



HF 2456 – Community College Tax Levies (LSB 5429HV)
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Fiscal Note Version – New

Description

House File 2456 provides changes to two property tax levies available to community college districts. It allows both the Facilities Levy, established in Iowa Code section [260C.22](#), and the voter-approved portion of the Equipment Levy, established in Iowa Code section [260C.28](#), to be continued by resolution of the Board of Trustees without voter approval after a levy has been approved by voters for two consecutive elections and has been in place for 20 consecutive years. This Bill allows the Boards to continue each of the levies by resolution at the current rates for periods not exceeding 10 years. This Bill provides that levies renewed by resolution can be discontinued or the rate changed by petition of eligible electors and subsequent election.

Background

The Facilities Levy is limited to an amount not exceeding \$0.2025 per \$1,000 of valuation for up to 10 years with voter approval. All 15 of the community colleges have the levy in place at the maximum level for FY 2014. All have had it approved in two previous consecutive elections. Four of the colleges have already sought and received voter approval for levy renewals that begin in 2015 or 2016. By the completion of the latest voter-approved term, all will have had the levy in place for at least 20 consecutive years. In FY 2014, the levy generated \$28.5 million statewide.

The Boards of Trustees of the community colleges can and do annually certify an Equipment Levy of \$0.03 per \$1,000 of valuation for equipment replacement purposes. In addition to that, the Boards may seek voter approval of another \$0.06 per \$1,000 of valuation for up to 10 years for purposes of sharing programs between community colleges and for purchase of instructional equipment. All 15 colleges have both portions of the levy in place at the maximum level for FY 2014. Ten of the colleges have had it approved by voters in two previous consecutive elections and will have had it in place for at least 20 consecutive years at the completion of the latest term. The remaining five colleges will need to seek voter-approval for one additional 10-year term before being able to take advantage of the provisions in HF 2456. In FY 2014, the voter-approved levy generated \$8.5 million statewide.

For an overview of all property tax levies available to community college districts, see the Legislative Services Agency Fiscal Topic: [Community College Property Tax Revenue](#).

Assumptions

Costs to community college districts to conduct elections and to promote voter approval of levies vary greatly. While the costs are unlikely to exceed \$100,000 for any one district, the annual statewide cost in years when more than one district is facing a levy election most likely exceeds that amount.

The following chart shows the estimated amount of property tax generated from FY 2015 through FY 2019 by renewals of levies by resolution rather than voter approval. The estimates are based on assumptions regarding annual increases in valuations ranging from 3.0% to 4.6%.

Estimated Amount of Property Tax Generated by Renewal of Levies by Resolution

| | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2017</u> | <u>FY 2018</u> | <u>FY 2019</u> |
|-------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Plant Levy (20.25¢) | | | | | |
| 02-North Iowa Area | | | | \$ 1,484,042 | \$ 1,551,714 |
| 04-Northwest | | \$ 744,927 | \$ 773,606 | 802,926 | 839,539 |
| 07-Hawkeye | \$ 1,823,737 | 1,888,298 | 1,960,997 | 2,035,319 | 2,128,129 |
| 11-Des Moines Area | 7,374,264 | 7,635,312 | 7,929,272 | 8,229,791 | 8,605,070 |
| 15-Indian Hills | | | | | 1,267,377 |
| Equipment Levy (6.00¢) | | | | | |
| 01-Northeast Iowa | | | | | 689,041 |
| 06-Iowa Valley | | | | 294,557 | 307,988 |
| 09-Eastern Iowa | | | 853,180 | 885,515 | 925,895 |
| 10-Kirkwood | | 1,296,586 | 1,346,504 | 1,397,537 | 1,461,264 |
| Statewide | <u>\$ 9,198,001</u> | <u>\$ 11,565,122</u> | <u>\$ 12,863,559</u> | <u>\$ 15,129,686</u> | <u>\$ 17,776,018</u> |

Fiscal Impact

[HF 2456](#) will save community college districts statewide an estimated average of \$100,000 annually in election and promotion costs, beginning in FY 2015.

This Bill will allow the continuation of levies without voter approval generating approximately \$9.2 million in FY 2015 and \$11.6 million in FY 2016.

Sources

Iowa Association of Community College Trustees
Department of Management

/s/ Holly M. Lyons

March 25, 2014

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
