nine hundred twenty dollars. The state cost per
5 pupil for the school year beginning on July 1, 1972,
6 and for each succeeding school year shall be the previous
7 year's state cost per pupil plus the dollar equivalent
8 of the state percent of allowable growth, but this
9 dollar equivalent is limited to a maximum amount of
10 forty-six dollars for the school year beginning on July
11 1, 1972, forty-eight dollars for the school year
12 beginning on July 1, 1973, and fifty-one dollars for
13 the school year beginning on July 1, 1974.

14 The state percent of allowable growth is the percent
15 of increase in state revenues, including the sales and
16 use taxes and the individual and corporate income taxes,
17 and the percent of increase in assessed valuation of
18 taxable property in the state, for each year of the

19 last three years. The sum of the individual percen-
20 tages thus obtained shall be divided by six to arrive
21 at the percent of allowable growth for the state. In
22 making such computations the comptroller shall adjust
23 for changes in rates or basis of the income tax or
24 sales and use tax and for statewide changes in assess-
25 ment practices. He shall thereupon certify the percent

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1 of allowable growth per pupil to the school districts
2 of the state on or before February fifteenth of each
3 year. For the purpose of this computation, "year" means
4 calendar year.

5 If the percent of allowable growth of the state is
6 less than zero, the state cost per student shall be
7 the same as the previous year's state cost per student.

8 Sec. 4. FOUNDATION PROPERTY TAX. The maximum state
9 foundation property tax levy, which shall be levied
10 by every school district in the state except as otherwise
11 provided in this Act, shall be:

12 1. For the school year beginning July 1, 1972, and
13 for the school year beginning July 1, 1973, twenty-seven
14 and one-half mills per dollar of assessed valuation
15 on all taxable property in the district as of January
16 1, 1972, and as of January 1, 1973, respectively.

17 2. For the school year beginning July 1, 1974, and
18 all subsequent school years, thirty mills per dollar
19 of assessed valuation on all taxable property in the
20 district as of January 1, 1974, and on each subsequent
21 January thereafter.

22 If a school district can meet its general fund budget
23 or the state foundation base by a levy on the assessed
24 valuation on all taxable property in the district less
25 than specified in this section, it shall levy only the

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1 lesser amount needed.

2 No later than December first of each year the state
3 comptroller shall notify the county auditor of each
4 county the amount, both in dollars and mills, of the
5 foundation property tax levy. The county auditor or
6 auditors shall spread the foundation property tax over
7 all the taxable property in the school district.

8 Sec. 5. FALL ENROLLMENT. Fall enrollment shall
9 be determined by adding the resident pupils who are
10 enrolled on the second Friday of September of each year
11 in public elementary and secondary schools of the

12 district, and in special education schools for which
13 tuition is paid by the district whether the special
14 education school is conducted by a county board of
15 education or another school district. Shared-time
16 pupils shall be counted on the basis of number of hours
17 of instruction in a public school proportionate to a
18 full-time pupil enrolled in the district. Each school
19 district shall certify to the state department of public
20 instruction by September twenty-fifth of each year the
21 fall enrollment in the school district, and the fall
22 enrollment information shall be promptly forwarded to
23 the state comptroller.

24 Sec. 6. ADDITIONAL SCHOOL DISTRICT PROPERTY TAX
25 LEVY. The state comptroller shall determine the addi-

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1 tional school district property tax levy, which is in
2 addition to the foundation property tax levy, as follows:

3 1. The district cost per student for the current
4 school year ending June thirtieth each year, plus the
5 state percent of allowable growth in dollars limited
6 to the maximum amounts defined in section three (3)
7 of this Act, determines the district cost per pupil
8 for the school year beginning July first each year.
9 2. The district cost per student multiplied by the
10 estimated fall enrollment for the school year beginning
11 July first each year, determines the maximum general
12 fund budget for the district, unless the school budget
13 review committee authorizes an increase as provided
14 in section thirteen (13) of this Act.

15 3. The state foundation base multiplied by the
16 number of pupils in fall enrollment, and the product
17 subtracted from the general fund budget of the district
18 for the school year beginning July first each year,
19 determines the amount to be raised by the additional
20 school district property tax levy.

21 No later than December first of each year, the state
22 comptroller shall notify the county auditor of each
23 county the amount, both in dollars and mills, of the
24 additional property tax levy. Each county auditor shall
25 spread the additional property tax levy over all taxable

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1 property in the school district.

2 Sec. 7. MAXIMUM MILLAGE LEVY. For the purpose of
3 determining the maximum millage levy in a school dis-
4 trict, the state comptroller shall determine the sum

5 of the foundation property tax levy and the additional
6 property tax levy, in mills. When this total millage
7 rate exceeds the district general fund levy in mills
8 for the school year which began July 1, 1970, he shall
9 adjust the district general fund millage levy to a rate
10 equal to the millage levy for the school year beginning
11 July 1, 1970, unless the additional millage is approved
12 by the school budget review committee or by the voters
13 as provided in section eleven (11) of this Act.

14 Sec. 8. GUARANTEED STATE AID. For the school year
15 beginning July 1, 1972, and for that year only, the
16 state will provide specific funds, called guaranteed
17 state aid, to any school district to insure that its
18 total general fund millage excluding the millage that
19 could be raised under section eleven (11) of this Act
20 will not exceed that of the school year beginning July
21 1, 1970.

22 There is hereby appropriated from the general fund
23 of the state to the department of public instruction
24 funds sufficient to pay the guaranteed state aid. The
25 state comptroller shall pay this aid no later than May

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1 15, 1973.

2 Sec. 9. MISCELLANEOUS INCOME. Miscellaneous income
3 is all revenues of a school district general fund budget,
4 exclusive of the state foundation property tax, the
5 state foundation aid, guaranteed state aid, the
6 additional school district property tax levy, and state
7 individual income tax returned to the district.

8 Sec. 10. SCHOOL BUDGET REVIEW COMMITTEE. There
9 is hereby established a school budget review committee,
10 which consists of the superintendent of public
11 instruction, the state comptroller, and three members
12 appointed by the governor to represent the public and
13 to serve three-year staggered terms. Those serving
14 on the effective date of this Act as public members
15 of the school budget review committee established under
16 prior law shall continue to serve out their unexpired
17 terms. The committee shall meet and hold hearings each
18 year in May in Des Moines for purposes of authorizing
19 a school district to propose a budget exceeding the
20 limitations of sections six (6) and seven (7) of this
21 Act, and shall continue in session until it has reviewed
22 budgets of school districts, as provided in section

23 eleven (11) of this Act. It may call in school board
24 members and employees as necessary for the hearings.
25 Legislators shall be notified of hearings concerning

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1 school districts in their constituencies.

2 The committee shall adopt its own rules of procedure.
3 The superintendent of public instruction shall serve
4 as chairman, and the state comptroller shall serve as
5 secretary. The committee members representing the
6 public shall be entitled to receive a per diem equal
7 to the per diem of members of the board of public
8 instruction and their necessary travel and other expenses
9 while engaged in their official duties. Expense payments
10 shall be made from appropriations to the department
11 of public instruction.

12 Sec. 11. DUTIES OF THE COMMITTEE.

13 1. The school budget review committee may recommend
14 the revision of any rules, regulations, directives,
15 or forms relating to school district budgeting and
16 accounting, confer with local school boards or their
17 representatives and make recommendations relating to
18 any budgeting or accounting matters, and may direct
19 the superintendent of public instruction or the state
20 comptroller to make studies and investigations of school
21 costs in any school district whose budget has been
22 submitted to the committee. The committee shall report
23 to each session of the general assembly, which report
24 shall include any recommended changes in laws relating
25 to school districts, and shall set out the number of

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1 hearings held pursuant to this Act, the reasons for
2 any authorized increases in school costs, and other
3 information as the committee deems advisable.

4 2. The committee may review the budget of any school
5 district as follows:

6 a. If the budget or proposed budget shows district
7 costs per pupil in fall enrollment of more than the
8 state cost per pupil.

9 b. If the total general fund budget or proposed
10 budget has increased over the previous year by a percent
11 greater than the percentage growth factor computed by
12 the state comptroller as provided in section three (3)
13 of this Act.

14 c. If in the judgment of the committee, the proposed
15 budget shows total general fund expenditures to be

16 unreasonably high in relation to the comparative cost
17 factors of the school district, even if the expenditures
18 do not exceed the state cost per pupil for the year.

19 3. The committee may authorize for the local school
20 board a school budget in excess of limitations provided
21 for in sections six (6) and seven (7) of this Act as
22 follows:

23 a. The additional school district property tax levy
24 may be increased up to three mills for general fund
25 purposes over the limitation provided in section seven

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1 (7) of this Act.

2 b. Additional supplemental state aid may be paid
3 to any district from any discretionary funds appropri-
4 ated specifically to the committee for this purpose.

5 If the committee does not authorize for a local
6 school board the school district's budget, it shall
7 state its recommendations in terms of a specific reduc-
8 tion in the general fund expenditures included in the
9 budget, and in terms of the projected reduction in the
10 tax rate of the school district, as determined under
11 section seven (7) of this Act, and shall notify the
12 local school board of its recommendations through the
13 state comptroller.

14 If the school budget review committee makes a recom-
15 mendation, the school board shall follow the recommen-
16 dation or shall submit to the voters of the school dis-
17 trict, at the regular school election or at a special
18 election called for that purpose, the question of whether
19 the board shall adopt the recommendations of the school
20 budget review committee, or shall approve the budget
21 as proposed. The question submitted to the voters shall
22 state clearly the projected difference in the tax rate
23 of the school district which will result if the board
24 adopts the recommendations of the school budget review
25 committee, or if the proposed budget is adopted.

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1 If a majority of those voting favors adoption of
2 the recommendation of the school budget review committee,
3 the board of directors of the school district shall
4 revise its budget and records as recommended.

5 If a majority of those voting favors adoption of
6 the proposed budget, the district may exceed the
7 limitations provided in sections six (6) and seven (7)
8 of this Act.

9 The school board shall certify the result of an
10 election required under this section to the school
11 budget review committee, to the county auditor, and
12 to the state comptroller, within ten days following
13 the election.

14 The committee, when authorizing school budgets in
15 excess of limitations provided in this Act, shall con-
16 sider each district's circumstances and facts which
17 are unique and unusual, including but not limited to
18 any unusual increases or decreases in enrollments,
19 natural disasters, unusual transportation problems,
20 and initial staffing problems.

21 Failure by any school district to provide information
22 or appear before the committee as requested for the
23 accomplishment of review or hearing shall constitute
24 justification for the committee to instruct the state
25 comptroller to withhold any state aid to that district

PAGE 12

1 until the committee's inquiries are satisfied completely.

2 Sec. 12. COUNTY BOARD REVIEW. The school budget
3 review committee may call in any county board of edu-
4 cation for the purpose of reviewing its budget as it
5 relates to the individual districts within the county.

6 Sec. 13. APPROPRIATIONS. There is hereby appro-
7 priated each year from the general fund of the state
8 an amount necessary to pay the state school foundation
9 aid.

10 All state aids paid under sections one (1) through
11 twenty (20), inclusive, of this Act, unless otherwise
12 stated shall be in installments due on or about Septem-
13 ber fifteenth, December fifteenth, March fifteenth,
14 and May fifteenth of each year, and the installments
15 shall be as nearly equal as possible as determined by
16 the state comptroller, taking into consideration the
17 relative budget and cash position of the state resources.

18 All moneys received by a school district from the
19 state under the provisions of this Act, including the
20 guaranteed state aid, shall be deposited in the general
21 fund of the school district.

22 Sec. 14. GENERAL FUND BUDGET. Subject to limitations
23 imposed by the school budget review committee or by
24 state law, the general fund budget of a school district
25 shall be determined as follows:

PAGE 13

1 1. Determine estimated general fund expenditures

2 exclusive of gifts, and federal grants and aids, except
3 federal aids paid in anticipation of or reimbursement
4 for expenses caused by a federal activity in or near
5 a school district which would otherwise need to be paid
6 from local sources, by adding together the estimated
7 amounts to be expended for the school year, for adminis-
8 tration, instruction, attendance services, health
9 services, pupil transportation services, fixed charges,
10 operation and maintenance, community services, capital
11 outlay, debt service, and tuition paid other districts.
12 The cost of food services and student body activities
13 shall not be included in general fund costs.

14 2. From the total of the sums determined under sub-
15 section one (1) of this section deduct the following:

16 a. Estimated receipts from state appropriations
17 for handicapped children aid, vocational aid, driver
18 education aid, and junior college aid.

19 b. Estimated general fund receipts from the
20 following:

21 Tuition paid by individuals or by the state; transpor-
22 tation; services; rents; income on investment securities;
23 other general fund revenue receipts; general fund non-
24 revenue receipts; and transfers to the general fund
25 other than those resulting from clearing accounts,

PAGE 14

1 reorganization, and the return of principal of invested
2 securities.

3 c. An estimate of the total amount determined on
4 the per pupil cost basis for children transported who
5 live within statutory walking distance from school.

6 Sec. 15. TENTATIVE BUDGET. Not later than December
7 first for each ensuing fiscal year, the board of direc-
8 tors of each school district shall set a tentative bud-
9 get in dollars of the amount the district may spend
10 on each program in the system as defined by the school
11 budget review committee and in the forms prescribed
12 by the committee. This prospectus of program and
13 allotted dollars as approved by the board shall guide
14 the superintendent when preparing the proposed budget
15 for that year. These limitations submitted by the board
16 of directors to the superintendent of schools for the
17 district shall be promptly forwarded to the committee.

18 Sec. 16. PROPERTY TAX RELIEF. In addition to the

19 state school foundation aid provided in section one
20 (1) of this Act, and the additional state aids provided
21 under this Act or other provisions of law, fifteen
22 percent of the state individual income tax imposed under
23 section four hundred twenty-two point five (422.5) of
24 the Code and collected from each district in the state
25 shall be returned to the district where collected, as

PAGE 15

1 direct property tax relief. Not later than October
2 fifteenth each year the director of revenue shall certify
3 to the state comptroller the amount equal to fifteen
4 percent of the state individual income tax collected
5 from each school district for the last preceding calendar
6 year, and the state comptroller shall notify each school
7 district the amount it is entitled to receive and shall
8 draw warrants in payment of the amount due each district
9 in two equal payments due December fifteenth and May
10 fifteenth. The state comptroller shall reduce each
11 district's total property tax levy for general fund
12 purposes by an amount equal to the amount due each
13 district under this section, and shall certify the
14 corrected property tax levy to the school district,
15 and to the county board of supervisors and the county
16 auditor of the county where the school district is
17 located. The property tax reduction provided in this
18 section shall not affect the prior computation of
19 foundation property tax or additional school district
20 property tax, or the application of the limitations
21 provided by this Act, but shall provide property tax
22 relief in addition to all other provisions of this Act.
23 Sec. 17. ESTIMATES OF MISCELLANEOUS AIDS. No later
24 than September first of each year, the department of
25 public instruction shall certify to the state comp-

PAGE 16

1 troller the amounts of any state aids other than the
2 amounts provided in this Act that will be received by
3 each school district in the state. In the event any
4 estimate of state aids in any school budget certified
5 to the auditor as provided by section twenty-four point
6 seventeen (24.17) of the Code is more or less than the
7 amount of state aids certified to the state comptroller
8 by the department of public instruction as provided
9 by this section, the state comptroller shall certify
10 to the county auditors the final millage for each school
11 district.

Senate 22
May 20, 1971

12 Sec. 18. RULES AND REGULATIONS. The superintendent
13 of public instruction, after consultation with the state
14 comptroller, may adopt rules and regulations and defini-
15 tions of terms as necessary and proper for the adminis-
16 tration of sections one (1) through twenty (20), inclu-
17 sive, of this Act.

18 Sec. 19. LOCAL BUDGET LAW. Provisions of chapter
19 twenty-four (24) of the Code shall apply to this Act.

20 Sec. 20. EFFECTIVE DATE. The effective date of
21 sections one (1) through twenty (20), inclusive, of
22 this Act is July 1, 1972, unless otherwise provided.
Division 2

23 2. Page 30, strike lines 18 through 21, inclusive, } W.D.
24 and insert in lieu thereof the words "taxes, providing". } 5/20

25 3. Renumber remaining sections and correct internal

PAGE 17

1 references in accordance with this amendment.

Filed - *Div 1. Sent 5/20*
May 19, 1971

By GLENN, KENNEDY, PALMER
and TAPSCOTT

HOUSE FILE 654
FISCAL NOTE

Date prepared May 19, 1971

Requested by Senator Riley.

Prepared in regard to Riley, et al., amendment filed May 18, 1971 to Senate Ways and Means committee amendment to H.F. 654, an Act relating to state aid for schools, school district property taxes, etc. Following is the fiscal effect in dollars of the legislative proposal as required by Rule 31.

The following is the estimated fiscal effect of the proposed plan of tax relief for the elderly and the totally disabled homeowners as contained in this amendment:

Total estimated cost of proposed plan	\$13,750,000
Less estimated cost of the additional homestead credit which would be repealed	(3,800,000)

Estimated additional cost \$ 9,950,000

This estimate is for the first year this plan is in effect. No estimate is available beyond the first year.

Source: Department of Revenue

Filed
May 19, 1971

By GERRY D. RANKIN
Legislative Fiscal Director

Senate 23
May 20, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amend-
2 ment to House File 654, as amended, passed, and re-
3 printed by the House, filed May 13, 1971, commencing
4 on pages 1258 of the Senate Journal, as follows:

5 1. Page 21, by inserting after line 22 the follow-
6 ing new section:

7 "Section four hundred twenty-two point fifty-two
8 (422.52), Code 1971, is hereby amended by adding
9 the following new subsection:

10 'Beginning July 1, 1971 when a return is filed and
11 the taxes shown due thereon are paid in full on or be-
12 fore the due date as prescribed in section four hundred
13 twenty-two point fifty-one (422.51) of the Code, the
14 retailer shall be allowed a credit or discount equal to
15 three percent of the sales taxes shown due on the return.
16 The credit or discount shall be allowed the retailer for
17 prompt payment of the tax and as partial remuneration for
18 collecting the tax, keeping the records, and promptly
19 filing the returns required by this chapter.

20 The manimum amount of creidt or dicount allowed to
21 the retailer under this Act shall not exceed one hundred
22 dollars for any one year.'

23 2. Renumber sections and correct internal references
24 as necessary in accordance with this amendment.

25 3. Amend the title, page 30, line 22, by inserting

PAGE 2

1 after the word "rate" the words "and collection".

Filed - *Lost 5/21*
May 19, 1971

By VAN DRIE, WALSH, ARBUCKLE

HOUSE FILE 654

1 Amend the Senate Ways and Means Committee amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Journal of the Senate, by adding on page 30, after
5 line 13, the following new paragraph:

6 "There is appropriated annually, for the fiscal year
7 beginning July 1, 1973, and each fiscal year thereafter,
8 from the general fund of the state to the department of
9 public instruction for reimbursable aid pursuant to
10 chapter two hundred eighty-one (281) of the Code, an
11 amount sufficient to pay the sums as provided in sections
12 two hundred eighty-one point nine (281.9) and two hundred
13 eighty-one point ten (281.10) of the Code."

Filed - *Adopted 5/24*
May 19, 1971

By GAUDINEER

Senate 24
May 20, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Journal of the Senate, as follows:
5 1. Page 7, line 18, insert after the word "years" the
6 words", except as otherwise provided in this division".
7 2. Page 8, line 1, insert after the word "surtax" the
8 words", or to increase its millage levy, or both".
9 3. Page 12, insert after line 10 the following:
10 "A school board may also submit, at a special election
11 held pursuant to chapter two hundred seventy-seven (277)
12 of the Code, the question of whether the district may
13 increase its millage levy for the general fund beyond the
14 maximum otherwise provided in section seven (7) of this
15 division, in lieu of or in addition to adopting a school
16 district income surtax. The question submitted to the
17 voters shall include a statement of the maximum number of
18 additional mills the board may cause to be levied for the
19 general fund. If a school board is authorized by the
20 voters to cause an additional number of mills to be levied,
21 the school board may certify only the additional amount
22 actually needed, but not to exceed the maximum authorized.
23 If the school board submits to the voters only a single
24 question of whether to increase spending by means of an
25 increase in the millage rate or by means of a combination

PAGE 2

1 of a school district income surtax and a millage increase,
2 a majority of those voting may authorize a millage
3 increase. If the board submits the question of whether
4 to adopt a school district income surtax or a millage
5 increase in the alternative, it shall also place on the
6 ballot the alternative of approving neither one, and in
7 this case a number of votes equal to thirty-five percent
8 of those voting is required in favor of either proposi-
9 tion in order to authorize either the adoption of a school
10 district income surtax or an increase in the general fund
11 millage levy."

Filed - *Adopted 5/20*
May 19, 1971

By GAUDINEER

Senate 25
May 20, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Journal of the Senate, as follows:

5 1. Page 7, insert after line 12 the following new
6 section:

7 "Sec. 7. GUARANTEED STATE AID. For the 1972-1973
8 school year and for the two succeeding school years only,
9 the state will provide specific funds, called guaranteed
10 state aid, to any school district which, under the provi-
11 sions of this division, would otherwise have a general
12 fund millage rate increase for the 1972-1973 school year
13 over its rate for the 1971-1972 school year, and the
14 amount of guaranteed state aid to be paid to each district
15 each year will be the amount necessary to insure that each
16 district's general fund millage rate, as determined under
17 the provisions and limitations of this division, will not
18 exceed its general fund millage rate for the 1971-1972
19 school year. However, the amount of guaranteed state aid
20 paid to a school district in each of the three years shall
21 not be reduced if a millage rate reduction results from the
22 imposition of a school district income tax, but shall be
23 reduced if a millage rate reduction results from an
24 increase in state aid based upon the foundation formula.

25 There is hereby appropriated from the general fund of

PAGE 2

1 the state to the department of public instruction funds
2 sufficient to pay the guaranteed state aid. The state
3 comptroller shall pay this aid no later than May fifteenth
4 in 1973, 1974, and 1975."

5 2. Renumber sections and correct internal references
6 in accordance with this amendment.

Filed - *Adopted 5/20*
May 19, 1971

By VAN DRIE

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted
3 by the House, filed May 13, 1971, commencing on page
4 1258 of the Journal of the Senate, as follows:

5 1. Page 25, strike lines 4 through 25, inclusive,
6 and strike lines 1 through 19, inclusive, on page 26,
7 and insert in lieu thereof the following:

8 Sec. 28. Section four hundred twenty-two point four
9 (422.4), Code 1971, is amended by striking subsection
10 one (1) and inserting in lieu thereof the following:

11 1. "Adjusted federal income tax due" means the amount
12 of income tax that would have been due the United States
13 if computed pursuant to the Internal Revenue Code of
14 1954, with all deductions and exemptions allowed by
15 the Internal Revenue Code of 1954, and including any
16 surtax imposed by the Internal Revenue Code of 1954,
17 all except as adjusted by section four hundred twenty-
18 two point seven (422.7) of the Code.

19 Sec. 29. Section four hundred twenty-two point four
20 (422.4), subsections four (4), seven (7), eight (8),
21 ten (10), and seventeen (17), Code 1971, are amended
22 as follows:

23 4. The words "tax year" mean the calendar year,
24 or the fiscal year ending during such calendar year,
25 upon the basis of which the net adjusted gross income

PAGE 2

1 is computed under this division.

2 7. The word "paid", for the purposes of the deduc-
3 tions under this division, means "paid or accrued" or
4 "paid or incurred", and the terms "paid or incurred"
5 and "paid or accrued" shall be construed according to
6 the method of accounting upon the basis of which the
7 net income is computed under this division. The term
8 "received", for the purpose of the computation of net
9 income under this division, means "received or accrued",
10 and the term "received or accrued" shall be construed
11 according to the method of accounting upon the basis
12 of which the net income is computed under this division.
13 This subsection does not apply to individuals and
14 fiduciaries.

15 8. The word "resident" applies only to individuals
16 and includes, for the purpose of determining liability
17 to the tax imposed by this division upon or with refer-
18 ence to the income-of adjusted federal income tax due
19 for any tax year, any individual domiciled in the state,
20 and any other individual who maintains a permanent place
21 of abode within the state.

22 10. The word "individual" means a natural person;
23 and where an individual is permitted to file as a corpo-
24 ration, under the provisions of the Internal Revenue
25 Code of 1954, such fictional status shall not be recog-

PAGE 3

1 nized for purposes of this chapter, and such individual's
2 ~~taxable~~ adjusted gross income shall be computed as
3 required under the provisions of the Internal Revenue
4 Code of 1954 relating to individuals not filing as a
5 corporation, with the adjustments allowed by this chap-
6 ter.

7 17. "Internal Revenue Code of 1954" means the Inter-
8 nal Revenue Code of 1954, as amended to and including
9 January 1, ~~1970~~ 1971, and as further amended by the
10 Tax Reform Act of 1969 and subject to provisions therein
11 to be later effective, and as adopted by the general
12 assembly as herein provided.

13 Sec. 30. Section four hundred twenty-two point four
14 (422.4), Code 1971, is amended by striking subsection
15 eleven (11) and renumbering the remaining subsections.

16 Sec. 31. Section four hundred twenty-two point five
17 (422.5), Code 1971, is amended by striking unnumbered
18 paragraph one (1) and subsections one (1) through seven
19 (7), and inserting in lieu thereof the following:

20 A tax is hereby imposed upon every resident of the
21 state, and upon every nonresident or fiduciary having
22 income which is derived from any property, trust, or
23 other source within this state, including any business,
24 trade, profession, or occupation carried on within this
25 state. This tax shall be levied, collected, and paid

PAGE 4

1 annually. The amount of this tax shall be measured
2 by thirteen percent of the adjusted federal income tax
3 due from the individual or fiduciary for the tax year,
4 as adjusted by the allocation provisions of section
5 four hundred twenty-two point eight (422.8) of the Code.
6 However, if the resident, nonresident, or fiduciary
7 has adjusted gross income as determined pursuant to
8 the provisions of section four hundred twenty-two point
9 seven (422.7) of the Code, in the following amounts,
10 he shall pay the indicated percentage of adjusted federal
11 income tax due in place of the percentage set forth
12 above in this section:

13 1. Adjusted gross income of more than three thousand
14 dollars and not more than four thousand dollars, ten
15 percent of adjusted federal income tax due.

16 2. Adjusted gross income of one hundred thousand
17 dollars or more, fifteen percent of adjusted federal
18 income tax due.

19 Sec. 32. Section four hundred twenty-two point six
20 (422.6), Code 1971, is amended as follows:
21 422.6 INCOME FROM ESTATES OR TRUSTS. The tax imposed
22 by section 422.5 shall apply to and become a charge
23 against estates and trusts with respect to their taxable
24 income adjusted federal income tax due, and the rates
25 shall be the same as those applicable to individuals.

PAGE 5

1 The fiduciary shall be responsible for making the return
2 of income for the estate or trust for which he acts,
3 whether such income be taxable to the estate or trust
4 or to the beneficiaries thereon.

5 Sec. 33. Section four hundred twenty-two point seven
6 (422.7), Code 1971, is amended by striking unnumbered
7 paragraph one (1) and inserting in lieu thereof the
8 following:

9 In determining adjusted federal income tax due, the
10 following adjustments shall be made to the adjusted
11 gross income as properly determined for federal income
12 tax purposes pursuant to the Internal Revenue Code of
13 1954:

14 Sec. 34. Section four hundred twenty-two point eight
15 (422.8), unnumbered paragraph one (1), Code 1971, is
16 amended as follows:

17 Under rules and regulations prescribed by the direc-
18 tor, net adjusted gross income of individuals, estates
19 and trusts shall be allocated as follows:

20 Sec. 35. Section four hundred twenty-two point thir-
21 teen (422.13), Code 1971, is amended by striking subsec-
22 tions one (1) and two (2) and inserting in lieu thereof
23 the following new subsection, and by renumbering the
24 remaining subsections:

25 1. A return shall be made, signed, and filed by

PAGE 6

1 every resident of Iowa who is required to file a federal
2 income tax return under the Internal Revenue Code of
3 1954, and by every nonresident or fiduciary who is
4 required to file a federal income tax return under the
5 Internal Revenue Code of 1954 and who has income earned
6 in Iowa or derived from the sources referred to in
7 section four hundred twenty-two point five (422.5) of
8 the Code.

9 Sec. 36. Section four hundred twenty-two point
10 thirteen (422.13), subsection four (4), Code 1971, is
11 amended as follows:

12 4. A resident or nonresident taxpayer shall file
13 a copy of his federal income tax return for the current
14 tax year with the return required by this section.

15 Sec. 37. Chapter four hundred twenty-two (422),
16 division three (III), is amended by adding the following
17 new sections:

18 1. "The director of revenue is hereby directed to
19 prepare bills reflecting any necessary amendments or
20 additions to the Code that are necessary because of
21 future amendments to the Internal Revenue Code of 1954,
22 or the Tax Reform of 1969. These bills are to be
23 filed with the clerk of the house of representatives
24 and the secretary of the senate, in the name of the
25 ways and means committee. If the legislature is in

PAGE 7

1 session, the bills shall be immediately placed on the
2 calendar in both houses. If the legislature is not
3 in session, the bills shall be a first order of business
4 when the legislature next convenes. The legislature
5 shall commence legislative action on the bills within
6 not more than ten days after the bills are placed on
7 the calendar or designated as a first order of business."

8 2. "The following rules shall apply regarding the
9 filing of returns by married taxpayers:

10 1. If the federal income tax liability of husband
11 or wife is determined on separate federal returns, their
12 tax liabilities imposed by this division shall be
13 separately determined.

14 2. If the federal income tax liability of husband
15 and wife is determined on a joint federal return, their
16 tax liability imposed by this division shall be
17 determined on the basis of their joint federal tax
18 liability.

19 3. If a joint return is made, the liability of
20 husband and wife with respect to the tax payable under
21 this division shall be joint and several."

22 3. "If a person's federal income tax liability is
23 changed as a result of an amended return, adjustments
24 made to the return, or an audit by the federal
25 government, an Iowa return shall be made, signed, and

PAGE 8

1 filed indicating the corrected Iowa income tax liability.
2 If additional Iowa income tax is due, it shall be paid
3 or, if the Iowa income tax is reduced, a refund may
4 be claimed."

5 4. "For any tax year, the adjusted gross income
6 of a part-year resident is the sum of:

7 1. All adjusted gross income earned or received
8 during the period of the taxpayer's residency in the
9 state.

10 2. All adjusted gross income allocable to Iowa pur-

Senate 38
May 19, 1971

11 suant to section four hundred twenty-two point eight
12 (422.8) of the Code, earned or received by the taxpayer
13 during the period of the taxpayer's nonresidency in
14 this state."

15 Sec. 38. Sections four hundred twenty-two point nine
16 (422.9) and four hundred twenty-two point twelve
17 (422.12), Code 1971, are repealed.

18 Sec. 39. The provisions of this amendment shall
19 apply to all of the following:

- 20 1. Tax years beginning January 1, 1972.
- 21 2. Fractions of fiscal years ending in 1972, and
22 computed from January 1, 1972.
- 23 3. Tax years beginning in 1972 and ending in 1973.
- 24 4. All ensuing tax years.
- 25 2. Page 27, strike lines 22, 23, and 24, inclusive.

PAGE 9

- 1 3. Renumber sections and correct internal references
- 2 in accordance with this amendment.

Filed and Lost
May 18, 1971

By GAUDINEER

HOUSE FILE 654

1 Amend the Ways and Means Committee amendment to House
2 File 654, page 26, by numbering properly and inserting after
3 line 4 the following new section:

4 "Sec. _____ Section four hundred twenty-two point sixty-
5 nine (422.69), Subsection two (2), Code 1971, is amended by
6 striking the subsection and inserting in lieu thereof the
7 following:

8 "A moneys and credits tax replacement fund is hereby
9 created in the office of the treasurer of state. Annually,
10 on December 31st, the treasurer of state shall transfer
11 four million dollars (\$4,000,000.00) of moneys credited to
12 the general fund under this section to the moneys and credits
13 tax replacement fund."

Filed and Lost
May 18, 1971

By GAUDINEER

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amend-
2 ment to House File 654, as amended, passed, and re-
3 printed by the House, filed May 13, 1971, commencing
4 on page 1258 of the Senate Journal, as follows:
5 1. Page 28, by striking lines 1 through 25, inclu-
6 sive, and inserting in lieu thereof the following:
7 Sec. 3. DEFINITIONS. For the purposes of this
8 Division, unless the context otherwise requires:
9 1. "Income" means the net income as defined in sec-
10 tion four hundred twenty-two point seven (422.7) of
11 the Code of the person claiming the credit, plus the
12 amount of capital gains excluded from the adjusted gross
13 income, interest and dividends from federal securities,
14 social security benefits, and income from other tax-
15 exempt retirement or pension plans and includes any
16 income of the spouse, brother, sister, son, and daughter
17 of the person claiming the credit, if living with the
18 person claiming the credit.
19 2. "Homestead" means homestead as defined in sec-
20 tion four hundred twenty-five point eleven (425.11)
21 of the Code, and in addition, includes a dwelling or
22 part of a multi-dwelling which is owned or rented and
23 in which the person claiming the credit actually resides
24 and a mobile home which is owned or rented by the person
25 claiming the credit and in which the person claiming

PAGE 2

1 the credit actually resides.
2 3. "Property taxes accrued" means property taxes
3 levied on the homestead in the preceding year, exclusive
4 of special assessments, delinquent interest and charges,
5 and collectible during the same year in which the credit
6 is claimed.
7 4. "Gross rent" means rental paid solely for the
8 right of occupancy of a homestead, exclusive of charges
9 for any utilities, services, furnishings, or personal
10 property appliances furnished by the landlord as a part
11 of the rental agreement.
12 5. "Rent constituting property taxes accrued" means
13 twenty percent of the gross rent actually paid on the
14 homestead during the preceding calendar year by the
15 person claiming the credit.
16 Sec. 36. CLAIM FOR PROPERTY TAXES ACCRUED. Any
17 person sixty-five years of age or older or totally
18 disabled shall be entitled to a credit against his state
19 income taxes for property taxes accrued based upon his
20 income. The amount of any credit shall be computed
21 in accordance with the following table:

22
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He shall be entitled to a credit against his state income taxes equal to the amount by which the prop-

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If the person's income is:
Less than \$1,000
\$1,000 or over and less than \$2,000
\$2,000 or over and less than \$3,000
\$3,000 or over and less than \$4,000
\$4,000 or over and less than \$5,000

erty taxes accrued on his homestead exceeds the following percentage of his income:

2%
3%
4%
5%
6%

Any person sixty-five years of age or older or totally disabled with an income of five thousand dollars or more shall receive no credit against his income taxes for property taxes accrued.

When a homestead is owned by two or more persons as joint tenants or tenants in common and one or more of these persons does not reside in the homestead, the property tax is the same proportion of the property tax levied as the proportion of ownership of the homestead by the person claiming the credit.

When a person owns his homestead for part of the preceding year and rents it or a different homestead for a part of that year, property tax means only the property tax on the homestead multiplied by the percentage of twelve months that the property was owned and occupied by the person claiming the credit.

PAGE 4

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In no event shall the credit exceed the amount of the property tax accrued.

Sec. 37. CLAIM FOR RENT CONSTITUTING PROPERTY TAXES ACCRUED. Any person who is not eligible for the credit provided in section thirty-six (36) of this Division and who is sixty-five years of age or older or is totally disabled shall be entitled to a credit against his state income taxes for rent constituting property taxes accrued based upon his income. The amount of any credit shall be computed in accordance with the following table:

He shall be entitled to a credit against his state income taxes equal to the amount by which the rent constituting property taxes accrued on his homestead exceeds the following per-

If the person's

18	income is:	centage of his income:
19	Less than \$1,000	2%
20	\$1,000 or over and less than \$2,000	3%
21	\$2,000 or over and less than \$3,000	4%
22	\$3,000 or over and less than \$4,000	5%
23	\$4,000 or over and less than \$5,000	6%
24	Any person sixty-five years of age or older or to-	
25	tally disabled with an income of five thousand dollars	

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1 or more shall receive no credit against his income taxes
2 for rent constituting property taxes accrued.

3 If a claim is based on rent constituting property
4 taxes accrued, the person filing the claim shall have
5 rented property during the entire preceding calendar
6 year for which he has filed a claim.

7 If two or more persons are qualified to file a claim
8 for the same homestead, the persons shall determine
9 which person shall file the claim.

10 Sec. 38. CLAIM AS INCOME TAX CREDIT OR REBATE.

11 If the allowable amount of a claim filed pursuant to
12 section thirty-six (36) or section thirty-seven (37)
13 of this Division exceeds the income tax due on the
14 person's income, or if there is no income tax due, the
15 amount of the claim not used as a credit against state
16 income taxes shall be paid to the person making the
17 claim from the state general fund.

18 No interest shall be paid on any payment made to
19 any person under the provisions of this Division.

20 Sec. 39. LIMITATIONS. The credit allowed under
21 the provisions of this Division shall be subject to
22 the following limitations:

23 1. Only one person shall be entitled to the credit
24 for a homestead for each taxable year.

25 2. The amount of the credit which shall be allowed

PAGE 6

1 in any taxable year for property taxes accrued or rent
2 constituting property taxes accrued shall not exceed
3 three hundred dollars.

4 Sec. 40. SATISFACTION OF OUTSTANDING TAX LIABILITIES.

5 The amount of any claim payable under the provisions
6 of this Division may be applied by the director of
7 revenue against any outstanding tax liability in the
8 name of the state against the person filing the claim.

9 Sec. 41. FILING DATE. No credit for property taxes
10 accrued or rent constituting property taxes accrued
11 shall be allowed or paid unless the claim is filed with
12 the director of revenue on or before April thirtieth
13 of each year.

14 In the case of illness, absence, or disability, or
15 when in the judgment of the director of revenue good
16 cause exists, he may extend the time for filing a claim
17 under the provisions of this Division for a period not
18 to exceed six months.

19 Sec. 42. PROOF OF CLAIM. Every person filing a
20 claim for a credit for property taxes accrued or rent
21 constituting property taxes accrued shall submit the
22 following proof to the director of revenue to support
23 his claim:

24 1. That he was sixty-five years of age or totally
25 disabled before midnight on December thirty-first of

PAGE 7

1 the year immediately preceding the year the tax was
2 levied or the rent was paid.

3 2. Statement of income.

4 3. Receipts for rent paid.

5 4. Name and address of the owner or manager of
6 property rented.

7 5. Property taxes accrued.

8 6. Description of the property claimed as a home-
9 stead.

10 7. A statement that the property taxes accrued have
11 been or will be paid.

12 8. A statement that there are no delinquent prop-
13 erty taxes on the homestead.

14 Sec. 43. ADMINISTRATION--RULES AND REGULATIONS.

15 The director of revenue shall prescribe and make avail-
16 able the necessary forms with instructions for persons
17 filing a claim for property taxes accrued or rent con-
18 stituting property taxes accrued, including forms which
19 may be filed as a part of the individual state income
20 tax return.

21 The director may promulgate rules and regulations
22 necessary to carry out the provisions of this Division.

23 Sec. 44. AUDIT OF CLAIM. The department of revenue
24 shall audit each claim and if the director of revenue
25 determines that the amount of the credit has been incor-

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1 rectly determined, he shall redetermine the claim and
2 give notice, in writing, to the person filing the claim
3 of the redetermination and his reasons for it. The
4 redetermination shall be final unless appealed to the
5 district court within thirty days of receipt of the
6 notice.

7 Sec. 45. DENIAL OF CLAIM. Any person who files
8 a claim for a credit which is excessive and was filed
9 with fraudulent intent shall be guilty of a misdemeanor.

Senate 43
May 19, 1971

10 Upon conviction of the person filing the excessive and
11 fraudulent claim, the director of revenue shall disallow
12 the credit in full. If the claim has been paid or the
13 credit allowed against income tax, the credit allowed
14 against the income tax shall be canceled and the amount
15 paid shall be recovered in the same manner as delinquent
16 income taxes.

17 Sec. 46. RENTAL DETERMINATION. If a homestead is
18 rented by a person from another person under circum-
19 stances deemed by the director of revenue not to be
20 at arm's length, the director may determine the rent
21 constituting property taxes accrued at arm's length
22 and the determination shall be final.

23 Sec. 47. PUBLIC WELFARE RECIPIENTS EXCLUDED. Any
24 person who is a recipient of public funds for the pay-
25 ment of the taxes or rent during the period for which

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1 the claim is filed shall not be entitled to benefits
2 provided in sections thirty-five (35) through forty-
3 nine (49), inclusive, of this Division.

4 Sec. 48. APPEALS. If a claim for property taxes
5 accrued or rent constituting property taxes accrued
6 is filed and is disallowed in whole or in part, the
7 person making such claim may appeal the disallowance
8 by filing a petition in the district court within thirty
9 days from the date the claim was disallowed.

10 Sec. 49. Section four hundred twenty-five point
11 one (425.1), Code 1971, is amended by striking subsection
12 five (5).

13 2. Page 29, strike lines 1 through 5, inclusive.

14 3. Renumber remaining sections and correct internal
15 references in accordance with this amendment.

Filed - *lost* 5/20
May 18, 1971

By VAN GILST and GAUDINEER

HOUSE FILE 654

1 Amend the Committee on Ways and Means amendment to
2 House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, as follows;

5 1. Page 22, by striking lines 5 through 25, inclu-
6 sive.

8 2. Page 23, by striking lines 1 through 25, inclu-
8 sive.

9 3. Page 24, by striking lines 1 through 8, inclu-
10 sive.

11 4. Page 28, by striking lines 1 through 25, inclu-
12 sive.

13 5. Page 29, by striking lines 1 through 7, inclu-
14 sive, and inserting in lieu thereof the following:

15 "Sec. 35. SHORT TITLE. This Division may be cited
16 as the 'Tax Relief Act for Elderly and Totally Disabled
17 Homeowners'.

18 Sec. 36. PURPOSE. The purpose of this Division
19 is to provide relief, through a system of income tax
20 credits and refunds and appropriations from the general
21 fund, to certain persons who own their homestead.

22 Sec. 37. DEFINITIONS. As used in this Division:

23 1. 'Income' means the sum of federal adjusted gross
24 income as defined in the Internal Revenue Code of the
25 United States (1954), the amount of capital gains

PAGE 2

1 excluded from adjusted gross income, alimony, support
2 money, nontaxable strike benefits, cash public assistance
3 and relief (not including relief granted under this
4 Division), the gross amount of any pension or annuity
5 (including railroad retirement benefits, all payments
6 received under the federal social security act, state
7 unemployment insurance laws, and veteran's disability
8 pensions), nontaxable interest received from the federal
9 government or any of its instrumentalities, workmen's
10 compensation, and the gross amount of 'loss of time'
11 insurance. It does not include gifts from nongovern-
12 mental sources, or surplus foods or other relief in
13 kind supplied by a governmental agency.

14 2. 'Household' means a claimant and spouse.

15 3. 'Household income' means all income received
16 by all persons of a household in a calendar year while
17 members of the household.

18 4. 'Homestead' means the dwelling, owned by the
19 claimant, and so much of the land surrounding it, not
20 exceeding one acre, as is reasonably necessary for use
21 of the dwelling as a home, and may consist of a part

22 of a multi-dwelling or multi-purpose building and a
23 part of the land upon which it is built. ('Owned'
24 includes a vendee in possession under a land contract
25 and of one or more joint tenants or tenants in common.)

PAGE 3

1 It does not include personal property such as furniture,
2 furnishings or appliances.

3 5. 'Claimant' means a person who is sixty-five years
4 of age or older or is totally disabled and has filed
5 a claim under this division and was domiciled in this
6 state during the entire calendar year preceding the
7 year in which he filed claim for relief under this
8 Division. When two individuals of a household are able
9 to meet the qualifications for a claimant, they may
10 determine between them as to whom the claimant shall
11 be. If they are unable to agree, the matter shall be
12 referred to the director of the department of revenue
13 and his decision shall be final. If a homestead is
14 occupied by two or more individuals, and more than one
15 individual is able to qualify as a claimant, and some
16 or all the qualified individuals are not related, the
17 individuals may determine among them as to whom the
18 claimant shall be. If they are unable to agree, the
19 matter shall be referred to the director of the
20 department of revenue, and his decision shall be final.

21 6. 'Property taxes accrued' means property taxes
22 (exclusive of special assessments, penalties and
23 interest) levied on a claimant's homestead in this state
24 in 1971 or any calendar year thereafter, less any credits
25 allowed under chapter four hundred twenty-five (425)

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1 of the Code. If a homestead is owned by two or more
2 persons or entities as joint tenants or tenants in com-
3 mon, and one or more persons or entities are not a
4 member of claimant's household, 'property taxes accrued'
5 is that part of property taxes levied on the homestead
6 which reflects the ownership percentage of the claimant
7 and his household. If a claimant and spouse own their
8 homestead part of the preceding calendar year and rent
9 it or a different homestead for part of the same year,
10 'property taxes accrued' means only taxes levied on
11 the homestead when both owned and occupied by the
12 claimant at the time of the levy, multiplied by the
13 percentage of twelve months that such property was owned
14 and occupied by the household as its homestead during
15 the preceding year. When a household owns and occupies
16 two or more different homesteads in this state in the
17 same calendar year, 'property taxes accrued' shall

18 relate only to that property occupied by the household
19 as a homestead on the levy date. If a homestead is
20 an integral part of a larger unit such as a farm, or
21 a multi-purpose or multi-dwelling building, property
22 taxes accrued shall be that percentage of the total
23 property taxes accrued as the value of the homestead
24 is of the total value. For purposes of this subsection
25 'unit' refers to the parcel of property covered by a

PAGE 5

1 single tax statement of which the homestead is a part.
2 Sec. 38. CLAIM IN PERSONAL. The right to file claim
3 under this Division shall be personal to the claimant
4 and shall not survive his death, but such right may
5 be exercised on behalf of a claimant by his conservator
6 or attorney-in-fact. If a claimant dies after having
7 filed a timely claim, the amount thereof shall be
8 disbursed to another member of the household as
9 determined by the director of the department of revenue.
10 If the claimant was the only member of his household,
11 the claim may be paid to his executor or administrator,
12 but if neither is appointed and qualified within two
13 years of the filing of the claim, the amount of the
14 claim shall escheat to the state.
15 Sec. 39. CLAIM AS INCOME TAX CREDIT OR REBATE.
16 Subject to the limitations provided in this Division,
17 a claimant may claim in any year as a credit against
18 Iowa income taxes otherwise due on his income, property
19 taxes accrued. If the allowable amount of such claim
20 exceeds the income taxes otherwise due on claimant's
21 income, or if there are no Iowa income taxes due on
22 claimant's income, the amount of the claim not used
23 as an offset against income taxes, after certification
24 by the director of the department of revenue, shall
25 be paid to claimant from the general fund. No interest

PAGE 6

1 shall be allowed on any payment made to a claimant
2 pursuant to this Division.
3 Sec. 40. FILING DATE. A claim shall be filed with
4 the director of revenue no later than April thirtieth
5 of the year property taxes accrued are due and payable.
6 Sec. 41. SATISFACTION OF OUTSTANDING TAX LIABILITES.
7 The amount of any claim otherwise payable under this
8 Division may be applied by the department of revenue
9 against any debt owing the state of Iowa by the claimant,
10 or his or her spouse who was a member of the claimant's
11 household in the year to which the claim relates.
12 Sec. 42. ONE CLAIM PER HOUSEHOLD. Only one claimant
13 per household per year shall be entitled to relief under

14 this Division.
15 Sec. 43. LIMITS. The amount of any claim pursuant
16 to this Division shall be determined to the nearest
17 dollar amount in accordance with the following schedule:

Household Income Range	Percent of Tax
0 - 1,000	(75) percent of property taxes accrued
1,001 - 2,000	(60) percent of property taxes accrued
2,001 - 3,000	(45) percent of property taxes accrued

PAGE 7

3,001 - 4,000	(30) percent of property taxes accrued
4,001 - 5,000	(15) percent of property taxes accrued
Over 5,000	not eligible

6 Sec. 44. ADMINISTRATION. The director of the
7 department of revenue shall make available suitable
8 forms with instructions for claimants, including a form
9 which may be included with or as a part of the individual
10 income tax blank. The claim shall be in such form as
11 the director of the department of revenue may prescribe.

12 Sec. 45. PROOF OF CLAIM. Every claimant under this
13 Division shall supply to the department of revenue,
14 in support of his claim, a verified statement showing
15 that he was sixty-five years of age or totally disabled
16 on or before the date of filing the claim, property
17 taxes accrued, changes of homestead, household
18 membership, household income, size and nature of property
19 claimed as the homestead and a statement that the
20 property taxes accrued and used for purposes of this
21 Division have been or will be paid by him and that there
22 are no delinquent property taxes on the homestead.
23 All persons living in the household who have attained
24 their majority shall join in the signing and verification
25 of said statement or the claim shall be denied.

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1 Sec. 46. AUDIT OF CLAIM. If on the audit of any
2 claim filed under this Division the director of the
3 department of revenue determines the amount to have
4 been incorrectly determined, he shall redetermine the
5 claim and notify the claimant of the redetermination
6 and his reasons for it. The redetermination shall be
7 final unless appealed within thirty days of notice to
8 the district court of the county wherein the property
9 was situated on which property taxes accrued or rent

10 constituting property taxes was paid.

11 Sec. 47. DENIAL OF CLAIM. If it is determined that
12 a claim is excessive and was filed with fraudulent
13 intent, the claim shall be disallowed in full, and,
14 if the claim has been paid or a credit has been allowed
15 against income taxes otherwise payable, the credit shall
16 be canceled and the amount paid may be recovered by
17 assessment (as income taxes are assessed), and the
18 assessment shall bear interest from the date of payment
19 or credit of the claim, until refunded or paid, at the
20 rate of one percent per month. The claimant in such
21 case, and any person who assisted in the preparation
22 or filing of such excessive claim or supplied information
23 upon which such excessive claim was prepared, with
24 fraudulent intent, is guilty of a misdemeanor. If it
25 is determined that a claim is excessive and was

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1 negligently prepared, ten percent of the corrected claim
2 shall be disallowed, and if the claim has been paid
3 or credited against income taxes otherwise payable,
4 the credit shall be reduced or canceled, and the proper
5 portion of any amount paid shall be similarly recovered
6 by assessment as provided in section four hundred twenty-
7 two point thirty (422.30) of the Code, and the assess-
8 ment shall bear interest at one percent per month from
9 the date of payment until refunded or paid.

10 Sec. 48. APPEALS. Any person aggrieved by the
11 denial in whole or in part of relief claimed under this
12 Division, may appeal by filing a petition within thirty
13 days after such denial to the district court as provided
14 in section twelve (12) of this Division.

15 Sec. 49. PUBLIC WELFARE RECIPIENTS EXCLUDED. No
16 claim for relief under this Division shall be allowed
17 to any person who is a recipient of public funds for
18 the payment of the taxes during the period for which
19 the claim is filed.

20 Sec. 50. DISALLOWANCE OF CERTAIN CLAIMS. A claim
21 shall be disallowed, if the department finds that the
22 claimant received title to his homestead primarily for
23 the purpose of receiving benefits under this Division.

24 Sec. 51. EXTENSION OF TIME FOR FILING CLAIMS. In
25 case of sickness, absence, or other disability, or if,

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1 in his judgment, good cause exists, the director of
2 the department of revenue may extend for a period not
3 to exceed six months the time for filing a claim."

4 Sec. 52. Section four hundred twenty-five point
5 one (425.1), Code 1971, is amended by striking subsec-

SENATE CLIP SHEET
Wednesday, May 19, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amend-
2 ment to House File 654, as amended, passed, and re-
3 printed by the House, filed May 13, 1971, commencing
4 on page 1258 of the Senate Journal, as follows:
5 1. Strike page 25, lines 4 through 25, inclusive,
6 and lines 1 through 19, inclusive, of page 26, and
7 insert in lieu thereof the following:
8 Sec. 28. Section four hundred twenty-two point five
9 (422.5), Code 1971, is amended by striking subsections
10 three (3) through seven (7), inclusive, and inserting
11 in lieu thereof the following:
12 3. On the third thousand dollars of taxable income,
13 or any part thereof, two and one-half percent.
14 4. On the fourth thousand dollars of taxable income,
15 or any part thereof, four percent.
16 5. On the fifth and sixth thousand dollars of tax-
17 able income, or any part thereof, five percent.
18 6. On the seventh and eighth thousand dollars of
19 taxable income, or any part thereof, six percent.
20 7. On the ninth and tenth thousand dollars of tax-
21 able income, or any part thereof, seven percent.
22 8. On the eleventh and twelfth thousand dollars
23 of taxable income, or any part thereof, eight percent.
24 9. On the thirteenth and fourteenth thousand dollars
25 of taxable income, or any part thereof, nine percent.

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1 10. On the fifteenth and sixteenth thousand dollars
2 of taxable income, or any part thereof, ten percent.
3 11. On the seventeenth and eighteenth thousand dol-
4 lars of taxable income, or any part thereof, eleven
5 percent.
6 12. On the nineteenth and twentieth thousand dol-
7 lars of taxable income, or any part thereof, twelve
8 percent.
9 13. On all taxable income over twenty thousand dol-
10 lars, thirteen percent.
11 Sec. 29. Section four hundred twenty-two point
12 sixty-nine (422.69), subsection two (2), Code 1971,
13 is amended by striking the subsection and inserting
14 in lieu thereof the following:
15 2. A "moneys and credits tax replacement fund" is
16 created in the office of the treasurer of state. An-
17 nually on December thirty-first the treasurer of state
18 shall transfer four million dollars of moneys credited

Senate 49
May 19, 1971

6 tion five (5).
7 6. Renumber sections and correct internal references
8 as necessary in accordance with this amendment.
9 7. Amend the title, page 31, line 3, by inserting } w. d. 5/20
10 after the word "disabled" the words "including penal-
11 ties for filing fraudulent claims,".

Filed - *Lot 5/20*
May 18, 1971

By RILEY, DAVIS, RHODES,
CONKLIN, POTGETER, ERSKINE,
GRIFFIN, THORSEN, DE KOSTER

EXPLANATION

The amendment recognizes that low-income elderly or totally disabled are in the most desperate of all circumstances, having fixed income, inability to gain employment, and usually subject to higher medical expense, than any other category.

The amendment offers these advantages to the "double homestead credit" approach.

(1) Benefits are greater. A senior citizen with \$2,000 income and a property tax of \$300 (after ordinary homestead credit) would receive \$180 credit versus the additional \$62.50. Moreover, the income bracket goes to \$5,000 versus \$4,000.

(2) There is a gradual reduction in benefits as income rises versus a sharp cutoff. For example, as income rises from \$1,000 to \$4,000, benefit on a \$300 property tax drops from \$225 to \$90. Under the Senate Ways and Means proposal, if you have \$3,999 income, you get the full double homestead, but if you have one dollar more, you lose it.

(3) Benefits are related to the amount of the property tax. A senior citizen receives the same percentage reduction if he is in the same income bracket so if his property taxes happen to be higher, his benefits are also.

The benefits are received by the senior citizen by filing an income tax return and receiving credit on his income taxes or a cash rebate if the benefit exceeds the income tax. To avoid abuses where a financially responsible son or daughter resides in the home, all income in the household is taken into account.

The cost of financing this proposal, according to the Department of Revenue, is 13.7 million dollars. The present "double homestead" costs 3.8 million dollars. The Senate Ways and Means Committee proposal of a "full double homestead" will cost another 3.4 million dollars for a total cost of 7.2 million. By using the 7 million dollars estimated cost of the sales tax credit, the state can adequately finance relief for elderly, low-income homeowners. The amendment opts in favor of substantial help for the low-income elderly and totally disabled rather than dribbling the money out in small increments and offering real help to nobody.

Senate 2
May 19, 1971

19 to the general fund under this section to the moneys
20 and credits tax replacement fund.
21 2. Page 27, line 24, strike the word and figures
22 "January 1, 1972" and insert in lieu thereof the word
23 and figures "July 1, 1971".
24 3. Renumber the remaining sections and correct in-
25 ternal references as necessary in accordance with this

PAGE 3

1 amendment.

Filed and Lost
May 18, 1971

By GAUDINEER

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amendment
2 to House File 654, as amended, passed, and reprinted by
3 the House, filed May 13, 1971, commencing on page 1258
4 of the Senate Journal, is amended as follows:
5 1. Page 27, by inserting after line 11 the following
6 new section:
7 "Section four hundred twenty-two point thirty-three
8 (422.33), subsection one (1), paragraph 'b', unnumbered
9 paragraph four (4) is amended as follows:
10 The gross sales of the corporation within the state
11 shall be taken to be the gross sales from goods ~~sold-and~~
12 delivered within the state, excluding deliveries for
13 transportation out of the state."
14 2. Renumber sections and correct internal references
15 as necessary in accordance with this amendment.

Filed and Adopted
May 18, 1971

By SHAFF

Senate 3
May 19, 1971

HOUSE FILE 654

1 Amend the Senate Committee on Ways and Means amend-
2 ment to House File 654, as amended, passed, and
3 reprinted by the House, filed May 13, 1971, commencing
4 on page 1258 of the Journal of the Senate, as follows:

5 1. Page 25, line 2, insert after the period the
6 following:

7 "a. The population of each city and town shall
8 be determined by the latest available federal census.
9 An incorporated city or town may have one special
10 federal census taken each decade, and the population
11 figure obtained shall be used in apportioning amounts
12 under this subsection beginning the calendar year
13 following the year in which the special census is
14 certified to the secretary of state.

15 b. In any case where an incorporated city or town
16 has been incorporated since the latest available
17 federal census, the mayor and council shall certify
18 to the treasurer of state the actual population of
19 the incorporated city or town as of the date of
20 incorporation and its apportionment of funds under
21 this subsection shall be based upon such certification
22 until the next federal census enumeration. Any
23 community which has dissolved its corporation shall
24 not receive any apportionment of funds under this
25 subsection after its dissolution.

PAGE 2

1 c. In any case where an incorporated city or town
2 has annexed any territory since the last regular or
3 special federal census, the mayor and council shall
4 certify to the treasurer of state the actual population
5 of the annexed territory as determined by the last
6 certified federal census of the territory and the
7 apportionment of funds under this subsection shall be
8 based upon the population of the city or town as modi-
9 fied by the certification of the population of the
10 annexed territory until the next regular or special
11 federal census enumeration.

12 d. In any case where two or more incorporated cities
13 or towns have consolidated, the apportionment of funds
14 under this subsection shall be based upon the population
15 of the incorporated city or town resulting from the
16 consolidation and shall be determined by combining the
17 population of all incorporated cities and towns involved
18 in the consolidation as determined by the last regular
19 or special federal census enumeration for the
20 consolidating city or town.

21 Sec. 28. Section twenty-six point six (26.6),

Senate 4
May 19, 1971

22 Code 1971, is amended as follows:
23 26.6 POPULATION OF COUNTIES, TOWNSHIPS, CITIES,
24 AND TOWNS. Whenever the population of any county,
25 township, city, or town is referred to in any law

PAGE 3

1 of this state, it shall be determined by the last
2 certified, or certified and published, official census
3 unless otherwise provided. However, the population
4 figure disclosed for any city or town as the result
5 of a special federal census as modified as the result
6 of consolidation or annexation in the manner provided
7 in sections 312.3, and 123.50, shall be considered
8 for no other purposes than the application of section
9 123.50 and , 312.3 and the provisions of section 27
10 of this Act. Whenever a special federal census is
11 hereafter taken by any city or town, the mayor and
12 council shall certify the said census as soon as
13 possible to the secretary of state and to the treasurer
14 of state as otherwise herein provided, and failing
15 to do so, the treasurer of state shall, after six
16 months from the date of said special census, turn
17 over such moneys as authorized by sections 123.50
18 and 312.3 to the general fund of the state, and
19 continue to do so until such time as certification
20 by said mayor and council is made, or until the next
21 decennial federal census. If there be a difference
22 between the original certified record in the office
23 of the secretary of state and the published census
24 the former shall prevail."
25 2. Renumber sections and correct internal

PAGE 4

1 references as necessary in accordance with this
2 amendment

Filed - ^{adopted} ~~5/18~~ 5/20
May 18, 1971

By GAUDINEER

HOUSE FILE 654

1 Amend House File 654, as amended, passed, and re-
2 printed by the House, as follows:
3 1. By striking everything after the enacting clause
4 and ~~inserting~~ in lieu thereof the following:
5 *substituting 5/24* DIVISION 1
6 Section 1. STATE SCHOOL FOUNDATION PROGRAM. This
7 Act establishes a state school foundation program.
8 Each school district in the state is entitled to receive
9 during each school year as state school foundation aid,
10 an amount per pupil in fall enrollment equal to the
11 amount by which the state foundation base for that
12 school year exceeds the amount per pupil in fall
13 enrollment in the district which will be raised by the
14 foundation property tax to be levied in the district
15 during that school year.
16 Sec. 2. STATE FOUNDATION BASE. The state founda-
17 tion base is approximately eighty percent of the state
18 average general fund per pupil expenditure and is
19 determined as follows:
20 1. Eighty percent of the state average per pupil
21 expenditure for the school year beginning July 1, 1969,
22 is determined to be six hundred forty dollars.
23 2. Prior to July first each year commencing in 1972,
24 the state comptroller shall compute a percentage growth
25 factor for the following school year. In 1972 he shall

PAGE 2

1 also compute the percentage growth factors for the
2 school years beginning July 1, 1970, and July 1, 1971.
3 To compute the percentage growth factor for each school
4 year, the state comptroller shall determine the percent
5 of increase or decrease in revenue computed on a state-
6 wide basis, for the total of the state sales and use
7 taxes and the individual and corporate income taxes;
8 and the percent of increase or decrease in the assessed
9 valuation of taxable property; both percentages to be
10 determined for each year of the last three preceding
11 calendar years for which accurate figures are available.
12 The sum of the percentages obtained shall be divided
13 by six to arrive at the percentage growth factor for
14 the following school fiscal year. If there is a decrease
15 in state revenue or assessed valuation, there may be
16 a negative growth factor. In making computations, the
17 comptroller shall adjust for changes in rates or basis
18 of the sales and use or income taxes and for statewide
19 changes in assessment practices.
20 3. For the school year beginning July 1, 1970, the
21 state comptroller shall multiply six hundred forty

22 dollars by the applicable percentage growth factor,
23 and add the product to six hundred forty dollars to
24 determine the state foundation base for that year.
25 4. For the school year beginning July 1, 1971, the

PAGE 3

1 state comptroller shall multiply the state foundation
2 base for the school year beginning July 1, 1970, by
3 the applicable percentage growth factor, and add the
4 product to the state foundation base for the school
5 year beginning July 1, 1970, to determine the state
6 foundation base for the school year beginning July 1,
7 1971.

8 5. For each subsequent school year, the state
9 comptroller shall multiply the current state founda-
10 tion base by the applicable percentage growth factor,
11 and add the product to the current state foundation
12 base, to determine the state foundation base for the
13 subsequent year.

14 Sec. 3. FOUNDATION PROPERTY TAX. Each school dis-
15 trict shall cause to be levied each year beginning in
16 1972 for the school general fund a foundation property
17 tax of twenty mills per dollar of assessed valuation
18 on all taxable property in the district. However, a
19 school district which can meet its general fund budget
20 by a levy of less than twenty mills per dollar of as-
21 sessed valuation on all taxable property in the dis-
22 trict, shall levy only the lesser amount needed. Each
23 county auditor shall certify to each school district
24 within the county and to the state comptroller not later
25 than June first each year the assessed valuation of

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1 taxable property in each school district within the
2 county.

3 Sec. 4. GENERAL FUND BUDGET. Subject to limitations
4 imposed by the school budget review committee or by
5 state law, the general fund budget of a school dis-
6 trict shall be determined as follows:

7 1. Determine estimated general fund expenditures
8 exclusive of gifts, and federal grants and aids, except
9 federal aids paid in anticipation of or reimbursement
10 for expenses caused by a federal activity in or near
11 a school district which would otherwise need to be paid
12 from local sources, by adding together the estimated
13 amounts to be expended for the school year, for
14 administration, instruction, attendance services, health
15 services, pupil transportation services, fixed charges,
16 operation and maintenance, community services, capital
17 outlay, debt service, and tuition paid other districts.

18 The cost of food services and student body activities
19 shall not be included in general fund costs.

20 2. From the total of the sums determined under
21 subsection one (1) of this section deduct the follow-
22 ing:

23 a. Estimated receipts from state appropriations
24 for handicapped children aid, vocational aid, driver
25 education aid, and junior college aid.

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1 b. Estimated general fund receipts from the fol-
2 lowing: Tuition paid by individuals or by the state;
3 transportation; services; rents; income on investment
4 securities; other general fund revenue receipts; gen-
5 eral fund nonrevenue receipts; and transfers to the
6 general fund other than those resulting from clearing
7 accounts, reorganization and the return of principal
8 of invested securities.

9 c. An estimate of the total amount determined on
10 the per pupil cost basis for children transported who
11 live within statutory walking distance from school.

12 Sec. 5. FALL ENROLLMENT. Fall enrollment shall
13 be determined by adding the resident pupils who are
14 enrolled on the second Friday of September of each year
15 in public elementary and secondary schools of the
16 district, and in special education schools for which
17 tuition is paid by the district whether the special
18 education school is conducted by a county board of
19 education or another school district.

20 Each school district shall certify its fall enroll-
21 ment to the state department of public instruction by
22 September twenty-fifth of each year, and the informa-
23 tion shall be promptly forwarded to the state comp-
24 troller.

25 Sec. 6. PAYMENT OF STATE SCHOOL FOUNDATION AID.

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1 Prior to July first each year beginning in 1972, the
2 department of public instruction shall certify to the
3 state comptroller each school district's estimated fall
4 enrollment, and other information necessary for
5 computation of state school foundation aid. The state
6 comptroller shall compute the estimated amount of state
7 school foundation aid to be paid to each school district,
8 and certify the amount to each school district for use
9 in preparing budgets. He shall compute the actual
10 amount and draw warrants in payment of the state school
11 foundation aid in three approximately equal installments
12 to be paid on approximately the first day of November,
13 February, and May of each school year.

14 Sec. 7. LOCAL BUSINESS PRIVILEGE TAX ON INDUSTRIAL
15 AND UTILITY PROPERTY. A local business privilege tax
16 on industries and utilities, measured by the value of
17 industrial and utility property, is hereby imposed,
18 to be determined each year by the state comptroller
19 as follows:

20 1. Determine for each school district the amount
21 needed to meet its general fund budget, after subtract-
22 ing the amounts which will be received by the district
23 from the school foundation property tax levied that
24 year, and from state school foundation aid for that
25 year.

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1 2. Add together the amounts determined under sub-
2 section one (1) of this section, for each school dis-
3 trict within a county school system.

4 3. Determine the millage rate necessary for each
5 county system, to raise the sum obtained under sub-
6 section two (2) of this section, if spread at a uni-
7 form rate over all taxable property within the county
8 school system, and certify the rates to each county
9 auditor.

10 4. The local business privilege tax due from each
11 industry and utility with property within the county
12 is determined by applying the millage rate determined
13 under subsection three (3) of this section to the as-
14 sessed valuation of taxable property of the industry
15 or utility within the county.

16 Sec. 8. COUNTY LEVY AND DISTRIBUTION. The county
17 board of supervisors shall impose the local business
18 privilege tax on all industries and utilities having
19 property within the county, by applying the rate de-
20 termined by the comptroller under section seven (7)
21 of this Act against all industrial and utility property
22 in the county. In the case of joint districts the tax
23 shall be apportioned in the same manner as previously
24 employed for the purpose of making school property tax
25 levies in such circumstances. The local business

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1 privilege tax on industries and utilities shall be im-
2 posed and collected in the same manner as property taxes
3 are levied and collected, and is subject to all laws
4 relating to general property taxes.

5 As used in this Act, "industrial property" means
6 property assessed under the provisions of sections four
7 hundred twenty-eight point twenty (428.20) through four
8 hundred twenty-eight point twenty-three (428.23),
9 inclusive, of the Code, and "utility property" means

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10 property assessed by the director of revenue under the
11 provisions of sections four hundred twenty-eight point
12 twenty-four (428.24) through four hundred twenty-eight
13 point twenty-nine (428.29), inclusive, and chapters
14 four hundred thirty-three (433) through four hundred
15 forty (440), inclusive, of the Code.

16 On the tenth day of the month following the month
17 of collection, the county treasurer shall distribute
18 the moneys received from the business privilege tax
19 on industries and utilities to each school district
20 within the county school system on a per pupil basis
21 determined by dividing the amount of moneys received
22 by the total fall enrollment in the county.

23 Sec. 9. ADDITIONAL SCHOOL DISTRICT PROPERTY TAX
24 AND INCOME TAX--OTHER THAN INDUSTRIAL AND UTILITY
25 PROPERTY. The state comptroller shall determine the

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1 remaining additional school district property tax and
2 the school district income tax for each school dis-
3 trict in the state for each school year as follows:

4 1. Determine the total amount needed for the school
5 district's general fund budget for the 1970-1971 school
6 year, and subtract from that amount the receipts that
7 would have been brought in by the school foundation
8 property tax, the state school foundation aid, the local
9 business privilege tax on industries and utilities,
10 and all other receipts that would have been anticipated
11 except the additional school district property tax on
12 other than industrial and utility property and the
13 school district income tax provided in this section.

14 2. Determine the total assessed valuation of tax-
15 able property in the school district for the 1970
16 calendar year, the total Iowa net income as defined
17 in section four hundred twenty-two point seven (422.7)
18 of the Code, and the total amount of state individual
19 income tax, both as shown on the tax returns of in-
20 dividuals residing in the school district on December
21 31, 1969, or on the last day of their fiscal year end-
22 ing within 1969 and included in the department of revenue
23 1969 income tax annual statistical report. The director
24 of revenue shall certify these amounts to the state
25 comptroller on or before June 1, 1971.

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1 3. Add the total amounts of Iowa net income in a
2 district and the total assessed valuation of taxable
3 property in a district as determined in subsection two
4 (2) of this section, and divide the sum into the amount
5 obtained in subsection one (1) of this section. The

6 quotient is the surtax base rate. The base rate
7 multiplied by the total amount of Iowa net income and
8 the product divided by the total amount of state
9 individual income tax for the district as determined
10 in subsection two (2) of this section is the rate of
11 school district income tax and is hereby imposed as
12 a surtax on the amount of state individual income tax
13 paid on 1971 incomes for the 1972-1973 school year and
14 on state individual income tax paid on 1972 incomes
15 for the 1973-1974 school year. The surtax is imposed
16 on the state income tax paid for the calendar year or
17 a taxpayer's fiscal year ending within the calendar
18 year, by individuals residing in the school district
19 on December thirty-first of that calendar year or on
20 the last day of their fiscal year. The surtax on 1973
21 incomes for the 1974-1975 school year and every
22 succeeding school year, and the additional school
23 district property tax on other than industrial and
24 utility property for the 1972-1973 school year and every
25 succeeding school year shall be determined by the state

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1 comptroller in the manner provided in subsection four
2 (4) of this section.
3 4. a. Determine the total amount needed for the
4 school district's general fund budget for the current
5 year and subtract anticipated receipts from all sources
6 except the additional school district property tax on
7 other than industrial and utility property and the
8 school district income tax.
9 b. Determine the total assessed valuation of tax-
10 able property in the school district for the current
11 calendar year, and the total amount of Iowa net income,
12 state individual income tax, and school district in-
13 come tax as shown on the returns of individuals resid-
14 ing in the school district on December thirty-first
15 of the last preceding calendar year or on the last day
16 of their fiscal year ending within the last preceding
17 calendar year. The director of revenue shall report
18 these amounts to the state comptroller as estimates
19 in time for school budget preparation, and as actual
20 amounts according to the figures available on October
21 twentieth each year, to permit final computation and
22 certification of taxes.
23 c. Subtract the school district income tax from
24 the amount obtained in paragraph a of this subsection
25 and divide the result by the total assessed valuation

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1 of taxable property for the current calendar year.
2 The quotient is the surtax and millage base rate. The

3 base rate multiplied by one thousand is the millage
4 rate to be certified and levied on the assessed valua-
5 tion of taxable property in the district, other than
6 industrial and utility property, in addition to the
7 school foundation property tax, for school general fund
8 purposes for the current school year. Beginning in
9 1973, the base rate multiplied by the total amount of
10 Iowa net income and the product divided by the total
11 amount of state individual income tax is the rate of
12 school district income tax and is hereby imposed as
13 a surtax on the amount of state individual income tax
14 paid for the current calendar year during which the
15 determination is made or a taxpayer's fiscal year ending
16 within that calendar year, by individuals residing in
17 the school district on December thirty-first of that
18 calendar year or on the last day of their fiscal year.

19 Sec. 10. FORM AND TIME OF RETURN. The school
20 district income tax return shall be a part of the Iowa
21 individual income tax return subject to the conditions
22 and restrictions set forth in section four hundred
23 twenty-two point twenty-one (422.21) of the Code.

24 Sec. 11. DEPOSIT OF SCHOOL DISTRICT INCOME TAX.
25 The director of revenue shall deposit all moneys received

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1 as school district income tax to the credit of each
2 district from which the moneys are received, in a "school
3 district income tax fund" which is established in the
4 office of the treasurer of state.

5 Sec. 12. SCHOOL DISTRICT INCOME TAX CERTIFICATION.
6 On or before October 20, 1972, and each year thereafter
7 the director of revenue shall make an accounting of
8 the school district income tax collected under this
9 Act applicable to tax returns for the last preceding
10 calendar year or a taxpayer's fiscal year ending within
11 that calendar year, from taxpayers in each of the various
12 school districts in the state and certify to the state
13 comptroller and the state department of public
14 instruction the amount of total school district income
15 tax credited from the taxpayers of each school district.
16 Additional returns in process, if any, at the time of
17 certification shall be completed and the additional
18 amount of school district income tax reported to the
19 state comptroller for distribution back to the school
20 district with the February first installment.

21 Sec. 13. SCHOOL DISTRICT INCOME TAX DISTRIBUTION.
22 The state comptroller shall certify to the state

23 department of public instruction the amount of school
24 district income tax payable to each school district,
25 and the state comptroller shall draw warrants in payment

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1 of the amount of tax payable to each of the school
2 districts in two installments to be paid on approximately
3 the first day of December and the first day of February,
4 and cause the same to be delivered to the respective
5 school districts.

6 Sec. 14. DEPOSIT IN GENERAL FUND. All amounts
7 received by a school district under the provisions of
8 sections one (1) through thirteen (13), inclusive,
9 of this Act shall be deposited in the school general
10 fund, and may be used for any school general fund
11 purpose.

12 Sec. 15. WITHHOLDING OF SCHOOL DISTRICT INCOME TAX
13 AT SOURCE. The director of revenue shall provide by
14 rule for the withholding of revenues which may be due,
15 based upon the school district income tax imposed under
16 section nine (9) of this Act. The school district tax
17 withholding shall begin July 1, 1971, and the rate
18 withheld for the period beginning July 1, 1971, and
19 ending December 31, 1971, shall be based upon the
20 approximate average of all the school district income
21 tax rates imposed by all school districts in the state
22 on incomes earned in 1971, or in a taxpayer's tax year
23 ending during 1971. The school district tax withholding
24 rate for each subsequent calendar year beginning January
25 1, 1972, shall be based upon the average of all the

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1 school district income tax rates imposed by all school
2 districts in the state on incomes earned in the last
3 preceding calendar year, or in a taxpayer's tax year
4 ending during that calendar year. The director of
5 revenue shall determine the annual rate based upon the
6 average of the most recent school district income tax
7 rate figures available to him at the time of
8 determination.

9 Every withholding agent as defined in section four
10 hundred twenty-two point sixteen (422.16), subsection
11 one (1), of the Code, making payment of wages as defined
12 in section four hundred twenty-two point sixteen (422.16)
13 of the Code to a resident employee or employees shall
14 deduct and withhold from the wages an amount which will
15 approximate the employee's annual school district income
16 tax liability if computed according to the average as
17 provided in this section on a calendar year basis,
18 calculated on the basis of tables to be prepared by

19 the department of revenue, and schedules or percentage
20 rates based on the wages, to be prescribed by the
21 department.

22 All requirements, restrictions, and penalties imposed
23 on withholding agents under section four hundred twenty-
24 two point sixteen (422.16) of the Code are applicable
25 to withholding agents under the provisions of this

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1 section.

2 Sec. 16. STATUTES APPLICABLE. The director of
3 revenue shall administer the school district income
4 tax, and the school district withholding tax, and all
5 the provisions of sections four hundred twenty-two point
6 twenty-two (422.22) through four hundred twenty-two
7 point thirty-one (422.31), inclusive, and four hundred
8 twenty-two point seventy-three (422.73) of the Code,
9 including interest and penalties, shall apply in respect
10 to administration of the school district tax.

11 Sec. 17. SCHOOL BUDGET REVIEW COMMITTEE. A school
12 budget review committee is established, which consists
13 of the superintendent of public instruction, the state
14 comptroller, and three members appointed by the governor
15 to represent the public and to serve three-year staggered
16 terms. Those serving immediately prior to the effective
17 date of this Act as public members of the school budget
18 review committee established under prior law shall
19 continue to serve out their unexpired terms. The
20 superintendent of public instruction and the state
21 comptroller may each appoint a member of their staffs
22 to serve as their regular representative on the
23 committee. The school budget review committee shall
24 meet and hold hearings each year in Des Moines in May,
25 and shall continue in session until it has reviewed

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1 budgets of school districts, as provided in section
2 eighteen (18) of this Act. It may call in school board
3 members and employees as necessary for the hearings.
4 Legislators shall be notified of hearings concerning
5 school districts in their constituencies.

6 The committee shall adopt its own rules of procedure.
7 The superintendent of public instruction or his
8 representative shall serve as chairman, and the state
9 comptroller or his representative shall serve as
10 secretary. The committee members representing the
11 public are entitled to receive a per diem equal to the
12 per diem of members of the board of public instruction,
13 and their necessary travel and other expenses while
14 engaged in their official duties. Expense payments

15 shall be made from appropriations to the department
16 of public instruction.

17 Sec. 18. DUTIES OF COMMITTEE. The school budget
18 review committee may recommend to the state board of
19 public instruction the revision of any rules,
20 regulations, directives, or forms relating to school
21 district budgeting and accounting, confer with local
22 school boards or their representatives and make
23 recommendations relating to any budgeting or accounting
24 matters, and may direct the superintendent of public
25 instruction or the state comptroller to make studies

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1 and investigations of school costs in any school district
2 whose budget has been submitted to the committee. The
3 committee shall report to each session of the general
4 assembly, which report shall include any recommended
5 changes in laws relating to school districts, and shall
6 set out the number of hearings held pursuant to this
7 Act, the reasons for any authorized increases in school
8 costs, and other information as the committee deems
9 advisable.

10 The school budget review committee may review the
11 budgets of any school district as follows:

12 1. If the budget shows general fund expenditures
13 per pupil in average daily membership of more than one
14 hundred ten percent of the average cost per pupil in
15 average daily membership in the state.

16 2. If the total general fund budget has increased
17 over the previous year's general fund expenditures by
18 a percent greater than the percentage growth factor
19 for the budget year computed by the state comptroller
20 as provided in section two (2) of this Act.

21 3. If in the judgment of the committee, the budget
22 shows total general fund expenditures which are
23 unreasonably high in relation to the comparative costs
24 of other school districts of similar size and situation,
25 even if the expenditures do not exceed the average cost

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1 per pupil in average daily membership in the state.

2 If the school budget review committee does not approve
3 a school budget, it shall state its recommendations
4 in terms of a specific recommended reduction in the
5 general fund expenditures included in the budget, and
6 in terms of the projected reduction in the additional
7 school district property tax rate and school district
8 income tax rate of the school district, as determined
9 under section nine (9) of this Act, and shall notify
10 the appropriate county auditor and the state comptroller

11 of its recommendations.

12 If the school budget review committee makes a
13 recommendation for reduction, the school board shall
14 follow the recommendation or shall submit to the voters
15 of the school district, at a special election called
16 for that purpose, the question of whether the board
17 shall adopt the recommendations of the school budget
18 review committee, or shall adopt the budget as proposed.
19 The question submitted to the voters shall state clearly
20 the difference in the additional school district property
21 tax rate and the school district income tax rate which
22 will result if the board adopts the recommendations
23 of the school budget review committee, or if it adopts
24 the budget as proposed.

25 If a majority of those voting favors adoption of

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1 the recommendation of the school budget review committee,
2 the board of directors of the school district shall
3 alter its budget as recommended, and shall certify the
4 corrected budget to the county auditor and the state
5 comptroller.

6 If a majority of those voting favors adoption of
7 the budget as proposed, the board may certify the
8 proposed budget to the county auditor and the state
9 comptroller.

10 Sec. 19. Section two hundred ninety-eight point
11 one (298.1), Code 1971, is amended as follows:

12 298.1 SCHOOL TAXES. The board of each school
13 corporation shall estimate the amount of the proposed
14 expenditures and proposed receipts for the general
15 school purposes at a time and in a manner to effectuate
16 the provisions of chapter 442 sections 1 through 18,
17 inclusive, of this Act. Compliance with chapter 24
18 shall be observed.

19 ~~Prior to compliance with section 24.9, the~~
20 ~~superintendent of the county school systems shall call~~
21 ~~a joint meeting of school superintendents and school~~
22 ~~board members for all of the local districts within~~
23 ~~the county basic school tax unit. The time and place~~
24 ~~for such joint meetings shall be set by the~~
25 ~~superintendent of the county school systems.~~

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1 ~~The purpose of the joint meeting shall be for a~~
2 ~~review of the budgets of the several school districts~~
3 ~~within the county basic school tax units, and for the~~
4 ~~discussion of common problems within the county basic~~
5 ~~unit.~~

6 Sec. 20. Section four hundred twenty-two point

7 sixty-five (422.65), subsection one (1) and unnumbered
8 paragraph three (3), are amended as follows:
9 1. Fifty percent to the ~~basic-school-tax-equalization~~
10 ~~fund-of-the-basic-school-tax-unit~~ general fund of the
11 school district from which the tax is collected, ~~to~~
12 ~~be-distributed-in-the-same-manner-as-other-funds-in~~
13 ~~the-basic-school-tax-equalization-fund.~~
14 Quarterly, the director of revenue shall certify
15 to the treasurer of state the amounts to be paid to
16 each ~~basic-school-tax-unit~~ school district, city, town,
17 and county from the franchise tax fund. All moneys
18 received from the franchise tax are hereby appropriated
19 according to the provisions of this section.
20 Sec. 21. Section four hundred twenty-two point
21 seventy-eight (422.78), Code 1971, is amended as follows:
22 422.78 ALLOCATION TO MONEYS AND CREDITS REPLACEMENT
23 FUND IN EACH COUNTY. The director shall determine the
24 percentage which the aggregate taxable value for the
25 year 1965 of the property described in and subject to

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1 taxation under section 429.2 owned or held by
2 individuals, administrators, executors, guardians,
3 conservators, trustees or an agent or nominee thereof,
4 and the aggregate taxable value for the year 1965 of
5 the property described in and subject to taxation under
6 section 431.1 for the year 1965 but not subject to
7 taxation under said section for the year 1966, in each
8 county bears to the total aggregate taxable value of
9 such property reported from all of the counties in the
10 state and shall certify the percentage for each county
11 to the state comptroller prior to January 1, 1967.
12 In January of 1967 and in January of each succeeding
13 year thereafter, the state comptroller shall apply said
14 percentage to the money which shall have accumulated
15 in the moneys and credits tax replacement fund prior
16 to such January and thereby determine the amount thereof
17 due to each county. The state comptroller shall draw
18 warrants on the moneys and credits tax replacement fund
19 in such amounts payable to the county treasurer of each
20 county and transmit them. The county treasurer shall
21 apportion these amounts twenty percent to the county
22 general fund, fifty percent to the ~~basic-school-tax~~
23 ~~equalization-fund~~ general funds of each school district
24 in the proportion that the taxable value for each
25 district for 1965 of property subject to taxation in

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1 1965 under sections 429.2 and 431.1 is to the total
2 of such taxable values for all school districts within

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3 the county, and the remaining thirty percent to cities
4 and towns in the proportion that the taxable values
5 value for each city and town for 1965 of property subject
6 to taxation in 1965 under sections 429.2 and 431.1 is
7 to the total of such taxable values for all cities and
8 towns within the county.

9 Sec. 22. Section four hundred thirty A point three
10 (430A.3), Code 1971, is amended as follows:

11 430A.3 LEVY. There is hereby imposed upon capital
12 employed in the business of making loans or investments
13 within the state of Iowa, as determined under the
14 provisions of this chapter, a tax of five mills on each
15 dollar of such capital; such tax to be considered a
16 tax upon moneys and credits of such corporations which
17 shall be levied by the board of supervisors, and placed
18 upon the tax list and collected by the county treasurer.
19 The amount collected in each taxing district in cities
20 and towns shall be apportioned twenty percent to the
21 county general fund, thirty percent to the city or town
22 general fund, and fifty-percent to the basic-school
23 tax-equalization-fund general fund of the school district
24 where collected, and the amount collected in each taxing
25 district outside of cities and towns shall be apportioned

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1 fifty percent to the county general fund and fifty
2 percent to the basic-school-tax-equalization-fund general
3 fund of the school district where collected. The term
4 "loans" as used herein shall mean the lending of money
5 to members of the general public upon other than real
6 estate security. The term "investments" as used herein
7 shall mean the discounting, purchasing, or otherwise
8 acquiring notes, mortgages, sales contracts, debentures,
9 or any other evidences of indebtedness, based upon other
10 than real estate security when such investments are
11 made in connection with loans made to members of the
12 general public in the state of Iowa or in the courts
13 of any operations having as their effect the financing
14 of business transactions within the state of Iowa
15 resulting in the incurring of any indebtedness based
16 upon security other than real estate security.

17 Sec. 23. Chapter four hundred forty-two (442), Code
18 1971, is repealed.

DIVISION 2

19
20 Sec. 24. Section four hundred twenty-two point five
21 (422.5), Code 1971, is amended by striking subsections
22 one (1) through seven (7), inclusive, and inserting
23 in lieu thereof the following new subsections:

24 1. On the first thousand dollars of taxable income,
25 or any part thereof, one percent.

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1 2. On the second thousand dollars of taxable income,
2 or any part thereof, two percent.

3 3. On the third thousand dollars of taxable income,
4 or any part thereof, three percent.

5 4. On the fourth thousand dollars of taxable income,
6 or any part thereof, four percent.

7 5. On the fifth, sixth, and seventh thousand dol-
8 lars of taxable income, or any part thereof, five per-
9 cent.

10 6. On the eighth and ninth thousand dollars of
11 taxable income, or any part thereof, six percent.

12 7. On the tenth, eleventh, and twelfth thousand
13 dollars of taxable income, or any part thereof, seven
14 percent.

15 8. On the thirteenth, fourteenth, and fifteenth
16 thousand dollars of taxable income, or any part thereof,
17 eight percent.

18 9. On the sixteenth, seventeenth, eighteenth, nine-
19 teenth, and twentieth thousand dollars of taxable income,
20 or any part thereof, nine percent.

21 10. On all taxable income over twenty thousand dol-
22 lars, ten percent.

23 Sec. 25. Section four hundred twenty-two point
24 sixty-nine (422.69), subsection two (2), Code 1971,
25 is amended by striking the subsection and inserting

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1 in lieu thereof the following:

2 2. A "moneys and credits tax replacement fund" is
3 created in the office of the treasurer of state. An-
4 nually on December thirty-first the treasurer of state
5 shall transfer four million dollars of moneys credited
6 to the general fund under this section to the moneys
7 and credits tax replacement fund.

8 Sec. 26. The provisions of sections twenty-four
9 (24) and twenty-five (25) of this Act shall be effective
10 January 1, 1972.

11 DIVISION 3

12 Sec. 27. Section four hundred twenty-two point
13 forty-three (422.43), unnumbered paragraphs one (1),
14 two (2), seven (7), and eight (8), Code 1971, are amended
15 as follows:

16 There is hereby imposed a tax of ~~three~~ four percent
17 upon the gross receipts from all sales of tangible
18 personal property, consisting of goods, wares, or
19 merchandise, except as otherwise provided in this

20 division, sold at retail in the state to consumers or
21 users; a like rate of tax upon the gross receipts from
22 the sales, furnishing or service of gas, electricity,
23 water, heat, and communication service, including the
24 gross receipts from such sales by any municipal
25 corporation furnishing gas, electricity, water, heat,

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1 and communication service to the public in its proprie-
2 tary capacity, except as otherwise provided in this
3 division, when sold at retail in the state to consumers
4 or users; and a like rate of tax upon the gross receipts
5 from all sales of tickets or admissions to places of
6 amusement, athletic events including those of educational
7 institutions, fairs; and a like rate of tax upon that
8 part of private club membership fees or charges paid
9 for the privilege of participating in any athletic
10 sports provided club members.

11 There is hereby imposed a tax of three four percent
12 upon the gross receipts derived from the operation of
13 all forms of amusement devices and commercial amusement
14 enterprises operated or conducted within the state of
15 Iowa, such tax to be collected from the operator in
16 the same manner as is provided for the collection of
17 taxes upon the gross receipts of tickets or admission
18 as provided in this section.

19 The tax herein levied shall be computed and collected
20 as hereinafter provided. The tax herein imposed shall
21 be at the rate of three four percent.

22 There is hereby imposed, a tax of three four percent
23 upon the gross receipts from the rendering, furnishing,
24 or performing of services as defined in section 422.42.

25 Sec. 28. Section four hundred twenty-two point

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1 sixty-nine (422.69), subsection five (5), Code 1971,
2 is amended as follows:

3 5. During the last quarter of each fiscal year an
4 amount equal to ten percent of the net receipts from
5 two-thirds one-half of the sales tax collected under
6 division IV of this chapter for the fiscal year, less
7 the amount transferred during such fiscal year for motor
8 vehicle registration plates, shall be transferred to
9 the road use tax fund created by section 312.1. The
10 remainder of the net receipts from the sales tax shall
11 be credited to the general fund.

12 Sec. 29. Section four hundred twenty-three point
13 two (423.2), Code 1971, is amended as follows:

14 423.2 IMPOSITION OF TAX. An excise tax is hereby
15 imposed on the use in this state of tangible personal

16 property purchased for use in this state, at the rate
17 of three four percent of the purchase price of such
18 property. Said tax is hereby imposed upon every person
19 using such property within this state until such tax
20 has been paid directly to the county treasurer or
21 department of public safety to a retailer, or to the
22 department as hereinafter provided. An excise tax is
23 hereby imposed on the use in this state of services
24 enumerated in section 422.43 at the rate of three four
25 percent. Said tax shall be applicable where services

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1 are rendered, furnished, or performed in this state
2 or where the product or result of such service is used
3 in this state. Such tax is imposed on every person
4 using such services or the product of such services
5 in this state until such user has paid such tax either
6 to an Iowa use tax permit holder or has paid such tax
7 to the department of revenue.

8 Sec. 30. The tax imposed under sections twenty-six
9 (26) and twenty-eight (28) of this Act shall be at the
10 rate of three percent on the sales and use of tangible
11 personal property and the sale of taxable services,
12 either of which is used in the performance of a building
13 or construction contract executed prior to the effective
14 date of this Act.

15 DIVISION 4

16 Sec. 31. Chapter four hundred twenty-two (422),
17 Code 1971, is amended by adding the following new
18 section:

19 "In addition to the other provisions of this chapter,
20 every resident individual shall be entitled to a sales
21 tax credit for each taxable year with respect to himself
22 and each of the persons for whom he is entitled to claim
23 as a personal exemption for purposes of the individual
24 income tax imposed under division two (II) of this
25 chapter, whether or not the resident individual is

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1 required to file an individual income tax return or
2 pay the tax.

3 The amount of credit shall be computed in accordance
4 with the following table:

5 If the net income of the
6 resident individual for the
7 taxable year is:

The credit allowed to
resident individual for
himself and for each
person for whom he is
entitled to claim a per-
sonal exemption is:

8
9
10
11 Under \$1,000

\$12

12	\$1,000 or over and less than \$2,000	\$10
13	\$2,000 or over and less than \$3,000	7
14	\$3,000 or over and less than \$4,000	5
15	\$4,000 or over and less than \$5,000	3

16 No resident individual shall be eligible to claim
17 the sales tax credit if the individual has a net income
18 of over five thousand dollars.

19 No resident individual shall be eligible to claim
20 a sales tax credit if the individual has been claimed
21 as a dependent on another resident individual's income
22 tax return.

23 The amount of the credit provided for in this section
24 shall be allowed as a credit against the individual
25 income tax imposed under this chapter, provided the

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1 resident individual claims the credit on his income
2 tax return required to be filed under section four
3 hundred twenty-two point thirteen (422.13) of the Code.
4 If the income tax due a resident individual shown by
5 his tax return is less than the full amount of the
6 refund to which he is entitled under this section, the
7 excess of the credit over the income tax otherwise due
8 shall be refunded to him by the department of revenue.

9 If any resident individual entitled to a credit under
10 this section is not otherwise required by section four
11 hundred twenty-two point thirteen (422.13) of the Code
12 to file an income tax return, the credit to which he
13 is entitled shall be refunded to him upon furnishing
14 the department of revenue with proof of his taxable
15 income and the number of his personal exemptions.

16 For the purpose of this section, the term 'resident
17 individual' means a natural person who has resided in
18 the state for the full taxable year. The term 'net
19 income' means net income as defined in section four
20 hundred twenty-two point seven (422.7) of the Code.

21 The department of revenue shall make all rules and
22 regulations with respect to the credits for this section,
23 including the manner and requirements for claiming
24 credit for or refund of the amount thereof in the same
25 manner as state income tax refunds, and in accordance

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1 with the provisions of sections four hundred twenty-
2 two point sixteen (422.16) and four hundred twenty-two
3 point sixty-seven (422.67) of the Code."

4 DIVISION 5

5 Sec. 32. Section four hundred twenty-two point
6 sixty-nine (422.69), Code 1971, is amended by adding
7 the following new subsection:

8 "A 'municipal assistance fund' is created in the
9 office of the treasurer of state. Annually, prior to
10 December 31, 1972, and each year thereafter, the
11 treasurer of state shall transfer an amount equal to
12 one-fourth of the net receipts of one cent of the sales
13 tax collected under division four (IV) of this chapter
14 during the last preceding fiscal year into the municipal
15 assistance fund for distribution to any regional ser-
16 vice agency providing services within a merged area
17 under authority of chapters twenty-eight E (28E) or
18 four hundred seventy-three A (473A) of the Code.

19 The state comptroller shall divide the amount of
20 money in the municipal assistance fund by the total
21 population of the state to determine the amount to be
22 distributed on a per capita basis. Upon application
23 for assistance by a regional service agency, the state
24 comptroller shall determine the amount to be distributed
25 to each regional service agency based on the population

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1 served by the agency, and shall distribute the moneys
2 to the regional service agencies. The amount of moneys
3 which a regional service agency may receive from the
4 municipal assistance fund shall be limited to the total
5 amount per capita or the total budget of the regional
6 service agency, whichever is less. The moneys in the
7 municipal assistance fund are appropriated for this
8 purpose.

9 Any funds remaining in the municipal assistance fund
10 at the end of each fiscal year shall revert to the gen-
11 eral fund."

12 DIVISION 6

13 Sec. 33. Section four hundred twenty-five point
14 one (425.1), subsection four (4), Code 1971, is amended
15 as follows:

16 4. Annually the department of revenue shall estimate
17 the millage credit not to exceed ~~twenty-five~~ twelve
18 and one-half mills to be given to each dollar of eligible
19 homestead valuation based upon the estimated revenue
20 that may be distributable from the homestead credit
21 fund for the ensuing year, and shall certify to the
22 county auditor of each county such millage credit and
23 the amount in dollars thereof. Each county auditor
24 shall then enter such credit against the tax levied
25 on each eligible homestead in each county payable during

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1 the ensuing year, designating on the tax lists such
2 credit as being from the homestead credit fund, and
3 credit shall then be given to the several taxing

4 districts, except school districts, in which such
5 eligible homesteads are located in an amount equal to
6 the credits allowed on the taxes of such homesteads.
7 The amount of said credits shall be apportioned by each
8 county treasurer to the several taxing districts as
9 provided by law, in the same manner as though the amount
10 of the credit had been paid by the owners of said
11 homesteads; provided, however, that the several taxing
12 districts shall not be permitted to draw the funds so
13 credited until after the semiannual allocations have
14 been received by the county treasurer, as provided in
15 this chapter. Each county treasurer shall show on each
16 tax receipt the amount of credit received from the
17 homestead credit fund.

18 DIVISION 7

19 Sec. 34. Section two hundred thirty-nine point
20 eleven (239.11), Code 1971, is amended as follows:
21 239.11 COUNTY APPROPRIATIONS. The county board
22 of supervisors in each county in this state shall
23 appropriate annually, and ~~pay in-the-manner-hereinafter~~
24 ~~specified~~ from the county poor fund, such sum as shall
25 result in the payment by such county of that portion

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1 of all assistance and benefits payable with respect
2 to dependent children chargeable to the county under
3 this chapter, which shall ~~equal~~ not exceed one-half
4 of all such assistance and benefits chargeable to the
5 county exclusive of such receipts and contributions
6 to such fund other than state or county funds, as may
7 from time to time be legally received from any source
8 and credited to the state division and shall include
9 in the tax levy for such county the sum or sums so
10 appropriated for that purpose. The sums necessary as
11 above provided shall be originally determined upon the
12 basis of an annual budget prepared by the county board
13 and approved by the state division. ~~Should-the-sum~~
14 ~~so-appropriated,-however,-be-expended-or-exhausted~~
15 ~~during-the-year-for-which-it-was-appropriated,-such~~
16 ~~additional-sum-shall-be-appropriated-by-the-board-of~~
17 ~~supervisors-from-the-county-poor-fund-as-shall-be~~
18 ~~sufficient-to-meet-the-obligation-of-the-county-to-pay~~
19 ~~its-share-as-heretofore-provided-of-all-assistance-and~~
20 ~~benefits-with-respect-to-dependent-children-chargeable~~
21 ~~to-the-county.~~ The appropriation provided in this
22 section shall not exceed statutory tax limitations now
23 or hereafter provided, ~~except-that-in-counties-having~~
24 ~~a-population-of-sixty-thousand,-or-more,-the-board-of~~

25 ~~supervisors may levy annually an additional tax not~~

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1 ~~to exceed one-fourth mill to carry out the provisions~~
2 ~~of this chapter, and in counties having a population~~
3 ~~of over thirty-five thousand and less than sixty~~
4 ~~thousand, the board of supervisors may levy annually~~
5 ~~an additional tax not to exceed one-eighth mill to carry~~
6 ~~out the provisions of this chapter.~~

7 The share of any county for assistance and benefits
8 payable to dependent Indian children living on an Indian
9 reservation in said county shall be paid by the state,
10 from the fund for aid to dependent children.

11 Sec. 35. Section two hundred thirty-nine point
12 twelve (239.12), Code 1971, is amended as follows:

13 239.12 FUND FOR AID TO DEPENDENT CHILDREN--
14 REIMBURSEMENT TO STATE. There is hereby established
15 in the state treasury a fund to be known as the "Fund
16 for Aid to Dependent Children" to which shall be credited
17 all funds appropriated by the state for the payment
18 of administrative expenses, assistance and benefits
19 under this chapter, all moneys received at any time
20 for such purposes, and all funds paid by counties to
21 the state division as provided by ~~this chapter~~ sec-
22 tion 252.43. All assistance and benefits under this
23 chapter, and the administrative expenses incident
24 thereto, except compensation and expenses paid to the
25 county board members, shall be paid from said fund.

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1 The state division shall report to the county board
2 ~~quarterly~~ monthly the total amount of assistance and
3 benefits paid during the preceding quarter month to
4 recipients chargeable to the county. The county board
5 shall promptly report the same to the county board of
6 supervisors which shall then order paid from the county
7 poor fund a sum representing the county's share thereof
8 determined in the manner heretofore provided, which
9 payment shall be credited to the fund for aid to
10 dependent children.

11 Any unexpended balance of the fund appropriated or
12 allocated by the state which remains in the fund for
13 aid to dependent children at the end of each biennium
14 shall not revert to the general fund of the state, any
15 law to the contrary notwithstanding.

16 Sec. 36. Section two hundred forty-one point twenty
17 (241.20), Code 1971, is amended as follows:

18 241.20 COUNTY APPROPRIATION. The county board of
19 supervisors in each county in this state shall
20 appropriate annually, and pay ~~in the manner hereinafter~~

21 specified from the county poor fund, such sum as will
22 result in the payment by such county of that portion
23 of all assistance and benefits payable with respect
24 to blind persons chargeable to the county under this
25 chapter, which shall ~~equal~~ not exceed one-half of all

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1 such assistance and benefits chargeable to the county
2 exclusive of such receipts and contributions to such
3 fund other than state or county funds as may from time
4 to time be legally received from any source and credited
5 to the state division and shall include in the tax levy
6 for such county the sum or sums so appropriated for
7 that purpose. The sums necessary as above provided
8 shall be originally determined upon the basis of an
9 annual budget prepared by the county board and approved
10 by the state division. ~~Should the sum so appropriated,~~
11 ~~however, be expended or exhausted during the year for~~
12 ~~which it was appropriated, such additional sums shall~~
13 ~~be appropriated by the board of supervisors from the~~
14 ~~county poor funds as shall be sufficient to meet the~~
15 ~~obligations of the county to pay its share as heretofore~~
16 ~~provided of all assistance and benefits with respect~~
17 ~~to blind persons chargeable to the county.~~ The tax
18 levy provided for in this section shall not exceed
19 statutory tax limitations now or hereafter provided.

20 Sec. 37. Section two hundred forty-one point twenty-
21 one (241.21), Code 1971, is amended as follows:

22 241.21 FUND FOR AID TO THE BLIND--REIMBURSEMENT
23 TO STATE. There is hereby established in the state
24 treasury a fund to be known as the "Fund for Aid to
25 the Blind" to which shall be credited all funds

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1 appropriated by the state for the payment of
2 administrative expenses, assistance, and benefits under
3 this chapter, all moneys received from the federal
4 government for such purpose and all funds paid by the
5 counties to the state director as provided by ~~this~~
6 section 252.43. All assistance and benefits under this
7 chapter, ~~and~~ the administrative expenses incident
8 thereto, so far as the same are payable by the state
9 director, shall be paid from said fund. The state
10 director shall report to the county board each month
11 the total amount of assistance and benefits paid during
12 the preceding month to recipients which is chargeable
13 to the county. The county board shall promptly report
14 the same to the county board of supervisors which shall
15 then order paid from the county poor fund a sum
16 representing the county's share thereto determined in

17 the manner heretofore provided, which payment shall
18 be credited to the fund for aid to the blind.
19 Any unexpended balance of the funds appropriated
20 or allocated by the state which remains in the fund
21 for aid to the blind at the end of each biennium shall
22 not revert to the general fund of the state, any law
23 to the contrary notwithstanding.
24 Sec. 38. Section two hundred forty-one A point
25 thirteen (241A.13), Code 1971, is amended as follows:

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1 241A.13 COUNTY APPROPRIATION--TAX LEVY--INDIANS.
2 The county board of supervisors in each county of this
3 state shall appropriate annually ~~and pay in the manner~~
4 ~~hereinafter specified~~ from the county poor fund, such
5 sum as shall result in the payment by such county of
6 that portion of all assistance and benefits, payable
7 with respect to disabled persons chargeable to the
8 county under this chapter, which shall ~~equal~~ not exceed
9 one-half of all ~~such~~ assistance and benefits chargeable
10 to the county, exclusive of ~~such~~ receipts and
11 contributions to such fund other than state or county
12 funds as may, from time to time, be legally received
13 from any source and credited to the state division,
14 and shall include in the tax levy for such county, the
15 sum or sums so appropriated, for that purpose. The
16 sums necessary, as above provided, shall be originally
17 determined upon the basis of an annual budget prepared
18 by the county board. ~~Should the sum so appropriated,~~
19 ~~however, be expended or exhausted during the year for~~
20 ~~which it was appropriated, such additional sum shall~~
21 ~~be appropriated by the board of supervisors from the~~
22 ~~county poor fund, as shall be sufficient to meet the~~
23 ~~obligation of the county to pay its share, as heretofore~~
24 ~~provided, of all assistance and benefits with respect~~
25 ~~to disabled persons chargeable to the county.~~ The

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1 appropriation provided for in this section shall not
2 exceed the statutory tax limitations now or hereinafter
3 provided, ~~except that in counties having a population~~
4 ~~of sixty thousand or more, the board of supervisors~~
5 ~~may levy annually an additional tax not to exceed one-~~
6 ~~fourth mill to carry out the provisions of this chapter,~~
7 ~~and in counties having a population of over thirty-five~~
8 ~~thousand and less than sixty thousand, the board of~~
9 ~~supervisors may levy annually an additional tax not~~
10 ~~to exceed one-eighth mill to carry out the provision~~
11 ~~of this chapter.~~ Funds appropriated under this section
12 shall be used exclusively for the purpose stated above.

Senate 27
May 19, 1971

13 The share of any county for assistance and benefits
14 payable to the dependent Indian who is disabled, and
15 living on an Indian reservation in said county, shall
16 be paid by the state from the fund for the disabled.

17 Sec. 39. Section two hundred forty-one A point
18 fourteen (241A.14), Code 1971, is amended as follows:
19 241A.14 DISABLED AID FUND. There is hereby
20 established in the state treasury a fund to be known
21 as the "Fund for Aid to the Disabled" to which shall
22 be credited all funds appropriated by the state for
23 the payment of administration expenses, assistance and
24 benefits under this chapter, all moneys received from
25 the federal government for such purposes, and all funds

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1 paid by the counties to the state director as provided
2 by ~~this chapter~~ section 252.43. All assistance, benefits
3 and administration expense shall be paid from said fund
4 by the state director. The state division shall report
5 to the county board each month the total amount of
6 assistance and benefits paid during the preceding month
7 with respect to recipients chargeable to the county.
8 The county board shall promptly report the same to the
9 county board of supervisors which shall then order paid
10 to the state director from the county poor fund, a sum
11 representing the county's share thereof, determined
12 in the manner heretofore provided, which payment shall
13 be credited to the fund for the disabled.

14 Sec. 40. Section two hundred fifty-two point forty-
15 three (252.43), Code 1971, is amended by striking the
16 section and inserting in lieu thereof the following:
17 252.43 POOR TAX. The expense of supporting the
18 poor shall be paid out of the county treasury in the
19 same manner as other disbursements for county purposes,
20 and in case the ordinary revenue of the county proves
21 insufficient for the support of the poor, the board
22 may levy a poor tax, not to exceed one and one-half
23 mills, to be entered on the tax list and collected as
24 the ordinary county tax.

25 Of the one and one-half mill levy, an amount in

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1 dollars not to exceed the amount raised by a one mill
2 levy shall be expended for the county's share of support
3 for aid to the disabled, aid to the blind, and aid to
4 dependent children. However, if the amount in dollars
5 equal to the amount raised by a one mill levy is more
6 than sufficient to pay the county share of aid to the
7 disabled, aid to the blind, and aid to dependent
8 children, the county shall pay only an amount in dollars

9 equal to the amount raised by a one mill levy for its
10 share of aid to the disabled, aid to the blind, and
11 aid to dependent children.

12 If the amount in dollars equal to the amount raised
13 by a one mill levy is insufficient to pay the county's
14 share of aid to the disabled, aid to the blind, and
15 aid to dependent children, the county shall pay each
16 month to the director of social welfare, the amount
17 in dollars equal to the amount raised by a one mill
18 levy for the county's share of aid to the disabled,
19 aid to the blind, and aid to dependent children. When
20 a county has paid to the director of social welfare
21 an amount in dollars equal to the amount raised by a
22 one mill levy, the board of supervisors shall give
23 written notice of such fact to the director of social
24 welfare and the state shall assume the liability of
25 the county for the remainder of the year.

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1 Should the one and one-half mill levy fail to provide
2 adequate funds to take care of the poor, then the board
3 of supervisors, with the approval of the state
4 comptroller, shall levy an additional tax of not to
5 exceed two mills, to be entered on the tax list and
6 collected as the ordinary county tax. Before any
7 additional levy is made, a showing of necessity for
8 the additional levy shall be made to the state
9 comptroller and no additional levy shall be made unless
10 it shall be approved in writing by the comptroller.
11 No moneys received from the levy of an additional two
12 mills shall be expended for aid to the disabled, aid
13 to the blind, or aid to dependent children.

14 The expense of support for the poor for Indians
15 residing on a reservation in this state shall be paid
16 from funds of the state division of child and family
17 services of the department of social services. To
18 administer such support for Indians residing on a
19 reservation, such state division shall have the powers
20 and duties assigned to county officials by this chapter,
21 or the state division or director of same may designate
22 the director of social welfare in the county where such
23 Indians reside to administer such relief.

24 DIVISION 8
25 Sec. 41. DEFINITIONS. For the purposes of sections

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1 forty (40) through fifty-three (53), inclusive, of this
2 Act, unless the context otherwise requires:

3 1. "Income" means net income as defined in section
4 four hundred twenty-two point seven (422.7) of the Code,

5 plus, the amount of capital gains excluded from the
6 adjusted gross income, interest and dividends from
7 federal securities, social security benefits, and income
8 from other tax-exempt retirement or pension plans.

9 2. "Homestead" means homestead as defined in section
10 four hundred twenty-five point eleven (425.11) of the
11 Code, and in addition, includes a dwelling or part of
12 a multi-dwelling which is owned or rented and in which
13 the person claiming the credit actually resides and
14 a mobile home which is owned or rented by the person
15 claiming the credit and in which the person claiming
16 the credit actually resides.

17 3. "Property taxes accrued" means property taxes
18 levied on the homestead in the preceding year, exclusive
19 of special assessments, delinquent interest and charges,
20 and collectible during the same year in which the credit
21 is claimed.

22 4. "Gross rent" means rental paid solely for the
23 right of occupancy of a homestead, exclusive of charges
24 for any utilities, services, furnishings, or personal
25 property appliances furnished by the landlord as a part

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1 of the rental agreement.

2 5. "Rent constituting property taxes accrued" means
3 twenty percent of the gross rent actually paid on the
4 homestead during the preceding calendar year by the
5 person claiming the credit.

6 Sec. 42. CLAIM FOR PROPERTY TAXES ACCRUED. Any
7 person who is sixty-five years of age or older or is
8 totally disabled shall be entitled to a credit against
9 his state income taxes equal to an amount by which the
10 property taxes accrued on his homestead exceeds seven
11 percent of the person's income, when included with the
12 income of his spouse, for the taxable year.

13 When a homestead is owned by two or more persons
14 as joint tenants or tenants in common and one or more
15 of these persons does not reside in the homestead, the
16 property tax is the same proportion of the property
17 tax levied as the proportion of ownership of the
18 homestead by the person claiming the credit.

19 When a person owns his homestead for part of the
20 preceding year and rents it or a different homestead
21 for a part of that year, property tax means only the
22 property tax on the homestead multiplied by the
23 percentage of twelve months that the property was owned
24 and occupied by the person claiming the credit.

25 In no event shall the credit exceed the amount of

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1 the property tax accrued.

2 Sec. 43. CLAIM FOR RENT CONSTITUTING PROPERTY TAXES
3 ACCRUED. Any person who is not eligible for the credit
4 provided in section two (2) of this Act and who is
5 sixty-five years of age or older or is totally disabled
6 shall be entitled to a credit against his state income
7 taxes equal to an amount by which the rent constituting
8 property taxes accrued on his homestead exceeds seven
9 percent of the person's income, when included with that
10 of his spouse, for the taxable year.

11 If a claim is based on rent constituting property
12 taxes accrued, the person filing the claim shall have
13 rented property during the entire preceding calendar
14 year for which he has filed a claim.

15 If two or more persons are qualified to file a claim
16 for the same homestead, the persons shall determine
17 which person shall file the claim.

18 Sec. 44. CLAIM AS INCOME TAX CREDIT OR REBATE.
19 If the allowable amount of a claim filed pursuant to
20 section two (2) or section three (3) of this Act exceeds
21 the income tax due on the person's income, or if there
22 is no income tax due, the amount of the claim not used
23 as a credit against state income taxes shall be paid
24 to the person making the claim from the state general
25 fund.

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1 No interest shall be paid on any payment made to
2 any person under the provisions of this Act.

3 Sec. 45. LIMITATIONS. The credit allowed under
4 the provisions of this Act shall be subject to the
5 following limitations:

6 1. Only one person shall be entitled to the credit
7 for a homestead for each taxable year.

8 2. The amount of the credit which shall be allowed
9 in any taxable year for property taxes accrued or rent
10 constituting property taxes accrued shall not exceed
11 three hundred dollars.

12 Sec. 46. SATISFACTION OF OUTSTANDING TAX LIABILITIES.
13 The amount of any claim payable under the provisions
14 of this Act may be applied by the director of revenue
15 against any outstanding tax liability in the name of
16 the state against the person filing the claim.

17 Sec. 47. FILING DATE. No credit for property taxes
18 accrued or rent constituting property taxes accrued
19 shall be allowed or paid unless the claim is filed with
20 the director of revenue on or before April thirtieth
21 of each year.

22 In the case of illness, absence, or disability, or
23 when in the judgment of the director of revenue good
24 cause exists, he may extend the time for filing a claim
25 under the provisions of this Act for a period not to

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1 exceed six months.
2 Sec. 48. PROOF OF CLAIM. Every person filing a
3 claim for a credit for property taxes accrued or rent
4 constituting property taxes accrued shall submit the
5 following proof to the director of revenue to support
6 his claim:
7 1. That he was sixty-five years of age or totally
8 disabled before midnight on December thirty-first of
9 the year immediately preceding the year the tax was
10 levied or the rent was paid.
11 2. Statement of income.
12 3. Receipts for rent paid.
13 4. Name and address of the owner or manager of prop-
14 erty rented.
15 5. Property taxes accrued.
16 6. Description of the property claimed as a homestead.
17 7. A statement that the property taxes accrued have
18 been or will be paid.
19 8. A statement that there are no delinquent property
20 taxes on the homestead.
21 Sec. 49. ADMINISTRATION--RULES AND REGULATIONS.
22 The director of revenue shall prescribe and make
23 available the necessary forms with instructions for
24 persons filing a claim for property taxes accrued or
25 rent constituting property taxes accrued, including

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1 forms which may be filed as a part of the individual
2 state income tax return.
3 The director may promulgate rules and regulations
4 necessary to carry out the provisions of this Act.
5 Sec. 50. AUDIT OF CLAIM. The department of revenue
6 shall audit each claim and if the director of revenue
7 determines that the amount of the credit has been
8 incorrectly determined, he shall redetermine the claim
9 and give notice, in writing, to the person filing the
10 claim of the redetermination and his reasons for it.
11 The redetermination shall be final unless appealed to
12 the district court within thirty days of receipt of
13 the notice.
14 Sec. 51. DENIAL OF CLAIM. Any person who files
15 a claim for a credit which is excessive and was filed
16 with fraudulent intent shall be guilty of a misdemeanor.
17 Upon conviction of the person filing the excessive and

18 fraudulent claim, the director of revenue shall disallow
19 the credit in full. If the claim has been paid or the
20 credit allowed against income tax, the credit allowed
21 against the income tax shall be canceled and the amount
22 paid shall be recovered in the same manner as delinquent
23 income taxes.

24 Sec. 52. RENTAL DETERMINATION. If a homestead is
25 rented by a person from another person under

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1 circumstances deemed by the director of revenue not
2 to be at arm's length, the director may determine the
3 rent constituting property taxes accrued at arm's length,
4 and the determination shall be final.

5 Sec. 53. PUBLIC WELFARE RECIPIENTS EXCLUDED. Any
6 person who is a recipient of public funds for the payment
7 of the taxes or rent during the period for which the
8 claim is filed shall not be entitled to benefits provided
9 in this Act.

10 Sec. 54. APPEALS. If a claim for property taxes
11 accrued or rent constituting property taxes accrued
12 is filed and is disallowed in whole or in part, the
13 person making such claim may appeal the disallowance
14 by filing a petition in the district court within thirty
15 days from the date the claim was disallowed.

16 Sec. 55. Section four hundred twenty-five point
17 one (425.1), Code 1971, is amended by striking subsection
18 five (5).

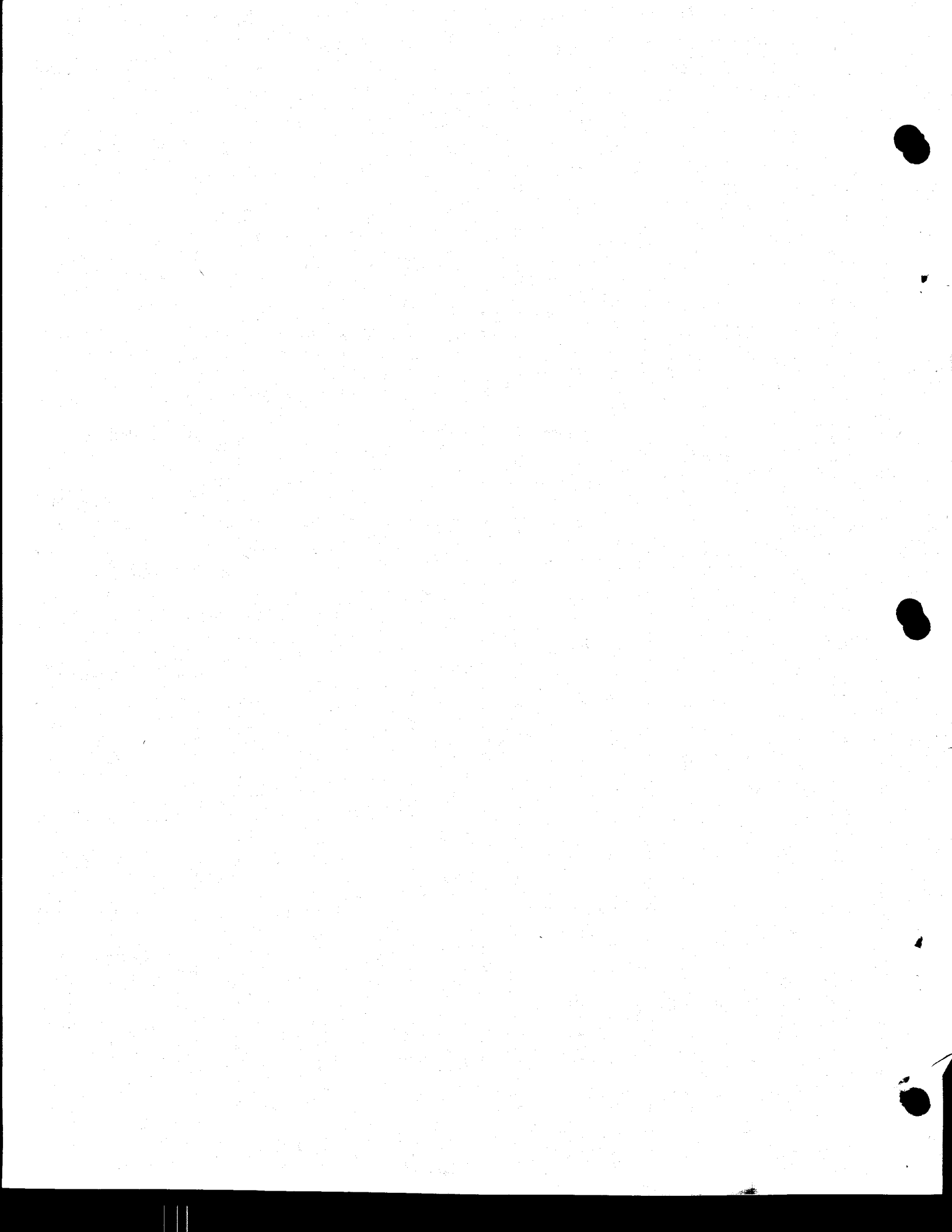
DIVISION 9

19
20 Sec. 56. Chapter four hundred twenty-six (426),
21 Code 1971, is repealed.

22 2. Amend the title, page 1, by striking all after
23 the word "to" in line 1 and inserting in lieu thereof
24 the words: "financing of governmental programs by pro-
25 viding state aid to schools, school district property

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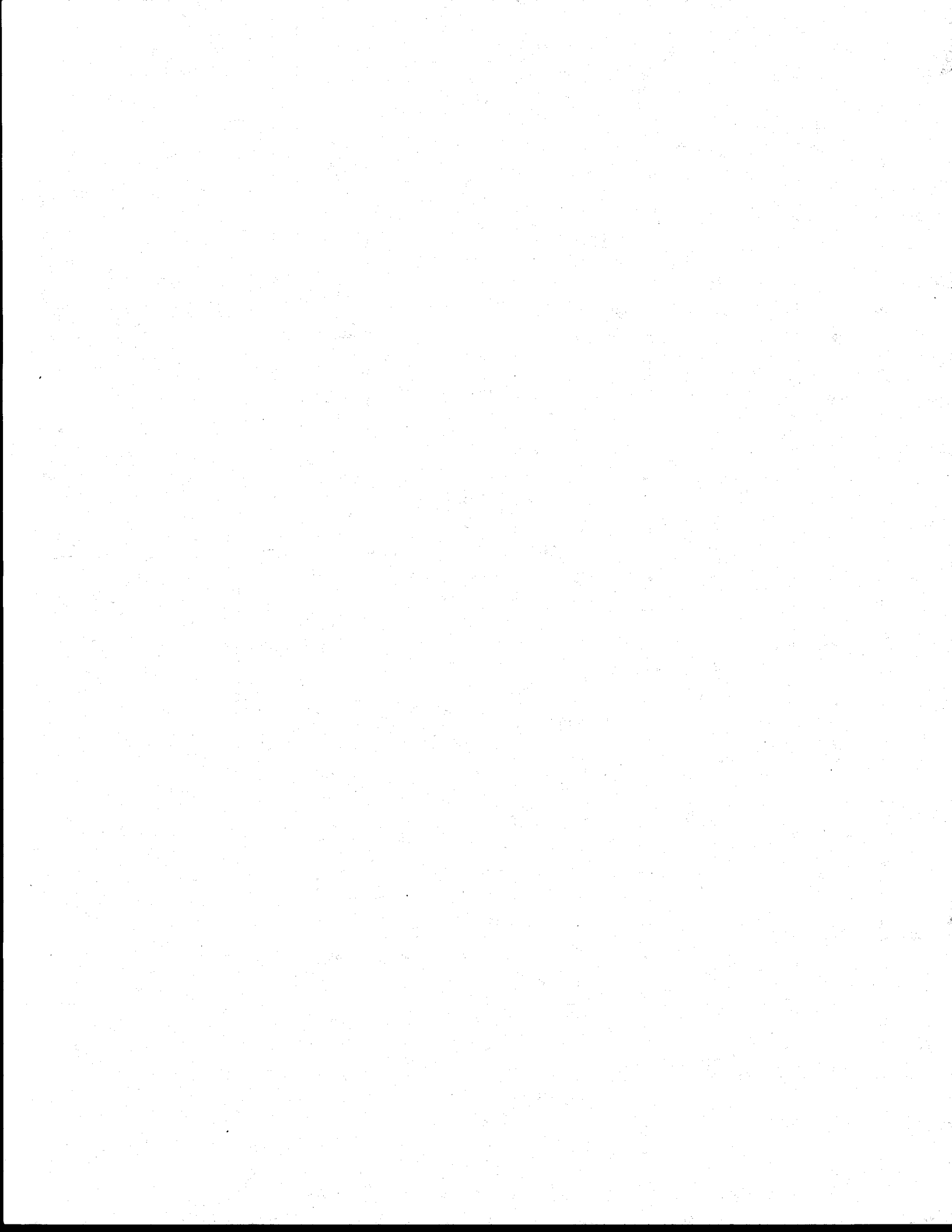
1 taxes, imposing a school district income tax including
2 administration by the director of revenue and adoption
3 of administrative provisions for the state individual
4 income tax including interest and penalties, providing
5 for an increase in the rate of sales and use taxes.
6 providing for a sales tax credit, providing aid to
7 regional service agencies from sales tax receipts,
8 relating to the state individual income tax, providing
9 for a local business privilege tax, providing property
10 tax relief for the elderly and totally disabled, relating
11 to the homestead tax credit, repealing the agricultural
12 land tax credit, and relating to the county categorical
13 assistance programs."



REPORT OF THE CONFERENCE COMMITTEE
ON HOUSE FILE 654

We, the undersigned members of the conference committee appointed to consider the difference between the Senate and House of Representatives on House File 654, a bill for an act relating to state aid for schools, school district property taxes, imposing a school district income tax, providing administration by the director of revenue, adopting provisions relating to the state individual income tax, relating to the corporate income tax, and providing aid to cities, towns and counties from sales tax receipts, respectfully submit the following recommendations:

1. That the Senate recede from its amendment to the bill as amended and passed by the House.
2. That house File 654, as amended, passed, and reprinted by the House be amended by striking everything after the enacting clause and inserting in lieu thereof the following:



DIVISION I

Section 1. STATE SCHOOL FOUNDATION PROGRAM. This division establishes a state school foundation program. Each school district in the state is entitled to receive state school foundation aid, which shall be an amount per pupil in fall enrollment equal to the difference between the amount per pupil in fall enrollment of foundation property tax plus miscellaneous income in the district, and the state foundation base or the district cost per pupil, whichever is less.

Sec. 2. FOUNDATION PROPERTY TAX. Each school district shall cause to be levied each year beginning in 1972, for the school general fund, a foundation property tax of twenty mills per dollar of assessed valuation on all taxable property in the district. For the purpose of this division, a school district is defined as a school corporation organized under chapter two hundred seventy-four (274) of the Code. Each county auditor shall certify to each school district within the county and to the state comptroller, not later than October first each year, the assessed valuation of taxable property for the current year in each school district within the county.

Sec. 3. STATE FOUNDATION BASE. The state foundation base for the school year beginning July 1, 1972, is seventy percent of the state cost per pupil. For each succeeding school year the state foundation base shall be increased by the amount of one percent of the state cost per pupil, up to a maximum of eighty percent of the state cost per pupil.

Sec. 4. FALL ENROLLMENT. Fall enrollment shall be determined by adding the resident pupils who are

enrolled on the second Friday of September of each year in public elementary and secondary schools of the district, and in special education classes for which tuition is paid by the district whether the special education class is conducted by a county board of education or another school district.

Shared-time and part-time pupils of school age shall be counted in the proportion that the time for which they are enrolled or receive instruction for the school year bears to the time that full-time pupils carrying a normal course schedule, at the same grade level, in the same school district, for the same school year, are enrolled and receive instruction.

Each school district shall certify its fall enrollment to the state department of public instruction by September twenty-fifth of each year, and the information shall be promptly forwarded to the state comptroller.

Sec. 5. MISCELLANEOUS INCOME. Miscellaneous income is all revenues of a school district general fund budget, exclusive of federal aid provided under title twenty (20), chapter thirteen (13), of the United States Code, the state foundation property tax, the state school foundation aid, guaranteed state aid, the additional school district property tax levy, any supplemental aid distributed by the school budget review committee, and any school district income surtax imposed in the district.

Sec. 6. DISTRICT COST. As used in this division, "district cost" means the total expenditures or anticipated expenditures of a district which are payable from the school general fund, exclusive of federal aid provided under title twenty (20), chapter thirteen (13),

of the United States Code.

Sec. 7. ALLOWABLE GROWTH. Each year the state comptroller shall compute the state percent of growth by adding the percents of increase for the second and third years of the most recent three-year period for which accurate figures are available, for each of the following sources of revenue, and dividing the total by four:

1. State general fund revenues, adjusted for changes in rates or basis.

2. Statewide assessed valuation of taxable property, adjusted for statewide changes in assessment practices.

Each year the state comptroller shall compute the dollar equivalent of the state percent of growth by multiplying the state cost per pupil for the preceding school year by the current state percent of allowable growth, except that this dollar equivalent is limited to a maximum amount of forty-six dollars for the school year beginning on July 1, 1972, forty-eight dollars for the school year beginning on July 1, 1973, and fifty-one dollars for the school year beginning on July 1, 1974. As used in this division, "allowable growth" means the dollar equivalent of the state percent of allowable growth.

Sec. 8. STATE COST PER PUPIL. The state cost per pupil for the school year beginning July 1, 1971, is nine hundred twenty dollars. The state cost per pupil for the school year beginning on July 1, 1972, and for each succeeding school year is the previous year's state cost per pupil plus the allowable growth. If the state percent of allowable growth is zero or less, the state cost per pupil shall be the same as the previous year's

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state cost per pupil.

Sec. 9. MAXIMUM GENERAL FUND BUDGET AND ADDITIONAL SCHOOL DISTRICT PROPERTY TAX LEVY.

1. The state comptroller shall determine the additional school district property tax levy for each school district, which is in addition to the foundation property tax levy, as follows:

a. The district cost per pupil in fall enrollment for the current school year ending June thirtieth each year, plus the allowable growth, determines the district cost per pupil for the school year beginning July first each year. However, if the district cost per pupil in fall enrollment for the current school year ending June thirtieth each year exceeds one hundred ten percent of the state cost per pupil, the school budget review committee shall review the proposed budget and establish the amount of allowable growth for that district, not to exceed the limitations in section seven (7) of this division.

b. The district cost per pupil multiplied by the estimated fall enrollment for the school year beginning July first each year, determines the maximum district cost for each district. A school district may not exceed its maximum district cost unless additional millage is authorized or supplemental state aid is distributed to the district by the school budget review committee as provided in section thirteen (13), subsection four (4), of this division, or unless an additional amount is raised by a school district income surtax approved by the voters.

c. The state foundation base multiplied by the number of pupils in fall enrollment, and the product

subtracted from the lesser of the actual or maximum district cost for the school year beginning July first each year, determines the amount to be raised by the additional school district property tax levy, subject to the maximum millage provided in section ten (10) of this division, any additional millage authorized by the school budget review committee under section thirteen (13) of this division, or the maximum millage reduction provided in section twenty-one (21) of this division.

2. No later than December first of each year, the state comptroller shall notify the county auditor of each county the amount, both in dollars and mills, of the additional property tax levy in each school district in the county. Each county auditor shall spread the additional property tax levy for each school district over all taxable property in the district.

3. a. A county board of education or joint county board of education shall not certify for the fiscal year commencing July 1, 1972, or the fiscal year commencing January 1, 1973, or any succeeding fiscal year, an amount of money to be raised by property taxes for the general fund budget in excess of the amount of money raised by property taxes for general fund expenditures for its last preceding fiscal year, plus an amount determined by multiplying the state percent of growth determined under section seven (7) of this division by the amount raised by property taxes for the general fund budget for its last preceding fiscal year.

b. In addition to the amounts provided in paragraph a of this subsection, a county board of education or

joint county board of education may certify and receive moneys to expand special education programs for the fiscal year commencing July 1, 1972, or January 1, 1973 or any succeeding year. However, this exception applies only to those special education programs or courses which would have qualified for state reimbursement pursuant to chapter two hundred eighty-one (281) of the Code, as interpreted by the rules and regulations of the state department of public instruction effective on July 1, 1970.

c. If, for any school year, responsibility for a special education pupil is transferred from a school district to a county or joint county board of education, or from a county or joint county board of education to a school district, the moneys budgeted for that pupil shall be transferred to the district or board which accepts responsibility for the pupil, or a proportionate amount shall be transferred if the change is made during the school year.

Sec. 10. MAXIMUM MILLAGE LEVY. For the purpose of determining the maximum millage levy in a school district, the state comptroller shall determine the sum of the foundation property tax levy and the additional property tax levy, in mills. When this total millage rate exceeds the district general fund levy in mills for the school year which began July 1, 1970, he shall adjust the district general fund millage levy to a rate equal to the millage levy for the school year beginning July 1, 1970, unless additional millage is approved by the school budget review committee, as provided in section thirteen (13), subsection four (4), paragraph a, of this division.

Sec. 11. GUARANTEED STATE AID. For the school year beginning July 1, 1972, and for the next four succeeding school years, the state shall provide specific funds, called guaranteed state aid, to any school district in which the maximum millage, excluding any additional millage approved by the school budget review committee, plus the district's miscellaneous income and state school foundation aid, does not meet the actual or maximum district cost, whichever is less.

There is hereby appropriated from the general fund of the state to the department of public instruction moneys sufficient to pay the guaranteed state aid provided in this section. The state comptroller shall pay this aid no later than May fifteenth of each year, beginning in 1973 for the school year beginning July 1, 1972.

Sec. 12. SCHOOL BUDGET REVIEW COMMITTEE. A school budget review committee is established, consisting of the superintendent of public instruction, the state comptroller, and three members appointed by the governor to represent the public and to serve three-year staggered terms. Those serving on the effective date of this division as public members of the school budget review committee established under prior law shall continue to serve out their unexpired terms as members of the committee established under this section. The committee shall meet and hold hearings each year and shall continue in session until it has reviewed budgets of school districts, as provided in section thirteen (13) of this division. It may call in school board members and employees as necessary for the hearings. Legislators shall be notified of hearings concerning school districts

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in their constituencies.

The committee shall adopt its own rules of procedure. The superintendent of public instruction shall serve as chairman, and the state comptroller shall serve as secretary. The committee members representing the public are entitled to receive a per diem equal to the per diem of members of the board of public instruction, and their necessary travel and other expenses while engaged in their official duties. Expense payments shall be made from appropriations to the department of public instruction.

Sec. 13. DUTIES OF THE COMMITTEE.

1. The school budget review committee may recommend the revision of any rules, regulations, directives, or forms relating to school district budgeting and accounting, confer with local school boards or their representatives and make recommendations relating to any budgeting or accounting matters, and may direct the superintendent of public instruction or the state comptroller to make studies and investigations of school costs in any school district.

2. The committee shall report to each session of the general assembly, which report shall include any recommended changes in laws relating to school districts, and shall specify the number of hearings held annually, the reasons for the committee's recommendations, and other information as the committee deems advisable.

3. The committee shall review the proposed or certified budget of any school district if the district cost per pupil in estimated fall enrollment has increased over the district cost per pupil in fall enrollment for the previous year by more than the allowable growth

of the district.

4. The committee may review the proposed or certified budget of any school district as follows:

a. If the budget shows district costs per pupil in estimated fall enrollment of more than the state cost per pupil.

b. If in the judgment of the committee, the budget shows the district cost to be unreasonably high in relation to the comparative cost factors of similar districts, even if the district cost per pupil in estimated fall enrollment does not exceed the state cost per pupil.

5. The committee may authorize a school budget in excess of limitations provided in sections nine (9) and ten (10) of this division as follows:

a. If a nonpublic school within a district closes wholly or in part, the committee may authorize an increase in the school general fund millage beyond the maximum permitted under section ten (10) of this division, but only to the extent necessary to cover the cost of absorbing the former nonpublic school pupils into the public school system. The school board shall establish the amount of necessary increased cost to the satisfaction of the school budget review committee before an increase in millage is authorized.

b. Additional supplemental state aid may be paid to any district from any discretionary funds appropriated specifically to the committee for this purpose.

6. If the committee does not authorize a school district's budget, it shall state its recommendations in terms of a specific reduction in the district cost, and in terms of a projected reduction in the millage

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rate of the school district, and shall notify the school board of its recommendations through the state comptroller.

7. The committee, when making recommendations relating to school budgets, shall consider each district's circumstances and facts which are unique and unusual, including but not limited to any unusual increases or decreases in enrollments, natural disasters, unusual transportation problems, and initial staffing problems.

8. Failure by any school district to provide information or appear before the committee as requested for the accomplishment of review or hearing shall constitute justification for the committee to instruct the state comptroller to withhold any state aid to that district until the committee's inquiries are satisfied completely.

9. The school budget review committee may call in any county board of education for the purpose of reviewing its budget as it relates to the individual districts within the county.

Sec. 14. ELECTION TO EXCEED MAXIMUM DISTRICT COST. If a school board wishes to exceed its maximum district cost, as determined under section nine (9) of this division, it shall first submit its proposed budget to the school budget review committee. The committee may approve the proposed budget or may make other recommendations, but if the board decides that the district should exceed its maximum district cost, and the committee has not authorized an additional millage or supplemental state aid as provided in section thirteen (13), subsection four (4), of this division, the board

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shall submit to the voters of the school district, at a regular or special school election held not later than September fifteenth, the question of whether the proposed budget shall be approved, and financed by a school district income surtax of a specified rate, or whether the district shall be limited to its maximum district cost.

If a majority of those voting approves the proposed budget and the specified school district income surtax rate, the surtax, determined as provided in section fifteen (15) of this division, may be imposed by resolution of the school board.

If the proposed budget and surtax does not receive approval by a majority of those voting, the school board shall reduce its general fund budget to an amount which does not exceed its maximum district cost.

The school board shall certify the result of an election required under this section to the county auditor, the school budget review committee, and the director of revenue, within ten days following the election. If a school district income surtax is approved, the school board shall publish notice of the surtax rate, as provided in chapter six hundred eighteen (618) of the Code.

Sec. 15. SCHOOL DISTRICT INCOME SURTAX.

1. If a school district income surtax is proposed by a school board, the state comptroller shall determine the rate of school district income surtax as follows:
 - a. Determine the excess amount needed.
 - b. Determine the total amount of state individual income tax as shown on the individual tax returns of persons residing in the school district on December

thirty-first of the last preceding calendar year for which accurate figures are available or on the last day of a taxpayer's fiscal year ending within that calendar year. The director of revenue shall report this amount to the state comptroller as requested.

c. Divide the total amount of state individual income tax determined into the excess amount needed. The quotient is the school district income surtax rate which shall be imposed on the state individual income tax for the calendar year during which the school year begins, or for a taxpayer's fiscal year ending during that calendar year but after the date of the election approving the budget, and for subsequent years as provided in subsections two (2) and three (3) of this section, and shall be imposed on all individuals residing in the school district on December thirty-first of each calendar year, or on the last day of their fiscal year. As used in this section, "state individual tax" means the tax computed under section four hundred twenty-two point five (422.5) of the Code, less the deductions allowed in section four hundred twenty-two point twelve (422.12) of the Code.

2. A school district income surtax rate approved by the voters, or as much of it as may be necessary, shall continue to be in effect in that school district until the school board finds that the surtax or a part of it is unnecessary, or until the amount of the surtax is altered by another election. If a school board wishes to increase the district costs so that they cannot be met by the combination of maximum millage, state aid, miscellaneous income, and the approved school district income surtax, the school board may hold another

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election to submit the question of whether to increase the surtax rate for the district, and may increase the rate only if an increase is approved by a majority of those voting.

3. At least once every five years, if a school district income surtax is found to be necessary, the school board shall submit to the voters of the school district, at a regular or special school election held not later than September fifteenth, the question of whether to continue imposition of the established rate of school district income surtax or of a lesser rate as necessary. If a majority of those voting does not approve the proposed school district income surtax rate, the school board shall reduce its general fund budget to an amount which does not exceed its maximum district cost.

Sec. 16. STATUTES APPLICABLE. The director of revenue shall administer any school district income surtax imposed under this division, and all the provisions of sections four hundred twenty-two point twenty (422.20), four hundred twenty-two point twenty-two (422.22) through four hundred twenty-two point thirty-one (422.31), inclusive, four hundred twenty-two point sixty-eight (422.68), and four hundred twenty-two point seventy-two (422.72) through four hundred twenty-two point seventy-five (422.75), inclusive, of the Code, shall apply in respect to administration of the school district income surtax.

Sec. 17. FORM AND TIME OF RETURN. The school district income surtax shall be made a part of the Iowa individual income tax return subject to the conditions and restrictions set forth in section four hundred

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twenty-two point twenty-one (422.21) of the Code.

Sec. 18. DEPOSIT OF SCHOOL DISTRICT INCOME SURTAX.

The director of revenue shall deposit all moneys received as school district income surtax to the credit of each district from which the moneys are received, in a "school district income surtax fund" which is established in the office of the treasurer of state.

Sec. 19. SCHOOL DISTRICT INCOME SURTAX CERTIFICATION.

On or before October twentieth each year, the director of revenue shall make an accounting of the school district income surtax collected under this division applicable to tax returns for the last preceding calendar year, or for fiscal year taxpayers, on the last day of their tax year ending during that calendar year and after the date of the election approving the surtax, from taxpayers in each school district in the state which has imposed a surtax, and shall certify to the state comptroller and the state department of public instruction the amount of total school district income surtax credited from the taxpayers of each school district. Additional returns in process, if any, at the time of certification shall be completed and the additional amount of school district income surtax reported to the state comptroller for distribution back to the school district with the first installment of the following school year.

Sec. 20. SCHOOL DISTRICT INCOME SURTAX DISTRIBUTION.

The state comptroller shall draw warrants in payment of the amount of surtax payable to each of the school districts in two installments to be paid on approximately the first day of December and the first day of February, and shall cause the warrants to be delivered to the

respective school districts.

Sec. 21. MAXIMUM MILLAGE REDUCTION. If the functioning of the state school foundation program established by this division causes a reduction in any school district, for the school year beginning July 1, 1972, of more than ten percent of the district's total general fund millage for the school year beginning July 1, 1970, the reduction for the school year beginning July 1, 1972 is limited to that ten percent, and the reduction for each of the school years beginning July 1, 1973, and July 1, 1974, is limited to ten percent of the preceding year's millage. However, if this limitation results in a district millage levy which raises more than the district needs to meet the lesser of its actual or maximum district cost, the ten percent limitation does not apply, and the district may reduce its millage as much as can be done without entitling the district to state school foundation aid. The state comptroller shall compute any maximum millage reduction required by this section, and shall notify the school boards accordingly.

Sec. 22. TENTATIVE BUDGET. Not later than December first for each ensuing fiscal year, the board of directors of each school district shall set a tentative budget in dollars of the amount the district may spend on each program in the system as defined by the school budget review committee and in the forms prescribed by the committee. This prospectus of program and allotted dollars as approved by the board shall guide the superintendent when preparing the proposed budget for that year. These limitations submitted by the board of directors to the superintendent of schools for the

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district shall be promptly forwarded to the committee.

Sec. 23. RULES AND REGULATIONS. The superintendent of public instruction, after consultation with the state comptroller, may adopt rules and regulations and definitions of terms as necessary and proper for the administration of this division.

Sec. 24. LOCAL BUDGET LAW. Provisions of chapter twenty-four (24) of the Code remain applicable to school budgets.

Sec. 25. ESTIMATES OF MISCELLANEOUS AIDS. No later than September first of each year, the department of public instruction shall certify to the state comptroller the amounts of any state aids other than the amounts provided in this division that will be received by each school district in the state. In the event any estimate of state aids in any school budget certified to the auditor as provided by section twenty-four point seven (24.17) of the Code is more or less than the amount of state aids certified to the state comptroller by the department of public instruction as provided by this section, the state comptroller shall certify to the county auditors the final millage for each school district.

Sec. 26. APPROPRIATIONS. There is hereby appropriated each year from the general fund of the state an amount necessary to pay the state school foundation aid.

All state aids paid under this division, unless otherwise stated, shall be paid in installments due on or about September fifteenth, December fifteenth, March fifteenth, and May fifteenth of each year, and the installments shall be as nearly equal as possible

as determined by the state comptroller, taking into consideration the relative budget and cash position of the state resources.

All moneys received by a school district from the state under the provisions of this division shall be deposited in the general fund of the school district, and may be used for any school general fund purpose.

Sec. 27. There is hereby appropriated from the general fund of the state to the department of public instruction for the year beginning July 1, 1972, and ending June 30, 1973, one million six hundred thousand (1,600,000) dollars, or so much thereof as may be necessary for reimbursing public school districts and county or joint county school systems for expenditures incurred in accordance with the provisions of section two hundred fifty-seven point twenty-six (257.26) of the Code.

Claims for reimbursement for the period beginning July 1, 1971, and ending June 30, 1972, shall be made by July 30, 1972, to the department of public instruction, clearly detailing the expenditures incurred, and in a form prescribed by the department.

As a condition to receiving reimbursement under this section, a school district shall show by affidavit of an officer of the school board that the amount of reimbursement claimed by the school district does not exceed one-half of the actual costs incurred by the district under section two hundred fifty-seven point twenty-six (257.26) of the Code, and does not include the portion of those costs for which the district received state school foundation aid. The claims for reimbursement shall be certified by the department of

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public instruction to the state comptroller on or before August 31, 1972. On or before September 15, 1972, the state comptroller shall draw warrants on the fund created by this section, payable to the school districts which have established claims. In the event that the amount appropriated is insufficient to pay in full the total amounts certified to the state comptroller, he shall prorate the fund and notify each school district of its pro rata percentage on or before September 15, 1972.

Sec. 28. Section two hundred eighty-one point nine (281.9), Code 1971, is amended by adding the following new paragraph:

"This section applies to all existing programs to July 1, 1973, and to the continuation of such existing programs after July 1, 1973."

Sec. 29. Chapter two hundred eighty-one (281), Code 1971, is amended by adding the following new section:

"A school district, county board of education, or joint county board of education that provides special education as required by this chapter shall, prior to March 1, 1972, and each March first thereafter, apply to the department of public instruction, upon forms prescribed by the department, for qualification to receive reimbursement pursuant to this chapter. During the following fiscal year the department shall approve each application and qualification if the district, county board of education, or joint county board establishes all of the following:

1. That there are sufficient students within the area who are in need of the instruction.
2. That the applying unit is the unit that can best and most efficiently provide for the instruction without

duplicating services otherwise provided, as opposed to another available educational unit.

3. That the unit has qualified teachers available.

4. That the instruction is a natural and normal progression of a planned course or courses of instruction, and that this progressive growth factor is not out of proportion to the ability of the educational unit to pay for the courses of instruction.

5. That all reimbursement sought is for actual delivery of special education services and not for administrative costs.

6. Other factors as the department may require.

There is hereby appropriated out of the general fund of the state to the department of public instruction beginning July 1, 1973, a sum sufficient to pay all approved applications for reimbursement pursuant to this chapter and this section, to the extent that the approved applications are for expanded special education programs beyond those programs provided for the fiscal year commencing July 1, 1971, or January 1, 1972, but only to the extent that the expanded programs would have qualified for state reimbursement pursuant to this chapter, as interpreted by the rules and regulations of the state department of public instruction effective on July 1, 1970."

Sec. 30. Section two hundred ninety-eight point one (298.1), Code 1971, is amended as follows:

298.1 SCHOOL TAXES. The board of each school corporation shall estimate the amount of the proposed expenditures and proposed receipts for the general school purposes at a time and in a manner to effectuate the provisions of ~~chapter-442~~ sections 1 through 29,

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inclusive, of this Act. Compliance with chapter 24 shall be observed.

~~Prior to compliance with section 24.9, the superintendent of the county school systems shall call a joint meeting of school superintendents and school board members for all of the local districts within the county basic school tax unit. The time and place for such joint meetings shall be set by the superintendent of the county school system.~~

~~The purpose of the joint meeting shall be for a review of the budgets of the several school districts within the county basic school tax units, and for the discussion of common problems within the county basic unit.~~

Sec. 31. Section four hundred twenty-two point sixty-five (422.65), Code 1971, is amended as follows:

422.65 ALLOCATION OF REVENUE. ~~Ten~~ Fifty-five percent of the total moneys received from the franchise tax shall be deposited in the state general fund. The remaining moneys received from the franchise tax shall be deposited in a franchise tax fund hereby established in the office of the treasurer of state, and shall be paid quarterly on warrants by the state comptroller, after certification by the director of revenue, as follows:

~~1. Fifty percent to the basic school tax equalization fund of the basic school tax unit from which the tax is collected, to be distributed in the same manner as other funds in the basic school tax equalization fund.~~

~~2. Thirty~~ 1. Sixty percent to the general fund of the city or town from which the tax is collected.

~~3. Twenty~~ 2. Forty percent to the general fund

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of the county from which the tax is collected.

If the financial institution maintains one or more offices for the transaction of business, other than its principal office, a portion of its franchise tax shall be allocated to each office, based upon a reasonable measure of the business activity of each office. The director of revenue shall prescribe, for each type of financial institution, a method of measuring the business activity of each office. Financial institutions shall furnish all necessary information for this purpose at the request of the director.

Quarterly, the director of revenue shall certify to the treasurer of state the amounts to be paid to each ~~basic-school-tax-unit~~, city, town, and county from the franchise tax fund. All moneys received from the franchise tax are hereby appropriated according to the provisions of this section.

Sec. 32. Section four hundred thirty A point three (430A.3), Code 1971, is amended as follows:

430A.3 LEVY. There is hereby imposed upon capital employed in the business of making loans or investments within the state of Iowa, as determined under the provisions of this chapter, a tax of five mills on each dollar of such capital; such tax to be considered a tax upon moneys and credits of such corporations which shall be levied by the board of supervisors, and placed upon the tax list and collected by the county treasurer. The amount collected in each taxing district in cities and towns shall be apportioned twenty percent to the county general fund, thirty percent to the city or town general fund, and fifty percent to the ~~basic-school-tax-equalization-fund~~ general fund of the state, and

the amount collected in each taxing district outside of cities and towns shall be apportioned fifty percent to the county general fund and fifty percent to the ~~basic-school-tax-equalization-fund~~ general fund of the state. The term "loans" as used herein shall mean the lending of money to members of the general public upon other than real estate security. The term "investments" as used herein shall mean the discounting, purchasing, or otherwise acquiring notes, mortgages, sales contracts, debentures, or any other evidences of indebtedness, based upon other than real estate security when such investments are made in connection with loans made to members of the general public in the state of Iowa or in the courts of any operations having as their effect the financing of business transactions within the state of Iowa resulting in the incurring of any indebtedness based upon security other than real estate security.

Sec. 33. Chapter four hundred forty-two (442), Code 1971, is repealed.

DIVISION II

Sec. 34. Section four hundred twenty-two point five (422.5), Code 1971, is amended by striking subsections three (3) through seven (7), inclusive, and inserting in lieu thereof the following:

3. On the third thousand dollars of taxable income, or any part thereof, three percent.

4. On the fourth thousand dollars of taxable income, or any part thereof, four percent.

5. On the fifth, sixth, and seventh thousand dollars of taxable income, or any part thereof, five percent.

6. On the eighth and ninth thousand dollars of taxable income, or any part thereof, six percent.

7. On all taxable income over nine thousand dollars, seven percent.

Sec. 35. Section four hundred twenty-two point thirty-three (422.33), unnumbered paragraphs one (1), two (2), three (3), and four (4), Code 1971, are amended as follows:

A tax is hereby imposed upon each corporation organized under the laws of this state, and upon every foreign corporation doing business in this state, annually in an amount computed by applying the following rates of taxation to the net income received by the corporation during the income year:

On the first twenty-five thousand dollars of taxable income, or any part thereof, the rate of ~~four~~ six percent.

On taxable income between twenty-five thousand dollars and one hundred thousand dollars or any part thereof, the rate of ~~six~~ six eight percent.

On taxable income of one hundred thousand dollars or more, the rate of ~~eight~~ ten percent.

Sec. 36. Section four hundred twenty-two point thirty-three (422.33), subsection one (1), paragraph "b", unnumbered paragraph four (4), Code 1971, is amended as follows:

The gross sales of the corporation within the state shall be taken to be the gross sales from goods sold and delivered within the state, excluding deliveries for transportation out of the state.

Sec. 37. The increased withholding rates effective July 1, 1971, shall be based upon the taxpayer's approximate annual tax liability, but shall not be adjusted to include the tax increase for the period

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of January 1, 1971 to June 30, 1971, both dates inclusive.

Sec. 38. The provisions of sections thirty-four (34), thirty-five (35), and thirty-six (36) of this division shall be effective January 1, 1971, for all taxable years commencing on or after January 1, 1971, and to this extent sections thirty-four (34), thirty-five (35), and thirty-six (36) of this division are retroactive.

DIVISION III

Sec. 39. Section four hundred twenty-five point one (425.1), subsection five (5), unnumbered paragraph one (1) and paragraph "b", Code 1971, are amended as follows:

~~5. In-addition-to-the-homestead-credit-of-twenty-five-mills-on-twenty-five-hundred-dollars-of-assessed-valuation-allowable-under-this-chapter,-in-the-event~~
In lieu of the homestead tax credit allowed pursuant to subsections 1 through 4 of this section, if the owner, as defined in this chapter, is over sixty-five years of age, or is totally disabled, and provided that his Iowa net income, as defined in section 422.7, plus interest and dividends from federal securities and income from social security and other tax-exempt retirement or pension plans, when included with that of the spouse, brother, sister, son, daughter, if any, living with the claimant, is less than ~~three-thousand-five hundred~~ four thousand dollars for the last twelve-month income tax accounting period, there shall be credited by the county auditor on such owner's eligible homestead, an amount equal to ~~but-not-exceeding-the-amount~~ calculated-as-provided-in-this-section one hundred

twenty-five dollars, except that the credit shall not exceed the amount of the property taxes levied and collectible on the homestead for that year.

b. His Iowa net income, plus interest and dividends from federal securities and income from social security and other tax-exempt retirement or pension plans when included with that of his spouse, if any, during the last preceding twelve-month income tax accounting period is less than ~~three-thousand-five-hundred~~ four thousand dollars.

Sec. 40. The provisions of section thirty-eight (38) of this division shall become effective January 1, 1972.

DIVISION IV

Sec. 41. There is created a "municipal assistance fund" in the office of the treasurer of state.

Sec. 42. There is appropriated to the municipal assistance fund from the general fund of the state the sum of five million (5,000,000) dollars for each fiscal year of the biennium commencing July 1, 1971 and ending June 30, 1973.

Sec. 43. On or before June fifteenth of each year of the biennium, the state comptroller shall distribute the moneys in the municipal assistance fund to each city and town in the state in the proportion that the population of each city and town is to the total population of all cities and towns in the state. However, the comptroller shall in no event distribute in any year to any city or town an amount in excess of one-half the amount to be collected from property tax levies by that city or town for that year. Any moneys remaining in the municipal assistance fund shall

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remain in the fund and be available for distribution the following year.

Sec. 44.

1. The population of each city and town shall be determined by the latest available federal census. An incorporated city or town may have one special federal census taken each decade, and the population figure obtained shall be used in apportioning amounts under this subsection beginning the calendar year following the year in which the special census is certified to the secretary of state. --

2. In any case where an incorporated city or town has been incorporated since the latest available federal census, the mayor and council shall certify to the treasurer of state the actual population of the incorporated city or town as of the date of incorporation and its apportionment of funds under this subsection shall be based upon such certification until the next federal census enumeration. Any community which has dissolved its corporation shall not receive any apportionment of funds under this subsection after its dissolution.

3. In any case where an incorporated city or town has annexed any territory since the last regular or special federal census, the mayor and council shall certify to the treasurer of state the actual population of the annexed territory as determined by the last certified federal census of the territory and the apportionment of funds under this subsection shall be based upon the population of the city or town as modified by the certification of the population of the annexed territory until the next regular or special federal

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census enumeration.

4. In any case where two or more incorporated cities or towns have consolidated, the apportionment of funds under this subsection shall be based upon the population of the incorporated city or town resulting from the consolidation and shall be determined by combining the population of all incorporated cities and towns involved in the consolidation as determined by the last regular or special federal census enumeration for the consolidating city or town.

Sec. 45. Section twenty-six point six (26.6), Code 1971, is amended as follows:

26.6 POPULATION OF COUNTIES, TOWNSHIPS, CITIES, AND TOWNS. Whenever the population of any county, township, city, or town is referred to in any law of this state, it shall be determined by the last certified, or certified and published, official census unless otherwise provided. However, the population figure disclosed for any city or town as the result of a special federal census as modified as the result of consolidation or annexation in the manner provided in sections 312.3, and 123.50, shall be considered for no other purposes than the application of sections 123.50 and, 312.3 and the provisions of section 43 of this division. Whenever a special federal census is hereafter taken by any city or town, the mayor and council shall certify the said census as soon as possible to the secretary of state and to the treasurer of state as otherwise herein provided, and failing to do so, the treasurer of state shall, after six months from the date of said special census, turn over such moneys as authorized by sections 123.50 and 312.3 to the general fund of the state, and

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continue to do so until such time as certification by said mayor and council is made, or until the next decennial federal census. If there be a difference between the original certified record in the office of the secretary of state and the published census the former shall prevail.

DIVISION V

Sec. 46. Notwithstanding any provisions of the Code, interstate bridges owned by a city or town may be subject to assessment and taxation in the discretion of the the governing body of the city or town owning such bridge.

DIVISION VI

Sec. 47. Section four hundred twenty-two point forty-five (422.45), Code 1971, is amended by adding the following new subsection:

"The gross receipts from sales of tangible personal property used or to be used as railroad rolling stock for transporting persons or property, or as materials or parts therefor."

Sec. 48. Section four hundred twenty-three point four (423.4), Code 1971, is amended by adding the following new subsection:

"Tangible personal property used or to be used as railroad rolling stock for transporting persons or property, or as materials or parts therefor."

DIVISION VII

Sec. 49. Section four hundred twenty-two point sixty-nine (422.69), Code 1971, is amended by striking subsection two (2).

Sec. 50. Section four hundred twenty-two point seventy-eight (422.78), Code 1971, is amended as follows:

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422.78 ALLOCATION TO MONEYS AND CREDITS REPLACEMENT FUND IN EACH COUNTY. There is created a permanent fund in the office of the treasurer of state to be known as the "moneys and credits replacement fund". The director shall determine the percentage which the aggregate taxable value for the year 1965 of the property described in and subject to taxation under section 429.2 owned or held by individuals, administrators, executors, guardians, conservators, trustees or an agent or nominee thereof, and the aggregate taxable value for the year 1965 of the property described in and subject to taxation under section 431.1 for the year 1965 but not subject to taxation under said section for the year 1966, in each county bears to the total aggregate taxable value of such property reported from all of the counties in the state and shall certify the percentage for each county to the state comptroller prior to January 1, 1967. In January of 1967 and in January of each succeeding year thereafter, the state comptroller shall apply said percentage to the money which shall have accumulated in the moneys and credits tax replacement fund prior to such January and thereby determine the amount thereof due to each county. The state comptroller shall draw warrants on the moneys and credits tax replacement fund in such amounts payable to the county treasurer of each county and transmit them. The county treasurer shall apportion these amounts as follows: For the amounts received in January 1972, and all previously collected amounts, twenty percent to the county general fund, fifty percent to the ~~basic-school~~ tax-equalization-fund school general fund, and the remaining thirty percent to cities and towns in the

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proportion that the taxable values for each city and town for 1965 of property subject to taxation in 1965 under sections 429.2 and 431.1 is to the total of such taxable values for all cities and towns within the county; for the amounts received in January 1973, and all subsequently collected amounts, forty percent to the county general fund, and the remaining sixty percent to cities and towns in the proportion that the taxable values for each city and town for the year 1965 under sections 429.2 and 431.1 is to the total of such taxable values for all the cities and towns within the county.

There is appropriated to the moneys and credits replacement fund from the general fund of the state for the fiscal year beginning July 1, 1972 the sum of two million five hundred thousand (2,500,000) dollars, such sum to be paid to the moneys and credits replacement fund not later than January 10, 1973.

3. Amend the title, page 1, by striking all after the word "to" and inserting in lieu thereof the words "financing of governmental programs by providing state aid to schools, school district property taxes, imposing a school district income tax including administration by the director of revenue and adoption of administrative provisions for the state individual income tax including penalties and interest, relating to the state individual and corporate income tax, relating to sales and use tax exemptions, providing property tax relief for the elderly and totally disabled, relating to the taxation of municipal interstate toll bridges, and providing aid to cities, towns, and counties."

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On the part of the Senate:

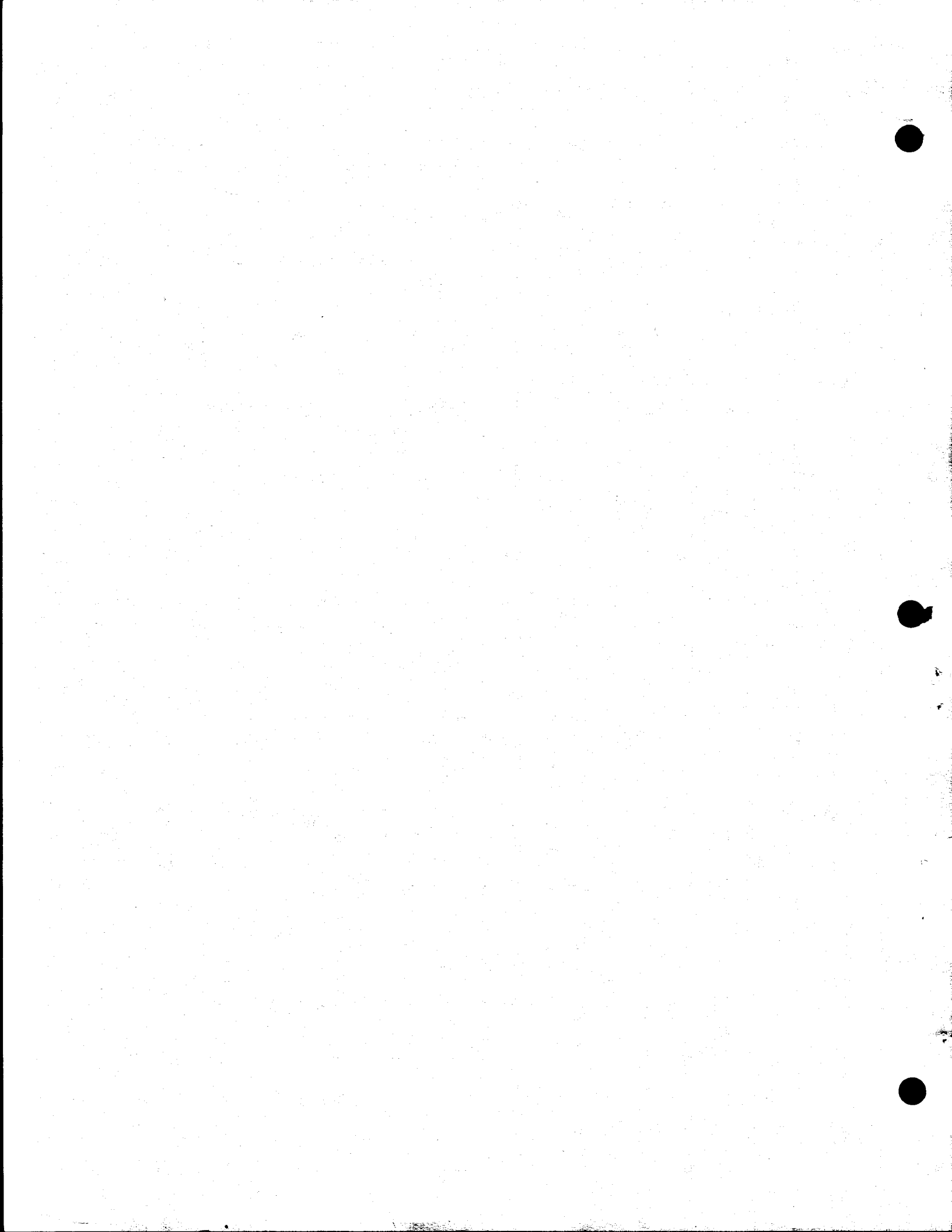
SHAFF, Chairman
WILSON
OLLENBURG
GAUDINEER

On the part of the House:

HOLDEN, Chairman
LAWSON
VARLEY
COCHRAN

Filed
June 4, 1971

*Conference Committee Report lost 6/8
Motion to reconsider filed 6/8, lost 6/9*



REPORT OF THE SECOND CONFERENCE COMMITTEE
ON HOUSE FILE 654

We, the undersigned members of the second conference committee appointed to consider the difference between the Senate and the House of Representatives on House File 654, a bill for an act relating to state aid for schools, school district property taxes, imposing a school district income tax, providing administration by the director of revenue, adopting provisions relating to the state individual income tax, relating to the corporate income tax, and providing aid to cities, towns and counties from sales tax receipts, respectfully submit the following recommendations:

1. That the Senate recede from its amendment to the bill as amended and passed by the House.
2. That House File 654, as amended, passed, and reprinted by the House be amended by striking everything after the enacting clause and inserting in lieu thereof the following:

House adopted 6/11
Senate adopted 6/11

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DIVISION I

Section 1. STATE SCHOOL FOUNDATION PROGRAM. This division establishes a state school foundation program. For the school year beginning July 1, 1972, and each succeeding school year, each school district in the state is entitled to receive state school foundation aid, which shall be an amount per pupil in fall enrollment equal to the difference between the amount per pupil in fall enrollment of foundation property tax plus miscellaneous income in the district, and the state foundation base or the district cost per pupil, whichever is less. However, if the amount so determined for any district is less than two hundred dollars per pupil in fall enrollment, the district is entitled to receive not less than two hundred dollars per pupil in fall enrollment except when a district's total general fund millage rate for the school year beginning July 1, 1972, or any succeeding school year, is reduced to ninety percent of the district's total general fund millage rate for the school year beginning July 1, 1970. In this case the district is entitled to receive only that portion of the two hundred dollars per pupil necessary to retain that ten percent reduction.

Sec. 2. FOUNDATION PROPERTY TAX. Each school district shall cause to be levied each year beginning in 1972, for the school general fund, a foundation property tax of twenty mills per dollar of assessed valuation on all taxable property in the district. For the purpose of this division, a school district is defined as a school corporation organized under chapter two hundred seventy-four (274) of the Code. Each county auditor shall certify to each school district

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September twenty-fifth of each year, and the information shall be promptly forwarded to the state comptroller.

Sec. 5. MISCELLANEOUS INCOME. Miscellaneous income is all revenues of a school district general fund budget, exclusive of federal aid provided under title twenty (20), chapter thirteen (13), of the United States Code, the foundation property tax, the state school foundation aid, guaranteed state aid, the additional school district property tax levy, any supplemental aid distributed by the school budget review committee, and any school district income surtax imposed in the district.

Sec. 6. DISTRICT COST. As used in this division, "district cost" means the total expenditures or anticipated expenditures of a district which are payable from the school general fund, exclusive of federal aid provided under title twenty (20), chapter thirteen (13), of the United States Code.

Sec. 7. ALLOWABLE GROWTH. Each year the state comptroller shall compute the state percent of growth by adding the percents of increase for the second and third years of the most recent three-year period for which accurate figures are available, for each of the following sources of revenue, and dividing the total by four:

1. State general fund revenues, adjusted for changes in rates or basis.
2. Statewide assessed valuation of taxable property, adjusted for statewide changes in assessment practices.

Each year the state comptroller shall compute the dollar equivalent of the state percent of growth by multiplying the state cost per pupil for the preceding

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within the county and to the state comptroller, not later than October first each year, the assessed valuation of taxable property for the current year in each school district within the county.

Sec. 3. STATE FOUNDATION BASE. The state foundation base for the school year beginning July 1, 1972, is seventy percent of the state cost per pupil. For each succeeding school year the state foundation base shall be increased by the amount of one percent of the state cost per pupil, up to a maximum of eighty percent of the state cost per pupil. The district foundation base is the larger of the state foundation base or the amount per pupil in fall enrollment which the district will receive from foundation property tax, miscellaneous income, and state school foundation aid.

Sec. 4. FALL ENROLLMENT. Fall enrollment shall be determined by adding the resident pupils who are enrolled on the second Friday of September of each year in public elementary and secondary schools of the district, and in special education classes for which tuition is paid by the district whether the special education class is conducted by a county board of education or another school district.

Shared-time and part-time pupils of school age shall be counted in the proportion that the time for which they are enrolled or receive instruction for the school year bears to the time that full-time pupils carrying a normal course schedule, at the same grade level, in the same school district, for the same school year, are enrolled and receive instruction.

Each school district shall certify its fall enrollment to the state department of public instruction by

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school year by the current state percent of growth, except that this dollar equivalent is limited to a maximum amount of forty-six dollars for the school year beginning on July 1, 1972, forty-eight dollars for the school year beginning on July 1, 1973, and fifty-one dollars for the school year beginning on July 1, 1974. As used in this division, "allowable growth" means the dollar equivalent of the state percent of growth.

Sec. 8. STATE COST PER PUPIL. The state cost per pupil for the school year beginning July 1, 1971, is nine hundred twenty dollars. The state cost per pupil for the school year beginning on July 1, 1972, and for each succeeding school year is the previous year's state cost per pupil plus the allowable growth. If the state percent of growth is zero or less, the state cost per pupil shall be the same as the previous year's state cost per pupil.

Sec. 9. MAXIMUM GENERAL FUND BUDGET AND ADDITIONAL SCHOOL DISTRICT PROPERTY TAX LEVY.

1. The state comptroller shall determine the additional school district property tax levy for each school district, which is in addition to the foundation property tax levy, as follows:

a. The district cost per pupil in fall enrollment for the current school year ending June thirtieth each year, plus the allowable growth, determines the district cost per pupil for the school year beginning July first each year. However, if the district cost per pupil in fall enrollment for the current school year ending June thirtieth each year exceeds one hundred ten percent of the state cost per pupil, the school budget review

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committee shall review the proposed budget and establish the amount of allowable growth for that district, not to exceed the limitations in section seven (7) of this division.

b. The district cost per pupil multiplied by the estimated fall enrollment for the school year beginning July first each year, determines the maximum district cost for each district. A school district may not exceed its maximum district cost unless additional millage is authorized or supplemental state aid is distributed to the district by the school budget review committee as provided in section thirteen (13), subsection five (5), of this division, or unless an additional amount is raised by a school district income surtax approved by the voters.

c. The district foundation base multiplied by the number of pupils in fall enrollment, and the product subtracted from the lesser of the actual or maximum district cost for the school year beginning July first each year, determines the amount to be raised by the additional school district property tax levy, subject to the maximum millage provided in section ten (10) of this division, any additional millage authorized by the school budget review committee under section thirteen (13), subsection five (5), paragraph a, of this division, or the maximum millage reduction provided in section twenty-one (21) of this division.

2. No later than December first of each year, the state comptroller shall notify the county auditor of each county the amount, both in dollars and mills, of the additional property tax levy in each school district in the county. Each county auditor shall spread the

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additional property tax levy for each school district over all taxable property in the district.

3. a. A county board of education or joint county board of education shall not certify for the fiscal year commencing July 1, 1972, or the fiscal year commencing January 1, 1973, or any succeeding fiscal year, an amount of money to be raised by property taxes for the general fund budget in excess of the amount of money raised by property taxes for general fund expenditures for its last preceding fiscal year, plus an amount determined by multiplying the state percent of growth determined under section seven (7) of this division by the amount raised by property taxes for the general fund budget for its last preceding fiscal year.

b. In addition to the amounts provided in paragraph a of this subsection, a county board of education or joint county board of education may certify and receive moneys to expand special education programs for the fiscal year commencing July 1, 1972, or January 1, 1973 or any succeeding year. However, this exception applies only to those special education programs or courses which would have qualified for state reimbursement pursuant to chapter two hundred eighty-one (281) of the Code, as interpreted by the rules and regulations of the state department of public instruction effective on July 1, 1970.

c. If, for any school year, responsibility for a special education pupil is transferred from a school district to a county or joint county board of education, or from a county or joint county board of education to a school district, the moneys budgeted for that pupil

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shall be transferred to the district or board which accepts responsibility for the pupil, or a proportionate amount shall be transferred if the change is made during the school year.

Sec. 10. MAXIMUM MILLAGE LEVY. For the purpose of determining the maximum millage levy in a school district, the state comptroller shall determine the sum of the foundation property tax levy and the additional property tax levy, in mills. When this total millage rate exceeds the district general fund levy in mills for the school year which began July 1, 1970, he shall adjust the district general fund millage levy to a rate equal to the millage levy for the school year beginning July 1, 1970, unless additional millage is approved by the school budget review committee, as provided in section thirteen (13), subsection five (5), paragraph a, of this division.

Sec. 11. GUARANTEED STATE AID. For the school year beginning July 1, 1972, and for the next four succeeding school years, the state shall provide specific funds, called guaranteed state aid, to any school district in which the maximum millage, excluding any additional millage approved by the school budget review committee, plus the district's miscellaneous income and state school foundation aid, does not meet the actual or maximum district cost, whichever is less.

There is hereby appropriated from the general fund of the state to the department of public instruction moneys sufficient to pay the guaranteed state aid provided in this section. The state comptroller shall pay this aid no later than May fifteenth of each year, beginning in 1973 for the school year beginning July

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1, 1972.

Sec. 12. SCHOOL BUDGET REVIEW COMMITTEE. A school budget review committee is established, consisting of the superintendent of public instruction, the state comptroller, and three members appointed by the governor to represent the public and to serve three-year staggered terms. Those serving on the effective date of this division as public members of the school budget review committee established under prior law shall continue to serve out their unexpired terms as members of the committee established under this section. The committee shall meet and hold hearings each year and shall continue in session until it has reviewed budgets of school districts, as provided in section thirteen (13) of this division. It may call in school board members and employees as necessary for the hearings. Legislators shall be notified of hearings concerning school districts in their constituencies.

The committee shall adopt its own rules of procedure. The superintendent of public instruction shall serve as chairman, and the state comptroller shall serve as secretary. The committee members representing the public are entitled to receive a per diem equal to the per diem of members of the board of public instruction, and their necessary travel and other expenses while engaged in their official duties. Expense payments shall be made from appropriations to the department of public instruction.

Sec. 13. DUTIES OF THE COMMITTEE.

1. The school budget review committee may recommend the revision of any rules, regulations, directives, or forms relating to school district budgeting and

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accounting, confer with local school boards or their representatives and make recommendations relating to any budgeting or accounting matters, and may direct the superintendent of public instruction or the state comptroller to make studies and investigations of school costs in any school district.

2. The committee shall report to each session of the general assembly, which report shall include any recommended changes in laws relating to school districts, and shall specify the number of hearings held annually, the reasons for the committee's recommendations, and other information as the committee deems advisable.

3. The committee shall review the proposed or certified budget of any school district if the district cost per pupil in estimated fall enrollment has increased over the district cost per pupil in fall enrollment for the previous year by more than the allowable growth of the district.

4. The committee may review the proposed or certified budget of any school district as follows:

a. If the budget shows district costs per pupil in estimated fall enrollment of more than the state cost per pupil.

b. If in the judgment of the committee, the budget shows the district cost to be unreasonably high in relation to the comparative cost factors of similar districts, even if the district cost per pupil in estimated fall enrollment does not exceed the state cost per pupil.

5. The committee may authorize a school budget in excess of limitations provided in sections nine (9) and ten (10) of this division as follows:

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a. If a nonpublic school within a district closes wholly or in part, the committee may authorize an increase in the school general fund millage beyond the maximum permitted under section ten (10) of this division, but only to the extent necessary to cover the cost of absorbing the former nonpublic school pupils into the public school system. The school board shall establish the amount of necessary increased cost to the satisfaction of the school budget review committee before an increase in millage is authorized.

b. Additional supplemental state aid may be paid to any district from any discretionary funds appropriated specifically to the committee for this purpose.

6. If the committee does not authorize a school district's budget, it shall state its recommendations in terms of a specific reduction in the district cost, and in terms of a projected reduction in the millage rate of the school district, and shall notify the school board of its recommendations through the state comptroller.

7. The committee, when making recommendations relating to school budgets, shall consider each district's circumstances and facts which are unique and unusual, including but not limited to any unusual increases or decreases in enrollments, natural disasters, unusual transportation problems, and initial staffing problems.

8. Failure by any school district to provide information or appear before the committee as requested for the accomplishment of review or hearing shall constitute justification for the committee to instruct the state comptroller to withhold any state aid to that

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district until the committee's inquiries are satisfied completely.

9. The school budget review committee may call in any county board of education for the purpose of reviewing its budget as it relates to the individual districts within the county.

Sec. 14. ELECTION TO EXCEED MAXIMUM DISTRICT COST. If a school board wishes to exceed its maximum district cost, as determined under section nine (9) of this division, it shall first submit its proposed budget to the school budget review committee. The committee may approve the proposed budget or may make other recommendations, but if the board decides that the district should exceed its maximum district cost, and the committee has not authorized an additional millage or supplemental state aid as provided in section thirteen (13), subsection five (5), of this division, the board shall submit to the voters of the school district, at a regular or special school election held not later than September fifteenth, the question of whether the proposed budget shall be approved, and financed by a school district income surtax of a specified rate, or whether the district shall be limited to its maximum district cost.

If a majority of those voting approves the proposed budget and the specified school district income surtax rate, the surtax, determined as provided in section fifteen (15) of this division, may be imposed by resolution of the school board.

If the proposed budget and surtax does not receive approval by a majority of those voting, the school board shall reduce its general fund budget to an amount which

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does not exceed its maximum district cost.

The school board shall certify the result of an election required under this section to the county auditor, the school budget review committee, and the director of revenue, within ten days following the election. If a school district income surtax is approved, the school board shall publish notice of the surtax rate, as provided in chapter six hundred eighteen (618) of the Code.

Sec. 15. SCHOOL DISTRICT INCOME SURTAX.

1. If a school district income surtax is proposed by a school board, the state comptroller shall determine the rate of school district income surtax as follows:

a. Determine the excess amount needed.

b. Determine the total amount of state individual income tax as shown on the individual tax returns of persons residing in the school district on December thirty-first of the last preceding calendar year for which accurate figures are available or on the last day of a taxpayer's fiscal year ending within that calendar year. The director of revenue shall report this amount to the state comptroller as requested.

c. Divide the total amount of state individual income tax determined into the excess amount needed. The quotient is the school district income surtax rate which shall be imposed on the state individual income tax for the calendar year during which the school year begins, or for a taxpayer's fiscal year ending during that calendar year but after the date of the election approving the budget, and for subsequent years as provided in subsections two (2) and three (3) of this section, and shall be imposed on all individuals resid-

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ing in the school district on December thirty-first of each calendar year, or on the last day of their fiscal year. As used in this section, "state individual tax" means the tax computed under section four hundred twenty-two point five (422.5) of the Code, less the deductions allowed in section four hundred twenty-two point twelve (422.12) of the Code.

2. A school district income surtax rate approved by the voters, or as much of it as may be necessary, shall continue to be in effect in that school district until the school board finds that the surtax or a part of it is unnecessary, or until the amount of the surtax is altered by another election. If a school board wishes to increase the district costs so that they cannot be met by the combination of maximum millage, state aid, miscellaneous income, and the approved school district income surtax, the school board may hold another election to submit the question of whether to increase the surtax rate for the district, and may increase the rate only if an increase is approved by a majority of those voting.

3. At least once every five years, if a school district income surtax is found to be necessary, the school board shall submit to the voters of the school district, at a regular or special school election held not later than September fifteenth, the question of whether to continue imposition of the established rate of school district income surtax or of a lesser rate as necessary. If a majority of those voting does not approve the proposed school district income surtax rate, the school board shall reduce its general fund budget to an amount which does not exceed its maximum district

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cost.

Sec. 16. STATUTES APPLICABLE. The director of revenue shall administer any school district income surtax imposed under this division, and all the provisions of sections four hundred twenty-two point twenty (422.20), four hundred twenty-two point twenty-two (422.22) through four hundred twenty-two point thirty-one (422.31), inclusive, four hundred twenty-two point sixty-eight (422.68), and four hundred twenty-two point seventy-two (422.72) through four hundred twenty-two point seventy-five (422.75), inclusive, of the Code, shall apply in respect to administration of the school district income surtax.

Sec. 17. FORM AND TIME OF RETURN. The school district income surtax shall be made a part of the Iowa individual income tax return subject to the conditions and restrictions set forth in section four hundred twenty-two point twenty-one (422.21) of the Code.

Sec. 18. DEPOSIT OF SCHOOL DISTRICT INCOME SURTAX. The director of revenue shall deposit all moneys received as school district income surtax to the credit of each district from which the moneys are received, in a "school district income surtax fund" which is established in the office of the treasurer of state.

Sec. 19. SCHOOL DISTRICT INCOME SURTAX CERTIFICATION. On or before October twentieth each year, the director of revenue shall make an accounting of the school district income surtax collected under this division applicable to tax returns for the last preceding calendar year, or for fiscal year taxpayers, on the last day of their tax year ending during that calendar year and after the date of the election approving the surtax,

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from taxpayers in each school district in the state which has imposed a surtax, and shall certify to the state comptroller and the state department of public instruction the amount of total school district income surtax credited from the taxpayers of each school district. Additional returns in process, if any, at the time of certification shall be completed and the additional amount of school district income surtax reported to the state comptroller for distribution back to the school district with the first installment of the following school year.

Sec. 20. SCHOOL DISTRICT INCOME SURTAX DISTRIBUTION. The state comptroller shall draw warrants in payment of the amount of surtax payable to each of the school districts in two installments to be paid on approximately the first day of December and the first day of February, and shall cause the warrants to be delivered to the respective school districts.

Sec. 21. MAXIMUM MILLAGE REDUCTION. If the functioning of the state school foundation program established by this division causes a reduction in any school district, for the school year beginning July 1, 1972, of more than ten percent of the district's total general fund millage for the school year beginning July 1, 1970, the reduction for the school year beginning July 1, 1972 is limited to that ten percent, and the reduction for each of the school years beginning July 1, 1973, and July 1, 1974, is limited to ten percent of the preceding year's millage. However, if this limitation results in a district millage levy which raises more than the district needs to meet the lesser of its actual or maximum district cost, the ten percent

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limitation does not apply, and the district may reduce its millage as much as can be done without entitling the district to state school foundation aid. The state comptroller shall compute any maximum millage reduction required by this section, and shall notify the school boards accordingly.

Sec. 22. TENTATIVE BUDGET. Not later than December first for each ensuing fiscal year, the board of directors of each school district shall set a tentative budget in dollars of the amount the district may spend on each program in the system as defined by the school budget review committee and in the forms prescribed by the committee. This prospectus of program and allotted dollars as approved by the board shall guide the superintendent when preparing the proposed budget for that year. These limitations submitted by the board of directors to the superintendent of schools for the district shall be promptly forwarded to the committee.

Sec. 23. RULES AND REGULATIONS. The superintendent of public instruction, after consultation with the state comptroller, may adopt rules and regulations and definitions of terms as necessary and proper for the administration of this division.

Sec. 24. LOCAL BUDGET LAW. Provisions of chapter twenty-four (24) of the Code remain applicable to school budgets.

Sec. 25. ESTIMATES OF MISCELLANEOUS AIDS. No later than September first of each year, the department of public instruction shall certify to the state comptroller the amounts of any state aids other than the amounts provided in this division that will be received by each school district in the state. In the event any estimate

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of state aids in any school budget certified to the auditor as provided by section twenty-four point seventeen (24.17) of the Code is more or less than the amount of state aids certified to the state comptroller by the department of public instruction as provided by this section, the state comptroller shall certify to the county auditors the final millage for each school district.

Sec. 26. APPROPRIATIONS. There is hereby appropriated each year from the general fund of the state an amount necessary to pay the state school foundation aid.

All state aids paid under this division, unless otherwise stated, shall be paid in installments due on or about September fifteenth, December fifteenth, March fifteenth, and May fifteenth of each year, and the installments shall be as nearly equal as possible as determined by the state comptroller, taking into consideration the relative budget and cash position of the state resources.

All moneys received by a school district from the state under the provisions of this division shall be deposited in the general fund of the school district, and may be used for any school general fund purpose.

Sec. 27. There is hereby appropriated from the general fund of the state to the department of public instruction for the year beginning July 1, 1972, and ending June 30, 1973, one million six hundred thousand (1,600,000) dollars, or so much thereof as may be necessary for reimbursing public school districts and county or joint county school systems for expenditures incurred in accordance with the provisions of section

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two hundred fifty-seven point twenty-six (257.26) of the Code.

Claims for reimbursement for the period beginning July 1, 1971, and ending June 30, 1972, shall be made by July 30, 1972, to the department of public instruction, clearly detailing the expenditures incurred, and in a form prescribed by the department.

As a condition to receiving reimbursement under this section, a school district shall show by affidavit of an officer of the school board that the amount of reimbursement claimed by the school district does not exceed one-half of the actual costs incurred by the district under section two hundred fifty-seven point twenty-six (257.26) of the Code, and does not include the portion of those costs for which the district received state school foundation aid. The claims for reimbursement shall be certified by the department of public instruction to the state comptroller on or before August 31, 1972. On or before September 15, 1972, the state comptroller shall draw warrants on the fund created by this section, payable to the school districts which have established claims. In the event that the amount appropriated is insufficient to pay in full the total amounts certified to the state comptroller, he shall prorate the fund and notify each school district of its pro rata percentage on or before September 15, 1972.

Sec. 28. Section two hundred eighty-one point nine (281.9), Code 1971, is amended by adding the following new paragraph:

"This section applies to all existing programs to July 1, 1973, and to the continuation of such existing programs after July 1, 1973."

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Sec. 29. Chapter two hundred eighty-one (281), Code 1971, is amended by adding the following new section:

"A school district, county board of education, or joint county board of education that provides special education as required by this chapter shall, prior to March 1, 1972, and each March first thereafter, apply to the department of public instruction, upon forms prescribed by the department, for qualification to receive reimbursement pursuant to this chapter. During the following fiscal year the department shall approve each application and qualification if the district, county board of education, or joint county board establishes all of the following:

1. That there are sufficient students within the area who are in need of the instruction.
2. That the applying unit is the unit that can best and most efficiently provide for the instruction without duplicating services otherwise provided, as opposed to another available educational unit.
3. That the unit has qualified teachers available.
4. That the instruction is a natural and normal progression of a planned course or courses of instruction, and that this progressive growth factor is not out of proportion to the ability of the educational unit to pay for the courses of instruction.
5. That all reimbursement sought is for actual delivery of special education services and not for administrative costs.
6. Other factors as the department may require.

There is hereby appropriated out of the general fund of the state to the department of public instruction beginning July 1, 1973, a sum sufficient to pay all

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approved applications for reimbursement pursuant to this chapter and this section, to the extent that the approved applications are for expanded special education programs beyond those programs provided for the fiscal year commencing July 1, 1971, or January 1, 1972, but only to the extent that the expanded programs would have qualified for state reimbursement pursuant to this chapter, as interpreted by the rules and regulations of the state department of public instruction effective on July 1, 1970."

Sec. 30. Section two hundred ninety-eight point one (298.1), Code 1971, is amended as follows:

298.1 SCHOOL TAXES. The board of each school corporation shall estimate the amount of the proposed expenditures and proposed receipts for the general school purposes at a time and in a manner to effectuate the provisions of ~~chapter-442~~ sections 1 through 29, inclusive, of this Act. Compliance with chapter 24 shall be observed.

~~Prior-to-compliance-with-section-24-97-the superintendent-of-the-county-school-systems-shall-call a-joint-meeting-of-school-superintendents-and-school board-members-for-all-of-the-local-districts-within the-county-basic-school-tax-unit.--The-time-and-place for-such-joint-meetings-shall-be-set-by-the superintendent-of-the-county-school-system.~~

~~The-purpose-of-the-joint-meeting-shall-be-for-a review-of-the-budgets-of-the-several-school-districts within-the-county-basic-school-tax-units,-and-for-the discussion-of-common-problems-within-the-county-basic unit.~~

Sec. 31. Section four hundred twenty-two point

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sixty-five (422.65), Code 1971, is amended as follows:

422.65 ALLOCATION OF REVENUE. ~~Ten~~ Fifty-five percent of the total moneys received from the franchise tax shall be deposited in the state general fund. The remaining moneys received from the franchise tax shall be deposited in a franchise tax fund hereby established in the office of the treasurer of state, and shall be paid quarterly on warrants by the state comptroller, after certification by the director of revenue, as follows:

~~1.---Fifty-percent-to-the-basic-school-tax-equalization fund-of-the-basic-school-tax-unit-from-which-the-tax is-collected,-to-be-distributed-in-the-same-manner-as other-funds-in-the-basic-school-tax-equalization-fund.~~

~~2.---Thirty~~ 1. Sixty percent to the general fund of the city or town from which the tax is collected.

~~3.---Twenty~~ 2. Forty percent to the general fund of the county from which the tax is collected.

If the financial institution maintains one or more offices for the transaction of business, other than its principal office, a portion of its franchise tax shall be allocated to each office, based upon a reasonable measure of the business activity of each office. The director of revenue shall prescribe, for each type of financial institution, a method of measuring the business activity of each office. Financial institutions shall furnish all necessary information for this purpose at the request of the director.

Quarterly, the director of revenue shall certify to the treasurer of state the amounts to be paid to each ~~basic-school-tax-unit,~~ city, town, and county from the franchise tax fund. All moneys received from the

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franchise tax are hereby appropriated according to the provisions of this section. This section is applicable to all funds collected on or after July 1, 1970.

Sec. 32. Effective January 1, 1972, section four hundred thirty A point three (430A.3), Code 1971, is amended as follows:

430A.3 LEVY. There is hereby imposed upon capital employed in the business of making loans or investments within the state of Iowa, as determined under the provisions of this chapter, a tax of five mills on each dollar of such capital; such tax to be considered a tax upon moneys and credits of such corporations which shall be levied by the board of supervisors, and placed upon the tax list and collected by the county treasurer. The amount collected in each taxing district in cities and towns shall be apportioned twenty percent to the county general fund, thirty percent to the city or town general fund, and fifty percent to the ~~basic-school~~ tax-equalization-fund general fund of the state, and the amount collected in each taxing district outside of cities and towns shall be apportioned fifty percent to the county general fund and fifty percent to the ~~basic-school-tax-equalization-fund~~ general fund of the state. The term "loans" as used herein shall mean the lending of money to members of the general public upon other than real estate security. The term "investments" as used herein shall mean the discounting, purchasing, or otherwise acquiring notes, mortgages, sales contracts, debentures, or any other evidences of indebtedness, based upon other than real estate security when such investments are made in connection with loans made to members of the general public in the state of Iowa or

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in the courts of any operations having as their effect the financing of business transactions within the state of Iowa resulting in the incurring of any indebtedness based upon security other than real estate security.

Sec. 33. Effective July 1, 1972, chapter four hundred forty-two (442), Code 1971, is repealed. The provisions of this division shall control school general fund budgets for the school year beginning July 1, 1972, and the provisions of chapter four hundred forty-two (442) of the Code, as limited by House File one hundred twenty-one (121), Acts of the Sixty-fourth General Assembly, First Session, shall control school general fund budgets and the levy and distribution of school funds for the school year beginning July 1, 1971.

Sec. 34. Effective January 1, 1972, chapter five hundred thirty-three point twenty-two (533.22), Code 1971, is amended as follows:

533.22 TAXATION. A credit union shall be deemed an institution for savings and shall be subject to taxation only as to its real estate, tangible personal property, moneys and credits. The shares shall not be taxed.

The moneys and credits tax on credit unions is hereby imposed at a rate of five mills on each dollar of legal and special reserves of every credit union, and shall be levied by the board of supervisors, and placed upon the tax list and collected by the county treasurer, except that an exemption shall be given to each credit union in the amount of four thousand dollars and, in addition, any amount of the legal and special reserves which are invested in United States government securities. The amount collected in each taxing district

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within a city or town shall be apportioned twenty percent to the county general fund, thirty percent to the city or town general fund, and fifty percent to the ~~basic school-tax-equalization-fund~~ general fund of the state, and the amount collected in each taxing district outside of cities and towns shall be apportioned fifty percent to the county general fund and fifty percent to the ~~basic-school-tax-equalization-fund~~ general fund of the state. The moneys and credits tax shall be collected at the location of the credit union as shown in its articles of incorporation.

DIVISION II

Sec. 35. Section four hundred twenty-two point five (422.5), Code 1971, is amended by striking subsections three (3) through seven (7), inclusive, and inserting in lieu thereof the following:

3. On the third thousand dollars of taxable income, or any part thereof, three percent.
4. On the fourth thousand dollars of taxable income, or any part thereof, four percent.
5. On the fifth, sixth, and seventh thousand dollars of taxable income, or any part thereof, five percent.
6. On the eighth and ninth thousand dollars of taxable income, or any part thereof, six percent.
7. On all taxable income over nine thousand dollars, seven percent.

Sec. 36. Section four hundred twenty-two point thirty-three (422.33), unnumbered paragraphs one (1), two (2), three (3), and four (4), Code 1971, are amended as follows:

A tax is hereby imposed upon each corporation organized under the laws of this state, and upon every

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foreign corporation doing business in this state, annually in an amount computed by applying the following rates of taxation to the net income received by the corporation during the income year:

On the first twenty-five thousand dollars of taxable income, or any part thereof, the rate of ~~four~~ six percent.

On taxable income between twenty-five thousand dollars and one hundred thousand dollars or any part thereof, the rate of ~~six~~ eight percent.

On taxable income of one hundred thousand dollars or more, the rate of ~~eight~~ ten percent.

Sec. 37. Section four hundred twenty-two point thirty-three (422.33), subsection one (1), paragraph "b", unnumbered paragraph four (4), Code 1971, is amended as follows:

The gross sales of the corporation within the state shall be taken to be the gross sales from goods ~~and~~ delivered within the state, ~~and~~ excluding deliveries for transportation out of the state.

Sec. 38. The provisions of sections thirty-five (35), thirty-six (36), and thirty-seven (37) of this division shall be effective January 1, 1971, for all taxable years commencing on or after January 1, 1971, and to this extent sections thirty-five (35), thirty-six (36), and thirty-seven (37) of this division are retroactive.

DIVISION III

Sec. 39. Section four hundred twenty-five point one (425.1), subsection five (5), unnumbered paragraph one (1) and paragraph "b", Code 1971, are amended as follows:

5. ~~In addition to the homestead credit of twenty-five mills on twenty-five hundred dollars of assessed valuation allowable under this chapter, in the event~~ In lieu of the homestead tax credit allowed pursuant to subsections 1

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through 4 of this section, if the owner, as defined in this chapter, is over sixty-five years of age, or is totally disabled, and provided that his Iowa net income, as defined in section 422.7, plus interest and dividends from federal securities and income from social security and other tax-exempt retirement or pension plans, when included with that of the spouse, brother, sister, son, daughter, if any, living with the claimant, is less than ~~three-thousand-five-hundred~~ four thousand dollars for the last twelve-month income tax accounting period, there shall be credited by the county auditor on such owner's eligible homestead, an amount equal to ~~but not exceeding the amount calculated as provided in this section~~ one hundred twenty-five dollars, except that the credit shall not exceed the amount of the property taxes levied and collectible on the homestead for that year.

b. His Iowa net income, plus interest and dividends from federal securities and income from social security and other tax-exempt retirement or pension plans when included with that of his spouse, if any, during the last preceding twelve-month income tax accounting period is less than ~~three-thousand-five-hundred~~ four thousand dollars.

Sec. 40. The provisions of section thirty-nine (39) of this division shall become effective January 1, 1972.

DIVISION IV

Sec. 41. There is created a "municipal assistance fund" in the office of the treasurer of state.

Sec. 42. There is appropriated to the municipal assistance fund from the general fund of the state the sum of five million (5,000,000) dollars for each fiscal

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year of the biennium commencing July 1, 1971, and ending June 30, 1973.

Sec. 43. On or before June fifteenth of each year of the biennium, the state comptroller shall distribute the moneys in the municipal assistance fund to each city and town in the state in the proportion that the population of each city and town is to the total population of all cities and towns in the state. However, the comptroller shall in no event distribute in any year to any city or town an amount in excess of one-half the amount to be collected from property tax levies by that city or town for that year. Any moneys remaining in the municipal assistance fund shall remain in the fund and be available for distribution the following year.

Sec. 44.

1. The population of each city and town shall be determined by the latest available federal census. An incorporated city or town may have one special federal census taken each decade, and the population figure obtained shall be used in apportioning amounts under this subsection beginning the calendar year following the year in which the special census is certified to the secretary of state.

2. In any case where an incorporated city or town has been incorporated since the latest available federal census, the mayor and council shall certify to the treasurer of state the actual population of the incorporated city or town as of the date of incorporation and its apportionment of funds under this subsection shall be based upon such certification until the next federal census enumeration. Any community which has

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dissolved its corporation shall not receive any apportionment of funds under this subsection after its dissolution.

3. In any case where an incorporated city or town has annexed any territory since the last regular or special federal census, the mayor and council shall certify to the treasurer of state the actual population of the annexed territory as determined by the last certified federal census of the territory and the apportionment of funds under this subsection shall be based upon the population of the city or town as modified by the certification of the population of the annexed territory until the next regular or special federal census enumeration.

4. In any case where two or more incorporated cities or towns have consolidated, the apportionment of funds under this subsection shall be based upon the population of the incorporated city or town resulting from the consolidation and shall be determined by combining the population of all incorporated cities and towns involved in the consolidation as determined by the last regular or special federal census enumeration for the consolidating city or town.

Sec. 45. Section twenty-six point six (26.6), Code 1971, is amended as follows:

26.6 POPULATION OF COUNTIES, TOWNSHIPS, CITIES, AND TOWNS. Whenever the population of any county, township, city, or town is referred to in any law of this state, it shall be determined by the last certified, or certified and published, official census unless otherwise provided. However, the population figure disclosed for any city or town as the result of a special

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federal census as modified as the result of consolidation or annexation in the manner provided in sections 312.3, and 123.50, shall be considered for no other purposes than the application of sections 123.50 and, 312.3 and the provisions of this division. Whenever a special federal census is hereafter taken by any city or town, the mayor and council shall certify the said census as soon as possible to the secretary of state and to the treasurer of state as otherwise herein provided, and failing to do so, the treasurer of state shall, after six months from the date of said special census, turn over such moneys as authorized by sections 123.50 and 312.3 to the general fund of the state, and continue to do so until such time as certification by said mayor and council is made, or until the next decennial federal census. If there be a difference between the original certified record in the office of the secretary of state and the published census the former shall prevail.

DIVISION V

Sec. 46. Notwithstanding any provisions of the Code, interstate bridges owned by a city or town may be subject to assessment and taxation in the discretion of the the governing body of the city or town owning such bridge.

DIVISION VI

Sec. 47. Section four hundred twenty-two point forty-five (422.45), Code 1971, is amended by adding the following new subsection:

"The gross receipts from sales of tangible personal property used or to be used as railroad rolling stock for transporting persons or property, or as materials or parts therefor."

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Sec. 48. Section four hundred twenty-three point four (423.4), Code 1971, is amended by adding the following new subsection:

"Tangible personal property used or to be used as railroad rolling stock for transporting persons or property, or as materials or parts therefor."

DIVISION VII

Sec. 49. Section four hundred twenty-two point sixty-nine (422.69), Code 1971, is amended by striking subsection two (2).

Sec. 50. Section four hundred twenty-two point seventy-eight (422.78), Code 1971, is amended as follows:

422.78 ALLOCATION TO MONEYS AND CREDITS REPLACEMENT FUND IN EACH COUNTY. There is created a permanent fund in the office of the treasurer of state to be known as the "moneys and credits replacement fund". The director shall determine the percentage which the aggregate taxable value for the year 1965 of the property described in and subject to taxation under section 429.2 owned or held by individuals, administrators, executors, guardians, conservators, trustees or an agent or nominee thereof, and the aggregate taxable value for the year 1965 of the property described in and subject to taxation under section 431.1 for the year 1965 but not subject to taxation under said section for the year 1966, in each county bears to the total aggregate taxable value of such property reported from all of the counties in the state and shall certify the percentage for each county to the state comptroller prior to January 1, 1967. In January of 1967 and in January of each succeeding year thereafter, the state comptroller shall apply said percentage to the money which shall have

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accumulated in the moneys and credits tax replacement fund prior to such January and thereby determine the amount thereof due to each county. The state comptroller shall draw warrants on the moneys and credits tax replacement fund in such amounts payable to the county treasurer of each county and transmit them. The county treasurer shall apportion these amounts as follows:

For the amounts received in January 1972, and all previously collected amounts, twenty percent to the county general fund, fifty percent to the ~~basic-school~~ tax-equalization-fund school general fund, and the remaining thirty percent to cities and towns in the proportion that the taxable values for each city and town for 1965 of property subject to taxation in 1965 under sections 429.2 and 431.1 is to the total of such taxable values for all cities and towns within the county; for the amounts received in January 1973, and all subsequently collected amounts, forty percent to the county general fund, and the remaining sixty percent to cities and towns in the proportion that the taxable values for each city and town for the year 1965 under sections 429.2 and 431.1 is to the total of such taxable values for all the cities and towns within the county.

There is appropriated to the moneys and credits replacement fund from the general fund of the state for the fiscal year beginning July 1, 1972 the sum of two million five hundred thousand (2,500,000) dollars, such sum to be paid to the moneys and credits replacement fund not later than January 10, 1973.

3. Amend the title, page 1, by striking all after the word "to" and inserting in lieu thereof the words "financing of governmental programs by providing state

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aid to schools, school district property taxes, imposing a school district income tax including administration by the director of revenue and adoption of administrative provisions for the state individual income tax including penalties and interest, relating to the state individual and corporate income tax, relating to sales and use tax exemptions, providing property tax relief for the elderly and totally disabled, relating to the taxation of municipal interstate toll bridges, and providing aid to cities, towns, and counties."

On the part of the Senate:

JOHN C. RHODES, CHAIRMAN

REINHOLD O. CARLSON

CHARLES P. MILLER

RALPH W. POTTER

On the part of the House:

DELWYN STROMER, CHAIRMAN

WARREN E. CURTIS

ROBERT M. KREAMER

ED SKINNER