

FILED APR 23 1986

SENATE FILE 2298  
BY COMMITTEE ON WAYS AND MEANS  
(formerly SSB 2222)  
*Approved (f. 1358)*

*Failed*  
~~Passed~~ Senate, Date 5-1-86 (p. 1518) Passed House, Date \_\_\_\_\_  
Vote: Ayes 23 Nays 26 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

5751 An Act relating to state revenues for education by limiting the  
2 amount of federal taxes deductible for individual income tax  
3 and by using the increase in revenue to lower the school  
4 foundation property tax levy and to provide appropriations to  
5 a salary adjustment fund for use for education purposes only.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

S.F. 2298

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59 23 amended  
add

1 Section 1. Section 422.9, subsection 1, unnumbered  
2 paragraph 1, Code 1985, is amended to read as follows:  
3 An optional standard deduction of fifteen percent of the  
4 net income after deduction of fifty percent of federal income  
5 tax, not to exceed one thousand two hundred dollars for a  
6 married person who files separately, one thousand two hundred  
7 dollars for a single person or three thousand dollars for a  
8 husband and wife who file a joint return, a surviving spouse  
9 as defined in section 2 of the Internal Revenue Code of 1954,  
10 or an unmarried head of household as defined in the Internal  
11 Revenue Code of 1954. However, for tax years beginning in the  
12 1986 calendar year, the amount deducted for federal income tax  
13 equals seventy-five percent of the federal income tax.

14 Sec. 2. Section 422.9, subsection 2, paragraph b, Code  
15 1985, is amended to read as follows:  
16 b. Add the amount of fifty percent of federal income taxes  
17 paid or accrued as the case may be, during the tax year,  
18 adjusted by any federal income tax refunds. However, for tax  
19 years beginning in the 1986 calendar year, the amount added  
20 equals seventy-five percent of the federal income taxes paid  
21 or accrued as the case may be, during the tax year, adjusted  
22 by any federal income tax refunds. Provided, however, that  
23 where married persons, who have filed a joint federal income  
24 tax return, file separately, such total shall be divided  
25 between them according to the portion thereof paid or accrued,  
26 as the case may be, by each.

27 Sec. 3. Section 442.2, subsection 1, Code 1985, is amended  
28 to read as follows:  
29 1. Each school district shall cause to be levied each  
30 year, for the school general fund, a foundation property tax  
31 of five dollars and forty cents per thousand dollars of  
32 assessed valuation on all taxable property in the district,  
33 except as provided in subsection 5 for residential,  
34 agricultural, and commercial property. For the purpose of  
35 this chapter, a school district is defined as a school

126594

1 corporation organized under chapter 274.

5150 2 Sec. 4. Section 442.2, Code 1985, is amended by adding the  
3 following new subsection:

5746 4 NEW SUBSECTION. 5. Notwithstanding subsection 1, the  
5926 5 foundation property tax levied on residential, agricultural,  
6 and commercial property for the fiscal years beginning July 1,  
7 1987, July 1, 1988, and July 1, 1989 are four dollars and  
8 twenty cents per thousand dollars, three dollars per thousand  
9 dollars, and three dollars per thousand dollars, respectively,  
10 of assessed valuation on all taxable residential,  
11 agricultural, and commercial property in the district.

12 Sec. 5. NEW SECTION. 8.60 SALARY IMPROVEMENT FUND.

13 1. The salary improvement fund is created. The fund shall  
14 be separate from the general fund of the state and the balance  
15 in the fund shall not be considered part of the balance of the  
16 general fund of the state, except for purposes of determining  
17 the annual inflation factor under section 422.4, subsection  
18 17, the balance in the fund shall be considered part of the  
19 general fund of the state. The moneys in the fund shall not  
20 revert to the general fund, notwithstanding section 8.33.

5150 21 2. There is appropriated from the general fund of the  
22 state to the salary improvement fund for the fiscal year  
23 beginning July 1, 1986 the sum of twenty million (20,000,000)  
24 dollars, for the fiscal year beginning July 1, 1987 the sum of  
25 forty million (40,000,000) dollars, and for the fiscal year  
26 beginning July 1, 1988 the sum of eighty million (80,000,000)  
27 dollars.

28 3. The moneys in the salary improvement fund may be  
29 appropriated by the general assembly only for educational  
30 purposes. If moneys are appropriated from this fund to aid  
31 school districts, the moneys are miscellaneous income under  
32 section 442.5 and are in addition to any state aid provided to  
33 the school districts under chapter 442. However, the balance  
34 in the salary improvement fund may be used in determining the  
35 cash position of the general fund of the state for the payment

1 of state obligations.

57- 2 Sec. 6. This Act, being deemed of immediate importance,  
3 takes effect from and after its publication in The Altoona  
4 Herald-Mitchellville Index, a newspaper published in Altoona,  
5 Iowa, and in the Ames Daily Tribune, a newspaper published in  
6 Ames, Iowa.

7 Sec. 7. Sections 1 and 2 of this Act are retroactive to  
8 January 1, 1986 for tax years beginning on or after that date.

9 EXPLANATION

10 The bill limits the amount of federal income taxes that may  
11 be deducted in computing the state individual income tax from  
12 one hundred percent to seventy-five percent for the 1986 tax  
13 year and to fifty percent for the 1987 and succeeding tax  
14 years. The increase in revenues as a result of this  
15 limitation is to be used to lower the foundation property tax  
16 levy thus increasing state aid and to target moneys for a  
17 special fund to be used for educational purposes only.

18 The bill lowers for agricultural, residential, and  
19 commercial property the foundation property tax levy of \$5.40  
20 per \$1,000 to \$4.20 per \$1,000 for the fiscal year beginning  
21 July 1, 1987, and to \$3.00 per \$1,000 for the fiscal years  
22 beginning July 1, 1988 and July 1, 1989.

23 The bill also appropriates money from the general fund to a  
24 salary improvement fund to be used solely for education  
25 purposes. The amounts are appropriated for the next three  
26 fiscal years as follows: fiscal year 1987, \$20,000,000;  
27 fiscal year 1988, \$40,000,000; and fiscal year 1989,  
28 \$80,000,000.

29 The bill takes effect upon publication with the limitation  
30 on federal tax deductibility being retroactive to January 1,  
31 1986 for tax years beginning on or after that date.

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SENATE FILE 2298

S-5746

1 Amend Senate File 2298 as follows:

2 1. Page 1, by striking lines 14 through 26 and  
3 inserting the following:

A 4 "Sec. 2. Section 422.9, subsection 2, paragraph b,  
5 Code 1985, is amended by striking the paragraph and  
6 inserting in lieu thereof the following:

7 b. Add the amount of fifty percent of federal  
8 income taxes paid or accrued as the case may be,  
9 during the tax year, adjusted by any federal income  
10 tax refunds, subject to the following transitional  
11 provisions:

12 (1) For tax years beginning on or after January 1,  
13 1986 but before January 1, 1987 the amount added  
14 equals seventy-five percent of the federal income  
15 taxes paid or accrued as the case may be, during the  
16 tax year for that tax year.

17 (2) For tax years beginning on or after January 1,  
18 1986 but before January 1, 1987, add the amount of  
19 federal income tax paid during the tax year for the  
20 previous tax year to the extent that the federal  
21 income tax paid was not the result of an adjustment to  
22 the return for the previous tax year.

23 (3) For tax years beginning on or after January 1,  
24 1987 but before January 1, 1988, add seventy-five  
25 percent of the amount of federal income tax paid  
26 during the tax year for the previous tax year to the  
27 extent that the federal income tax paid was not the  
28 result of an adjustment to the return for the previous  
29 tax year.

30 (4) For tax years beginning on or after January 1,  
31 1987, add the amount of federal income tax paid during  
32 the tax year which is the result of an adjustment to a  
33 federal return for a tax year beginning prior to  
34 January 1, 1987 except in the case of an adjustment to  
35 a federal return for a tax year beginning on or after  
36 January 1, 1986 but before January 1, 1987, the amount  
37 added equals seventy-five percent.

38 (5) Subtract the amount of federal income tax  
39 refund received during the tax year to the extent that  
40 the federal income tax that was refunded had been  
41 deducted.

42 Married persons who have filed a joint federal  
43 income tax return and who filed separate returns shall  
44 divide the federal income tax paid or the federal  
45 income tax refund between them in the ratio of the  
46 federal adjusted gross income of each spouse to the  
47 adjusted gross income of both spouses for the tax year  
48 which resulted in the income tax payment or the income  
49 tax refund."

B 50 2. Page 1, line 34, by striking the words "and

- B 1 commercial and inserting the following: "commercial,  
2 and certain railroad".  
3 3. Page 2, line 6, by inserting after the word  
4 "property" the following: "and property subject to  
5 the provisions of the Railroad Revitalization and  
6 Regulatory Reform Act of 1976, 49 U.S.C. Sec. 11503".  
7 4. Page 2, line 11, by striking the words "and  
8 commercial" and inserting the following: "commercial,  
9 and such railroad".

S-5746 Filed April 24, 1986 BY BRUNER

A- Adopted, B- w/o 5/1 (p. 1518)

Amend Senate File 2298 as follows:

1. Page 3, by inserting after line 1 the following:

"DIVISION I

INTRODUCTORY PROVISIONS

Sec. 101. NEW SECTION. 442A.1 INTRODUCTION.

There is established a state school finance plan to provide moneys to school districts and area education agencies for operation of their educational programs and to maximize the opportunities of the children of this state. The plan includes allocating the expenditures of school districts into three categories with provision for payment of state aid and for levying of property taxes to provide funding. It also provides for payment of special education costs and for funding for special education support services, media services, and educational services of area education agencies.

Sec. 102. NEW SECTION. 442A.2 DEFINITIONS.

As used in this chapter unless the context otherwise requires:

1. "School district" means a school district as constituted under chapter 274.

2. "Board" means the board of directors of a school district.

3. "Committee" means the school budget review committee established in section 442A.19.

4. "Base year" means the school year ending during the calendar year in which a budget is certified.

5. "Budget year" means the school year beginning during the calendar year in which a budget is certified.

6. "Department" means the department of public instruction.

7. "State board" means the state board of public instruction.

DIVISION II

SCHOOL DISTRICT INSTRUCTIONAL EXPENDITURES

Sec. 103. NEW SECTION. 442A.3 DUTIES OF BOARD.

For the budget year beginning July 1, 1988 and succeeding budget years, the board shall establish a budget for instructional expenditures for the budget year. Instructional expenditures include the costs of salaries and benefits of employees of the school district and supplies in the areas of general education, career education, skill development, cocurricular athletic programs, continuing education, community services, attendance services, guidance services, health, other student services, library, audiovisual services, other instructional support, and

1 building administration, except those expenditures  
2 specifically assigned to infrastructure expenditures.  
3 Instructional expenditures also include the costs of  
4 special education instructional programs and the  
5 categorical programs for talented and gifted children  
6 and non-English-speaking children as provided in this  
7 chapter.

8 Funding for instructional expenditures shall be  
9 provided under this chapter. Additional moneys needed  
10 for instructional expenditures shall be included in  
11 the property tax levy for the infrastructure  
12 expenditures as provided in section 442A.10,  
13 subsection 22.

14 Sec. 104. NEW SECTION. 442A.4 FOUNDATION  
15 PROPERTY TAX -- LIVESTOCK CREDIT.

16 1. Each school district shall cause to be levied  
17 each year, for the instructional expenditures budget,  
18 a uniform property tax of three dollars per thousand  
19 dollars of assessed valuation on all taxable property  
20 in the district. For the purpose of this chapter, a  
21 school district is defined as a school corporation  
22 organized under chapter 274.

23 2. The amount paid to each school district for the  
24 tax credit for livestock under section 427.17 shall be  
25 regarded as uniform property tax. The portion of the  
26 payment which is uniform property tax shall be  
27 determined by applying the uniform property tax rate  
28 to the taxable value of livestock assessed for  
29 taxation in the district as of January 1, 1973,  
30 determined pursuant to section 427.17, and adjusted to  
31 actual value as provided in Acts of the Sixty-fifth  
32 General Assembly, chapter 1231, section 174. A school  
33 district may levy a tax on all of the taxable property  
34 within the district in an amount equal to the  
35 difference between the amount due to a school district  
36 from the personal property tax replacement fund for  
37 the preceding year and the amount actually received  
38 during the preceding fiscal year from the personal  
39 property tax replacement fund.

40 3. The amount paid to each school district from  
41 the personal property tax replacement fund established  
42 by sections 427A.9 to 427A.14 shall be regarded as  
43 property tax. For budget years beginning after the  
44 year in which the ninth increase in the additional  
45 personal property tax credit becomes effective as  
46 provided in those sections, the portion of the payment  
47 which is uniform property tax shall be determined by  
48 applying the uniform property tax rate to the total  
49 actual value of all personal property assessed for  
50 taxation in the district as of January 1, 1973,

1 excluding livestock, but including other personal  
2 property eligible for tax credits granted by sections  
3 427A.9 to 427A.14. For budget years to and including  
4 the year in which the ninth increase in the additional  
5 personal property tax credit becomes effective as  
6 provided in the sections, the portion of the payment  
7 which is uniform property tax shall be determined by  
8 the state comptroller pursuant to uniform methods  
9 established by the comptroller.

10 4. For purposes of this chapter, the "amount per  
11 pupil of uniform property tax" and the "money raised  
12 by the uniform property tax" do not include the tax  
13 levied under subsection 1 on the property of a railway  
14 corporation or its trustee which corporation has been  
15 declared bankrupt or is in bankruptcy proceedings.

16 Sec. 105. NEW SECTION. 442A.5 ENROLLMENT.

17 1. Basic enrollment for the budget year beginning  
18 July 1, 1988 and succeeding budget years is determined  
19 by adding the resident pupils who were enrolled on the  
20 second Friday of September in the base year in public  
21 elementary and secondary schools of the district and  
22 in public elementary and secondary schools enrolled in  
23 another district or state for which tuition is paid by  
24 the district. However, resident pupils enrolled in  
25 kindergarten programs are included in basic enrollment  
26 in the proportion that the time for which they are  
27 enrolled or receive instruction for the school year is  
28 to the time that full-time pupils carrying a normal  
29 course schedule in the same school district, for the  
30 same school year, are enrolled and receive  
31 instruction.

32 Resident pupils of high school age for which the  
33 district pays tuition to attend an Iowa area school  
34 are included in basic enrollment on a full-time  
35 equivalent basis.

36 Shared-time and part-time pupils of school age,  
37 irrespective of the districts in which the pupils  
38 reside, are included in basic enrollment as of the  
39 fourth Friday of September in the base year for the  
40 budget year in the proportion that the time for which  
41 they are enrolled or receive instruction for the  
42 school year is to the time that full-time pupils  
43 carrying a normal course schedule, at the same grade  
44 level, in the same school district, for the same  
45 school year, are enrolled and receive instruction.

46 Pupils attending a university laboratory school are  
47 not counted in any district's basic enrollment, but  
48 the laboratory school shall report them directly to  
49 the department of public instruction.

50 A school district shall certify its basic

1 enrollment to the department of public instruction by  
2 September 25 of each year, and the department shall  
3 promptly forward the information to the state  
4 comptroller.

5 2. Weighted enrollment for the budget year begin-  
6 ning July 1, 1988 and succeeding budget years is  
7 determined by adding the district's additional  
8 enrollment because of special education and  
9 categorical programs to the district's basic  
10 enrollment for the budget year. A district's addi-  
11 tional enrollment because of special education and  
12 categorical programs is determined on December 1 of  
13 the base year by multiplying the weighting for each  
14 category of special education and categorical program  
15 under sections 280.18, 280.19, and 281.9 by the number  
16 of children in each category totaled for all  
17 categories and subtracting from this total the basic  
18 enrollment for the budget year.

19 Weighted enrollment is basic enrollment as modified  
20 by the application of the special education and  
21 categorical programs weighting plans.

22 3. A school district's certification of basic and  
23 weighted enrollment is subject to audit in accordance  
24 with procedures adopted by rule by the state board  
25 pursuant to chapter 17A.

26 4. "Enrollment served" means the basic enrollment  
27 plus the number of pupils in approved nonpublic  
28 schools served with services of the area education  
29 agency except that if a nonpublic school pupil  
30 receives services through an area other than the area  
31 of the pupil's residence, the pupil shall be deemed to  
32 be served by the area of the pupil's residence, which  
33 shall by contractual arrangement reimburse the area  
34 through which the pupil actually receives services.  
35 Each school district shall include in the second  
36 Friday in September enrollment report the number of  
37 pupils in approved nonpublic schools within each  
38 school district served by the area.

39 Sec. 106. NEW SECTION. 442A.6 STATE PERCENT OF  
40 GROWTH -- ALLOWABLE GROWTH.

41 1. For the budget year beginning July 1, 1988, and  
42 succeeding budget years, a state percent of growth for  
43 the budget year shall be computed by the state  
44 comptroller prior to September 15 in the base year and  
45 forwarded to the commissioner of public instruction.  
46 The state percent of growth shall be an average of the  
47 following four percentages of growth except as  
48 otherwise provided in paragraph "c" of this  
49 subsection:

50 a. The difference in the receipts of state general

1 fund revenues computed or estimated as follows:

2 (1) The percentage of change between the revenues  
3 received during the second year preceding the base  
4 year and the revenues received during the year  
5 preceding the base year.

6 (2) The percentage of change between the revenues  
7 received during the year preceding the base year and  
8 the revenues received during the base year.

9 b. The difference in the gross national product  
10 implicit price deflator published by the bureau of  
11 economic analysis, United States department of  
12 commerce, computed or estimated as a percentage of  
13 change for the following:

14 (1) From the value for the quarter ending December  
15 31 eighteen months prior to the beginning of the base  
16 year to the value for the quarter ending December 31  
17 six months prior to the beginning of the base year.

18 (2) From the value for the quarter ending December  
19 31 six months prior to the beginning of the base year  
20 to the value for the quarter ending December 31 six  
21 months prior to the beginning of the budget year.

22 The computation of the percentage change in the  
23 gross national product implicit price deflator shall  
24 be based, to the extent possible, on the latest  
25 available values for these deflators published by the  
26 bureau of economic analysis.

27 c. If the average of the percentages computed or  
28 estimated under paragraph "b" of this subsection  
29 exceeds the average of the percentages computed or  
30 estimated under paragraph "a" of this subsection, the  
31 state percent of growth shall be the average of the  
32 two percentages of growth computed or estimated under  
33 paragraph "a" of this subsection.

34 2. If the state percent of growth so computed is  
35 negative, that percentage shall not be used and the  
36 state percent of growth shall be zero.

37 3. Each year prior to September 15 the state  
38 comptroller shall recompute the state percent of  
39 growth for the previous year using adjusted estimates  
40 and the actual figures available. The difference  
41 between the recomputed state percent of growth for the  
42 base year and the original computation shall be added  
43 to or subtracted from the state percent of growth for  
44 the budget year, as applicable.

45 With regard to values of gross national product  
46 implicit price deflators, the recomputation of the  
47 state percent of growth for the previous year shall be  
48 made only with respect to the value of the deflator  
49 for the quarter which occurred subsequent to the  
50 calculation of the state percent of growth for the

1 previous year. If subsection 1, paragraph "c" is used  
2 in the calculation of the state percent of growth for  
3 the previous year, the calculation made in subsection  
4 1, paragraph "b" shall not be used in the  
5 recomputation of the state percent of growth for the  
6 previous year.

7 4. The basic allowable growth per pupil for the  
8 budget year shall be computed by multiplying the state  
9 cost per pupil for the base year times the state  
10 percent of growth for the budget year.

11 5. The allowable growth per pupil for each school  
12 district is the basic allowable growth per pupil for  
13 the budget year modified by the school budget review  
14 committee.

15 Sec. 107. NEW SECTION. 442A.7 STATE COST PER  
16 PUPIL.

17 For the budget year beginning July 1, 1988 and  
18 succeeding budget years, the state comptroller shall  
19 determine the state cost per pupil pursuant to this  
20 section. The state comptroller shall add together the  
21 district costs for all school districts for the base  
22 year beginning July 1, 1987 as defined in section  
23 442.9, Code 1985, and divide that total by the  
24 weighted enrollment in the state for the base year  
25 determined under section 442A.5 to determine the state  
26 cost per pupil for the base year. The state cost per  
27 pupil for the base year plus the total of the basic  
28 allowable growth per pupil for the budget year and one  
29 hundred sixty dollars is the state cost per pupil for  
30 the budget year beginning July 1, 1988. For the  
31 budget year beginning July 1, 1989 and succeeding  
32 budget years, the state cost per pupil shall be  
33 recalculated each year in the same manner as the base  
34 year beginning July 1, 1988 except that one hundred  
35 sixty dollars will not be added.

36 The state comptroller shall compute the applicable  
37 amount of allowable growth to be added to the state  
38 cost per pupil for each school year.

39 Sec. 108. NEW SECTION. 442A.8 DISTRICT COST PER  
40 PUPIL -- STATE AID.

41 For the budget year beginning July 1, 1988, the  
42 district cost per pupil of a school district is an  
43 amount equal to seventy-seven percent of the district  
44 cost per pupil for the base year plus the sum of the  
45 total of the allowable growth for the budget year and  
46 one hundred sixty dollars. Thereafter, the district  
47 cost per pupil for the budget year is the district  
48 cost per pupil for the base year plus the allowable  
49 growth.

50 The district cost for the budget year is equal to

1 the district cost per pupil for the budget year  
2 multiplied by the weighted enrollment for the budget  
3 year. There is appropriated to the state comptroller  
4 for each budget year an amount sufficient to pay to  
5 each school district an amount equal to its district  
6 cost less the amount raised by the uniform levy.  
7 Payment shall be made pursuant to section 442A.18.

8 DIVISION III

9 INFRASTRUCTURE EXPENDITURES

10 Sec. 109. NEW SECTION. 442A.9 DUTIES OF BOARD.

57  
11 For the budget year beginning July 1, 1988 and  
12 succeeding budget years, the board shall establish a  
13 budget for infrastructure expenditures for the budget  
14 year and certify the infrastructure expenditures  
15 budget for property tax levy, to the school budget  
16 review committee and the state comptroller. The state  
17 comptroller shall determine the amount of the  
18 infrastructure property tax levy to be made on all  
19 taxable property in the district based upon the budget  
20 submitted and shall transmit the rate of the levy to  
21 the appropriate county auditor and county board of  
22 supervisors.

23 Sec. 110. NEW SECTION. 442A.10 INFRASTRUCTURE  
24 EXPENDITURES.

25 Expenditures for the following are infrastructure  
26 expenditures and may be included in the infrastructure  
27 expenditures budget:

28 1. Public educational and recreational purposes  
29 authorized in chapter 300.

30 2. Community education purposes pursuant to  
31 chapter 276.

32 3. Transportation of public school pupils to and  
33 from school and other school activities, including  
34 purchase and maintenance of transportation equipment,  
35 vehicle operation and maintenance, and salaries and  
36 benefits of operational and maintenance personnel.

37 4. The purchase and improvement of grounds.

38 5. Opening roads to schoolhouses or buildings.

39 6. The purchase of buildings or equipment for  
40 buildings or schoolhouses.

41 7. The payment of debts contracted for the  
42 erection or construction of schoolhouses or buildings,  
43 including interest on the debts, but not including  
44 interest on bonds.

45 8. Procuring or acquisition of libraries.

46 9. Repairing, remodeling, reconstructing,  
47 improving, or expanding the schoolhouse or buildings.

48 10. Operation and maintenance of school district  
49 buildings and facilities.

50 11. Moneys to provide a necessary cash reserve.

1 12. The rental of facilities under chapter 28E.  
2 13. Lease-purchase option agreements for school  
3 buildings.  
4 14. The actual costs of removal or encapsulation  
5 of asbestos existing in buildings.  
6 15. Equipment, vehicles, vehicle operation and  
7 maintenance for driver education.  
8 16. Costs associated with the operation of a  
9 nonprofit food service to children in attendance as  
10 provided in chapter 283A.  
11 17. Community services which include services  
12 which are not directly related to the educational  
13 programs of the district which include, but are not  
14 limited to, civic activities, public libraries, and  
15 nonpublic school services except for the costs of  
16 transportation for nonpublic school pupils.  
17 18. The costs of unemployment benefits under  
18 chapter 96.  
19 19. An amount sufficient for payment of judgments  
20 or settlements together with interest accruing on them  
21 to the expected date of payment under section 613A.2  
22 or 613A.8.  
23 20. Operation of the office of the board of  
24 education of the district, including compensation,  
25 travel and materials for board members.  
26 21. Costs of school district general  
27 administration, executive administration, business  
28 administration, fiscal services, and staff services,  
29 but not including the costs of school administration.  
30 22. Other costs of school districts that are in-  
31 cluded but are not funded under instructional  
32 expenditures funding.  
33 23. Other necessary expenditures of school  
34 districts not included in instructional expenditures.  
35 Sec. 111. NEW SECTION. 442A.11 PUBLIC HEARING.  
36 The board shall present the budget for  
37 infrastructure expenditures separately during the  
38 public hearing required in section 24.9 and shall list  
39 the budget for each subsection under section 442A.10  
40 separately.

41 DIVISION IV

42 AREA EDUCATION AGENCIES

43 Sec. 112. NEW SECTION. 442A.12 SPECIAL EDUCATION  
44 SUPPORT.

45 The state comptroller shall multiply the amount  
46 added to state cost per pupil for special education  
47 support services for the school year beginning July 1,  
48 1987 by the weighted enrollment for that year and  
49 divide the result by the enrollment served for that  
50 year to obtain a state special education support

1 services cost per pupil for the base year. The state  
2 comptroller shall then compute the special education  
3 allowable growth amount for the budget year by  
4 multiplying the state percent of growth for the budget  
5 year by the state special education support services  
6 cost per pupil for the base year. That allowable  
7 growth amount added to state special education support  
8 services cost per pupil for the base year is the state  
9 special education support services cost for the budget  
10 year.

11 The special education support services budget for  
12 an area education agency shall be determined under  
13 this section. For the base year beginning July 1,  
14 1987, the state comptroller shall multiply the amount  
15 included in district cost per pupil for special  
16 education support services for an area education  
17 agency for that year by the weighted enrollment in the  
18 area education agency for that year and divide the  
19 result by the enrollment served in the area education  
20 agency for that year to determine the area special  
21 education support services cost per pupil for the base  
22 year. The area special education support services  
23 cost per pupil for the budget year is the area special  
24 education support services cost per pupil for the base  
25 year plus the special education allowable growth  
26 amount. The area special education support services  
27 cost per pupil for the budget year multiplied by the  
28 enrollment served for the budget year in the area  
29 provides the area special education support services  
30 cost for an area education agency for the budget year.

31 Sec. 113. NEW SECTION. 442A.13 FUNDING FOR  
32 SPECIAL EDUCATION SUPPORT SERVICES.

33 There is appropriated from the general fund of the  
34 state to the state comptroller an amount sufficient to  
35 pay eighty percent of the area special education  
36 support services cost for an area education agency for  
37 each budget year.

38 The remainder of the area special education support  
39 services cost for an area education agency for a  
40 budget year shall be allocated to each school district  
41 in the area education agency based upon the district's  
42 proportion of the enrollment served compared to the  
43 total enrollment served in the area, and shall be  
44 added to the infrastructure cost of the district.

45 Sec. 114. NEW SECTION. 442A.14 MEDIA SERVICES.

46 For the school year beginning July 1, 1982 and  
47 succeeding school years, the total amount funded in  
48 each area for media services in the budget year shall  
49 be computed as provided in this subsection. For the  
50 school year beginning July 1, 1982, the total amount

1 funded in each area for media services in the base  
2 year, including the cost for media resource material  
3 which shall only be used for the purchase or  
4 replacement of material required in section 273.6,  
5 subsection 1, paragraphs "a", "b" and "c", shall be  
6 divided by the enrollment served in the base year to  
7 provide an area media services cost per pupil in the  
8 base year, and the state comptroller shall compute the  
9 state media services cost per pupil in the base year  
10 which is equal to the average of the area media  
11 services costs per pupil in the base year. For the  
12 year beginning July 1, 1982 and succeeding school  
13 years, the state comptroller shall compute the  
14 allowable growth for media services in the budget year  
15 by multiplying the state media services cost per pupil  
16 in the base year times the state percent of growth for  
17 the budget year, and the total amount funded in each  
18 area for media services cost in the budget year equals  
19 the area media services cost per pupil in the base  
20 year plus the allowable growth for media services in  
21 the budget year times the enrollment served in the  
22 budget year. The total amount for a district shall be  
23 added to the infrastructure cost of the district.  
24 Funds shall be paid to area education agencies as  
25 provided in section 442A.16.

26 Sec. 115. NEW SECTION. 442A.15 EDUCATIONAL  
27 SERVICES.

28 For the school year beginning July 1, 1982 and  
29 succeeding school years, the total amount funded in  
30 each area for educational services in the budget year  
31 shall be computed as provided in this subsection. For  
32 the school year beginning July 1, 1982, the total  
33 amount funded in each area for educational services in  
34 the base year shall be divided by the enrollment  
35 served in the area in the base year to provide an area  
36 educational services cost per pupil in the base year,  
37 and the state comptroller shall compute the state  
38 educational services cost per pupil in the base year,  
39 which is equal to the average of the area educational  
40 services costs per pupil in the base year. For the  
41 year beginning July 1, 1982 and succeeding school  
42 years, the state comptroller shall compute the  
43 allowable growth for educational services by  
44 multiplying the state educational services cost per  
45 pupil in the base year times the state percent of  
46 growth for the budget year, and the total amount  
47 funded in each area for educational services for the  
48 budget year equals the area educational services cost  
49 per pupil for the base year plus the allowable growth  
50 for educational services in the budget year times the

1 enrollment served in the area in the budget year. The  
2 total amount for a district shall be added to the  
3 infrastructure cost of the district. Funds shall be  
4 paid to area education agencies as provided in section  
5 442A.16.

6 Sec. 116. NEW SECTION. 442A.16 AREA EDUCATION  
7 AGENCY PAYMENTS.

8 The state comptroller shall deduct the amounts  
9 calculated for special education support services,  
10 media services, and educational services for each  
11 school district from the state aid due to the district  
12 pursuant to this chapter and shall pay the amounts to  
13 the respective area education agencies on a quarterly  
14 basis during each school year. The state comptroller  
15 shall notify each school district of the amount of  
16 state aid deducted for these purposes and the balance  
17 of state aid shall be paid to the district. If a  
18 district does not qualify for state aid under this  
19 chapter in an amount sufficient to cover its amount  
20 due to the area education agency as calculated by the  
21 state comptroller, the school district shall pay the  
22 deficiency to the area education agency from other  
23 moneys received by the district, on a quarterly basis  
24 during each school year.

25 DIVISION V

GENERAL PROVISIONS

26 Sec. 117. NEW SECTION. 442A.17 FUNDS.

27 A general fund and a schoolhouse fund are  
28 established for each school district. The general  
29 fund shall include three separate accounts. The  
30 moneys received for instructional expenditures plus  
31 the portion of the property tax revenue received under  
32 sections 442A.9 and 442A.10, for subsection 22, shall  
33 be placed in an instructional account and may be used  
34 only for those purposes. The property tax revenue  
35 received for infrastructure expenditures listed in  
36 section 442A.10, except for subsection 22, shall be  
37 credited to the infrastructure account and may be used  
38 only for those purposes. The moneys collected for the  
39 operation of the area education agency shall be  
40 deposited in an area education agency account and then  
41 transmitted to the appropriate area education agency.  
42 The treasurer of the school district shall keep a  
43 separate record of each account in the general fund.  
44 Other moneys received by a school district for a  
45 specific purpose shall be credited to the appropriate  
46 account in the general fund. Moneys received by a  
47 school district for which a purpose is not specified  
48 and interest earned on the investment of school  
49 district moneys shall be credited to either the

1 instructional or infrastructure accounts at the  
2 discretion of the board.

3 The schoolhouse fund shall include deposits of  
4 moneys from the proceeds of the sale of bonds  
5 authorized by law and the proceeds of a tax estimated  
6 and certified by the board for the purpose of paying  
7 interest on lawful bonded indebtedness. Moneys  
8 deposited in the schoolhouse fund shall be used only  
9 for these purposes.

10 Sec. 118. NEW SECTION. 442A.18 PAYMENT OF STATE  
11 AID.

12 In making computations for payment of state aid,  
13 the state comptroller shall round amounts to the  
14 nearest whole dollar.

15 State aid paid under sections 442A.8 and 442A.13  
16 shall be paid in monthly installments beginning on  
17 September 15 of a budget year and ending on June 15 of  
18 the budget year and the installments shall be as  
19 nearly equal as possible as determined by the state  
20 comptroller, taking into consideration the relative  
21 budget and cash position of the state resources.

22 Sec. 119. NEW SECTION. 442A.19 SCHOOL BUDGET  
23 REVIEW COMMITTEE.

24 A five-member school budget review committee is  
25 established, consisting of the commissioner of public  
26 instruction, the state comptroller and three members  
27 appointed to represent the public by the governor  
28 subject to confirmation by the senate in accordance  
29 with section 2.32.

30 No more than two of the appointed members shall  
31 belong to the same political party. The appointed  
32 members shall serve three-year staggered terms which  
33 begin and end as provided in section 69.19. The  
34 governor shall fill a vacancy in the same manner as an  
35 original appointment under the procedures of section  
36 2.32.

37 The committee shall meet and hold hearings each  
38 year and shall continue in session until it has  
39 reviewed budgets of school districts. It may call in  
40 school board members and employees as necessary for  
41 the hearings. Members of the general assembly shall  
42 be notified of hearings concerning school districts in  
43 their constituencies.

44 The committee shall adopt its own rules of  
45 procedure. The commissioner of public instruction  
46 shall serve as chairperson, and the state comptroller  
47 shall serve as secretary. The committee members  
48 representing the public and the members of the general  
49 assembly are entitled to receive a per diem of forty  
50 dollars, and their actual expenses while engaged in

1 their official duties. Per diem and expense payments  
2 for members representing the public shall be made from  
3 appropriations to the department of public  
4 instruction.

5 Sec. 120. NEW SECTION. 442A.20 DUTIES OF THE  
6 COMMITTEE.

7 1. The school budget review committee may  
8 recommend the revision of any rules, directives, or  
9 forms relating to school district budgeting and  
10 accounting, confer with local school boards or their  
11 representatives and make recommendations relating to  
12 any budgeting or accounting matters, and may direct  
13 the commissioner of public instruction or the state  
14 comptroller to make studies and investigations of  
15 school costs in any school district.

16 2. The committee shall report to each session of  
17 the general assembly, which report shall include any  
18 recommended changes in laws relating to school  
19 districts, and shall specify the number of hearings  
20 held annually, the reasons for the committee's  
21 recommendations, information about the amounts of  
22 property tax levies, and state aid paid to school  
23 districts, and other information the committee deems  
24 advisable.

25 3. The committee shall review the recommendations  
26 of the commissioner of public instruction relating to  
27 special education and categorical programs and shall  
28 establish the weighting for special education and  
29 categorical programs and report the weights to the  
30 state comptroller.

31 4. The committee shall review the certified budget  
32 of each school district, and may make recommendations  
33 to the school district and to the state comptroller.  
34 The committee may make decisions affecting budgets to  
35 the extent provided in this chapter. The costs and  
36 computations referred to in this section relate to the  
37 budget year unless otherwise expressly stated.

576- 38 5. The committee shall review for each school  
39 district the amount of the infrastructure property tax  
40 levy. If in the committee's judgment, the levy is  
41 unreasonably high, the committee shall instruct the  
42 state comptroller to reduce the district's  
43 infrastructure tax levy for the following budget year  
44 by the amount deemed excessive.

45 6. Decisions by the committee under this chapter  
46 shall be made in accordance with reasonable and  
47 uniform policies which shall be consistent with this  
48 chapter. Policies of general application shall be  
49 stated in rules adopted under chapter 17A.

50 7. Failure by a school district to provide

1 information or appear before the committee as  
2 requested for the accomplishment of review or hearing  
3 is justification for the committee to instruct the  
4 state comptroller to withhold state instructional  
5 support to that district until the committee's  
6 inquiries are satisfied completely.

7 Sec. 121. BUDGET YEAR BEGINNING JULY 1, 1987.

8 1. Notwithstanding section 442.2, for the budget  
9 year beginning July 1, 1987, each school district  
10 shall cause to be levied for the school general fund a  
11 foundation property tax of four dollars and twenty  
12 cents per thousand dollars of assessed valuation on  
13 all taxable property in the district.

14 2. For the budget year beginning July 1, 1987,  
15 there is appropriated from the salary improvement fund  
16 to the state comptroller an amount sufficient to pay  
17 to each school district an amount equal to ninety-nine  
18 dollars multiplied by the basic enrollment of the  
19 district for the budget year. The amount received by  
20 a school district under this subsection is mis-  
21 cellaneous income for purposes of chapter 442 and  
22 shall be expended for purposes of increasing teacher  
23 salaries.

24 3. Except as otherwise provided in this  
25 subsection, for the budget year beginning July 1,  
26 1987, a contract issued by boards of directors of a  
27 school district under section 279.13 shall provide for  
28 an annual salary for a full-time teacher of at least  
29 seventeen thousand dollars. The minimum salary  
30 specified in this subsection shall be prorated for a  
31 teacher employed on less than a full-time basis.

32 There is appropriated from the general fund of the  
33 state to the state comptroller the amount of five  
34 million (5,000,000) dollars, or as much thereof as may  
35 be necessary, to pay to each school district an amount  
36 equal to the difference between salaries of teachers  
37 earning less than seventeen thousand dollars on the  
38 salary schedule in effect for that year and the total  
39 of seventeen thousand dollars for each such teacher.  
40 If the amount appropriated in this subsection is  
41 insufficient to make the required payments, the state  
42 comptroller shall prorate the payments.

43 Sec. 122. NEW SECTION. 294.22 MINIMUM SALARY.

44 Effective for the school year beginning July 1,  
45 1988 and succeeding school years, contracts issued by  
46 boards of directors of school districts and area  
47 education agencies under section 279.13 shall provide  
48 for employment of not less than two hundred working  
49 days and annual salaries at least equal to the  
50 salaries specified in this section.

1 For the school year beginning July 1, 1988, the  
2 minimum salaries for full-time teachers are as  
3 follows:

4 1. For teachers possessing a baccalaureate degree,  
5 eighteen thousand dollars.

6 2. For teachers possessing a baccalaureate degree  
7 plus at least fifteen graduate hours, twenty-two  
8 thousand five hundred dollars.

9 3. For teachers possessing a baccalaureate degree  
10 plus at least thirty graduate hours or a master's  
11 degree, twenty-six thousand dollars.

12 4. For teachers possessing a master's degree plus  
13 at least fifteen graduate hours beyond the master's  
14 degree, twenty-eight thousand dollars.

15 The salary a teacher will receive on the salary  
16 schedule adopted by the board of directors for a year  
17 does not include the costs of fringe benefits nor does  
18 it include supplemental pay earned by a teacher for  
19 performance of additional duties beyond teaching  
20 duties.

21 For the purposes of this section and section  
22 294.23, "teacher" means a teacher employed by a school  
23 district or area education agency under a contract  
24 executed pursuant to section 279.13. A teacher  
25 jointly employed by two or more districts or area  
26 education agencies whose employment is on a full-time  
27 equivalent basis is a full-time teacher. The minimum  
28 salaries specified in this section may be prorated for  
29 teachers employed on less than a full-time basis.

30 Salaries in excess of the minimums specified in  
31 this section shall be based upon experience,  
32 education, and performance. They shall be negotiated  
33 under chapter 20 if an employee organization had been  
34 certified under chapter 20 or shall be determined by  
35 the board of directors if there is no employee  
36 organization certified under chapter 20.

37 Sec. 123. NEW SECTION. 294.23 EXTENDED CONTRACT.

38 A contract of at least two hundred days duration  
39 offered by the board of directors of a school district  
40 or area education agency under section 294.22 shall  
41 provide that in addition to regular teaching duties,  
42 the teacher participate in curriculum development;  
43 community education projects; special programs offered  
44 by the school district, city, or county; recreation  
45 programs; staff development activities; or other  
46 similar activities.

47 Sec. 124. Section 11.21, unnumbered paragraph 1,  
48 Code 1985, is amended to read as follows:

49 Upon payment by the state of the salary and  
50 expenses, the auditor of state shall file with the

1 warrant-issuing officer of the county, municipality or  
2 school, whose offices were examined, a sworn statement  
3 consisting of the itemized expenses paid and prorated  
4 salary costs paid under section 11.20. Upon audit and  
5 approval by the board of supervisors, council or  
6 school board, the warrant-issuing officer shall draw a  
7 warrant for the amount on the county, or on the  
8 general fund of the municipality or general fund of  
9 the school and charged against the infrastructure  
10 account in favor of the auditor of state, which  
11 warrant shall be placed to the credit of the general  
12 fund of the state. In the event of the disapproval of  
13 any items of said the statement by the county,  
14 municipality, or school authorities, written  
15 objections shall be filed with the auditor of state  
16 within thirty days from the filing thereof.  
17 Disapproved items of the statement shall be paid the  
18 auditor of state upon receiving final decisions  
19 emanating from public hearing established by the  
20 auditor of state.

21 Sec. 125. Section 79.9, Code 1985, is amended to  
22 read as follows:

23 79.9 CHARGE FOR USE OF AUTOMOBILE BY OTHER THAN  
24 STATE OFFICER OR EMPLOYEE.

25 When a public officer or employee, other than a  
26 state officer or employee or a school district or area  
27 education agency officer or employee, is entitled to  
28 be paid for expenses in performing a public duty, a  
29 charge shall be made, allowed and paid for the use of  
30 an automobile, as determined by the local governing  
31 body, in an amount not exceeding twenty-two cents per  
32 mile for actual and necessary travel effective July 1,  
33 1981, and in an amount not exceeding twenty-four cents  
34 per mile effective July 1, 1982. A statutory  
35 provision stipulating necessary mileage, travel, or  
36 actual reimbursement to a local public officer or  
37 employee falls within the mileage reimbursement  
38 limitation specified in this section unless  
39 specifically provided otherwise. A political  
40 subdivision may authorize the use of private vehicles  
41 for the conduct of official business of the political  
42 subdivision at an annual amount in lieu of actual and  
43 necessary travel expense reimbursement provided in  
44 this section. A peace officer, other than a state  
45 officer or employee, as defined in section 801.4 who  
46 is required to use a private vehicle in the  
47 performance of official duties shall receive  
48 reimbursement for mileage expense at the rate  
49 specified in this section.

50 A school district or area education agency officer

1 or employee shall be paid for the use of an automobile  
2 at the rate specified in section 18.117.

3 Sec. 126. Section 96.31, Code 1985, is amended to  
4 read as follows:

5 96.31 TAX FOR BENEFITS.

6 Political subdivisions may levy a tax outside their  
7 general fund levy limits to pay the cost of  
8 unemployment benefits. For school districts the cost  
9 of unemployment benefits shall be included in the  
10 infrastructure levy pursuant to section 442A.10.

11 Sec. 127. Section 258.5, unnumbered paragraph 1,  
12 Code 1985, is amended to read as follows:

13 Whenever a school corporation maintains an approved  
14 vocational school, department, or classes in  
15 accordance with the rules ~~and regulations~~ established  
16 by the state board and the state plan for vocational  
17 education, adopted by that board and approved by the  
18 United States ~~office~~ department of education or ~~other~~  
19 ~~federal agency to which its functions are assigned,~~  
20 the state board shall reimburse ~~such~~ the school  
21 corporation at the end of the fiscal year for its  
22 expenditures for salaries and authorized travel of  
23 vocational teachers from federal and state funds.  
24 ~~Provided, that no.~~ However, a school corporation  
25 shall not receive from federal and state funds a  
26 larger amount than one-half the sum which has been  
27 expended by the school corporation for that particular  
28 type of program; further, provided that in the event  
29 federal and state funds are not sufficient to make  
30 such the reimbursement to the extent herein provided  
31 in this section, the state board shall prorate the  
32 respective amounts available to the corporations  
33 entitled to ~~such~~ reimbursement. Moneys received by a  
34 school district pursuant to this section shall be  
35 deposited in the general fund and credited to the  
36 instructional account.

37 Sec. 128. Section 265.6, Code 1985, is amended to  
38 read as follows:

39 265.6 STATE AID APPLICABLE.

40 If the state board of regents has established a  
41 laboratory school, it shall receive state aid pursuant  
42 to chapters 281 and ~~442~~ 442A for each pupil enrolled  
43 in the laboratory school in the same amount as the  
44 public school district in which the pupil resides  
45 would receive aid for that pupil and shall transmit  
46 the amount received to the institution of higher  
47 education at which the laboratory school has been  
48 established. If the board of a school district  
49 terminates a contract with the state board of regents  
50 for attendance of pupils in a laboratory school, the

1 school district shall inform the state comptroller of  
2 the number of these pupils who are enrolled in the  
3 district on the second Friday of the following  
4 September. The state comptroller shall pay to the  
5 school district, from funds appropriated in section  
6 ~~442-26~~ 442A.8, an amount equal to the amount of state  
7 aid paid for each pupil in that school district for  
8 that school year in payments made as provided in  
9 section ~~442-26~~ 442A.18. ~~However, payments shall not~~  
10 ~~be made for pupils for which an advance is received by~~  
11 ~~the district under section 442-28.~~

12 Sec. 129. Section 274.37, unnumbered paragraph 2,  
13 Code 1985, is amended to read as follows:

14 The boards in the respective districts, the  
15 boundaries of which have been changed under this  
16 section, complete in all respects, except for the  
17 passage of time prior to the effective date of the  
18 change, and when ~~at~~ the right of appeal of the change  
19 has expired, may enter into joint contracts for the  
20 construction of buildings for the benefit of the  
21 corporations whose boundaries have been changed, using  
22 funds accumulated ~~under section 278-17 subsection 7~~ in  
23 the infrastructure account of the school general fund.

24 The district in which the building is to be located  
25 may use any funds authorized in accordance with  
26 chapter 75. ~~Nothing in this section shall be~~  
27 ~~construed to~~ This section does not permit the changed  
28 districts to expend any funds jointly which they are  
29 not entitled to expend acting individually.

30 Sec. 130. Section 275.12, subsection 5, Code 1985,  
31 is amended by striking the subsection.

32 Sec. 131. Section 275.14, unnumbered paragraph 1,  
33 Code Supplement 1985, is amended to read as follows:

34 275.14 OBJECTION -- TIME OF FILING -- NOTICE.

35 Within ten days after the petition is filed, the  
36 area education agency administrator shall fix a final  
37 date for filing objections to the petition which shall  
38 be not more than sixty days after the petition is  
39 filed and shall fix the date for a hearing on the  
40 objections to the petition. Objections shall be filed  
41 in the office of the administrator who shall give  
42 notice at least ten days prior to the final day for  
43 filing objections, by one publication in a newspaper  
44 published within the territory described in the  
45 petition, or if none is published therein, in a  
46 newspaper published in the county where the petition  
47 is filed, and of general circulation in the territory  
48 described. The notice shall also list the date, time,  
49 and location for the hearing on the petition as  
50 provided in section 275.15. The cost of publication

1 shall be assessed to each district whose territory is  
2 involved in the ratio that the number of pupils in  
3 basic enrollment, as defined in section ~~442-4~~ 442A.5  
4 in each district bears to the total number of pupils  
5 in basic enrollment in the total area involved.

6 Objections shall be in writing in the form of an  
7 affidavit and may be made by any person residing or  
8 owning land within the territory described in the  
9 petition, or who would be injuriously affected by the  
10 change petitioned for and shall be on file not later  
11 than twelve o'clock noon of the final day fixed for  
12 filing objections.

13 Sec. 132. Section 275.20, Code 1985, is amended to  
14 read as follows:

15 275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

16 The voters shall vote separately in each existing  
17 school district affected ~~and voters residing in the~~  
18 ~~entire existing district are eligible to vote both~~  
19 upon the proposition to create a new school  
20 corporation ~~and the proposition to levy the~~  
21 ~~schoolhouse tax under section 278-17 subsection 7, if~~  
22 ~~the petition included a provision for a vote to levy~~  
23 ~~the schoolhouse tax.~~ If a the proposition receives a  
24 majority of the votes cast in each of at least  
25 seventy-five percent of the districts, and also a  
26 majority of the total number of votes cast in all of  
27 the districts, the proposition is carried.

28 Sec. 133. Section 275.26, unnumbered paragraph 3,  
29 Code 1985, is amended to read as follows:

30 The respective boards to which such expenses are  
31 certified shall audit and order the same paid from the  
32 general fund and charged against the infrastructure  
33 account. In the event of failure of any a board to so  
34 audit and pay the expenses certified to it, the area  
35 education agency administrator shall certify the  
36 expenses to the county auditor in the same manner as  
37 is provided for tuition claims in section 282.21 and  
38 the funds shall be transferred by the county treasurer  
39 from the debtor district to the agency board for  
40 payment of said the expenses.

41 Sec. 134. Section 275.32, Code 1985, is amended to  
42 read as follows:

43 275.32 SCHOOL BUILDINGS -- TAX LEVY.

44 The board of any school corporation shall establish  
45 attendance centers and provide suitable buildings for  
46 each school in the district, and may at the regular or  
47 a special meeting call a special election to submit to  
48 the qualified electors of the district the question of  
49 ~~voting a tax or~~ authorizing the board to issue bonds  
50 ~~or both~~ for any or all of the following purposes:

1 1. To secure sites, build, purchase, or equip  
2 school buildings.

3 2. To build or purchase a superintendent's or  
4 teacher's house or houses.

5 3. To repair or improve any school building or  
6 grounds, or superintendent's or teacher's house or  
7 houses, when the cost will exceed five thousand  
8 dollars.

9 All moneys received for such purposes shall be  
10 placed in the schoolhouse fund credited to the  
11 infrastructure account of said the corporation and  
12 shall be used only for the purpose for which voted.

13 Sec. 135. Section 275.33, subsection 2, unnumbered  
14 paragraph 1, Code Supplement 1985, is amended to read  
15 as follows:

16 The collective bargaining agreement of the district  
17 with the largest basic enrollment, as defined in  
18 section ~~442-4~~ 442A.5, in the new district shall serve  
19 as the base agreement and the employees of the other  
20 districts involved in the formation of the new  
21 district shall automatically be accreted to the  
22 bargaining unit of that collective bargaining  
23 agreement for purposes of negotiating the contract for  
24 the following year without further action by the  
25 public employment relations board. If only one  
26 collective bargaining agreement is in effect among the  
27 districts which are party to the reorganization, then  
28 that agreement shall serve as the base agreement, and  
29 the employees of the other districts involved in the  
30 formation of the new district shall automatically be  
31 accreted to the bargaining unit of that collective  
32 bargaining agreement for purposes of negotiating the  
33 contract for the following year without further action  
34 by the public employment relations board. The board  
35 of the newly formed district, using the base agreement  
36 as its existing contract, shall bargain with the  
37 combined employees of the existing districts for the  
38 school year beginning with the effective date of the  
39 reorganization. The bargaining shall be completed by  
40 March 15 prior to the school year in which the  
41 reorganization becomes effective or within one hundred  
42 twenty days after the organization of the new board,  
43 whichever is later. If a bargaining agreement was  
44 already concluded by the board and employees of the  
45 existing district with the contract serving as the  
46 base agreement for the school year beginning with the  
47 effective date of the reorganization, that agreement  
48 shall be void. However, if the base agreement  
49 contains multiyear provisions affecting school years  
50 subsequent to the effective date of the

1 reorganization, the base agreement shall remain in  
2 effect as specified in the agreement.

3 Sec. 136. Section 276.11, Code 1985, is amended by  
4 striking the section and inserting in lieu thereof the  
5 following:

6 276.11 FUNDING OF COMMUNITY EDUCATION.

7 Moneys received from the infrastructure levy may be  
8 expended for community education purposes.

9 Sec. 137. Section 277.2, Code 1985, is amended to  
10 read as follows:

11 277.2 SPECIAL ELECTION.

12 The board of directors in any a school corporation  
13 may call a special election at which election the  
14 voters shall have the powers exercised at the regular  
15 election with reference to the sale of school property  
16 and the application to be made of the proceeds, the  
17 authorization of seven members on the board of  
18 directors, the authorization to establish or change  
19 the boundaries of director districts, and the  
20 authorization of a-schoolhouse-tax-or indebtedness, as  
21 provided by law.

22 Sec. 138. Section 278.1, subsections 2 and 7, Code  
23 1985, are amended by striking the subsection.

24 Sec. 139. Section 278.1, unnumbered paragraphs 2  
25 and 3, Code 1985, are amended to read as follows:

26 ~~The board may, with approval of sixty percent of~~  
27 ~~the voters, voting in a regular or special election in~~  
28 ~~the school district, make extended time contracts not~~  
29 to exceed twenty years in duration for rental of  
30 buildings to supplement existing schoolhouse  
31 facilities; and where if it is deemed advisable for  
32 buildings to be constructed or placed on real estate  
33 owned by the school district, such the contracts may  
34 include lease-purchase option agreements, ~~such~~  
35 contracts, with the amounts to be paid out of the  
36 schoolhouse fund and charged against the  
37 infrastructure account.

38 Before entering into a rental or lease-purchase  
39 option contract, ~~authorized by the electors,~~ the board  
40 shall first adopt plans and specifications for a  
41 building ~~or buildings~~ which it considers suitable for  
42 the intended use and also adopt a form of rental or  
43 lease-purchase option contract.

44 Sec. 140. Section 278.1, unnumbered paragraph 4,  
45 Code 1985, is amended by striking the unnumbered  
46 paragraph.

47 Sec. 141. Section 279.12, unnumbered paragraph 1,  
48 Code 1985, is amended to read as follows:

49 The board shall carry into effect any instruction  
50 from the regular election upon matters within the

1 control of the voters, and shall elect all teachers  
2 and make all contracts necessary or proper for  
3 exercising the powers granted and performing the  
4 duties required by law, and may establish and pay all  
5 or any part thereof ~~from school district funds~~ of the  
6 cost of group health insurance plans, nonprofit group  
7 hospital service plans, nonprofit group medical  
8 service plans and group life insurance plans adopted  
9 by the board for the benefit of employees of the  
10 school district from the general fund of the school  
11 district and charged against the appropriate account,  
12 but the board may authorize any subdirector to employ  
13 teachers for the school in the subdirector's  
14 subdistrict, ~~but no such employment.~~ Employment by a  
15 subdirector ~~shall~~ does not authorize a contract, the  
16 entire period of which is wholly beyond the  
17 subdirector's term of office.

18 Sec. 142. Section 279.26, Code 1985, is amended to  
19 read as follows:

20 279.26 LEASE ARRANGEMENTS.

21 The board of directors of a local school district  
22 ~~for which a schoolhouse tax has been voted pursuant to~~  
23 ~~section 278.17 subsection 7,~~ may enter into a rental  
24 or lease arrangement, ~~consistent with the purposes for~~  
25 ~~which the schoolhouse tax has been voted,~~ for a period  
26 not exceeding ten years and ~~not exceeding the period~~  
27 ~~for which the schoolhouse tax has been authorized by~~  
28 ~~the voters~~ using revenues from the infrastructure  
29 levy.

30 Sec. 143. Section 279.28, Code 1985, is amended to  
31 read as follows:

32 279.28 INSURANCE -- SUPPLIES -- TEXTBOOKS.

33 It may provide and pay ~~out of~~ from the general fund  
34 of the school district and charge against the  
35 infrastructure account to insure school property such  
36 sum as may be necessary, ~~and may purchase~~  
37 ~~dictionaries, library books, including books for the~~  
38 ~~purpose of teaching vocal music, maps, charts, and~~  
39 ~~apparatus for the use of the schools thereof as deemed~~  
40 ~~necessary by the board of directors for each school~~  
41 ~~building under its charge, and.~~ The board may furnish  
42 schoolbooks to indigent children ~~when they are likely~~  
43 ~~to be deprived of the proper benefits of the school~~  
44 ~~unless so aided.~~

45 Sec. 144. Section 279.41, Code 1985, is amended to  
46 read as follows:

47 279.41 SCHOOLHOUSES AND SITES SOLD -- FUNDS.

48 Any fund Moneys received from the condemnation,  
49 sale, or other disposition for public purposes of  
50 schoolhouses, school sites or both schoolhouses and

1 school sites may shall be deposited in the schoolhouse  
2 general fund of the school district and credited to  
3 the infrastructure account and ~~may without-a-vote-of~~  
4 ~~the-electorate~~ be used for the purchase of school  
5 sites or the erection or repair of schoolhouses or  
6 both as ordered by the board of directors of such the  
7 school district, provided, however, that. However,  
8 the board shall comply with section 297.7.

9 Sec. 145. Section 279.42, Code 1985, is amended to  
10 read as follows:

11 279.42 GIFTS TO SCHOOLS.

12 The board of directors of any school district which  
13 receives funds through gifts, devises and bequests may  
14 utilize ~~the-same~~ them, unless limited by the terms of  
15 the grant. The gift, devise, or bequest shall be  
16 deposited in the general or-schoolhouse fund  
17 expenditures and credited to the appropriate account  
18 pursuant to section 442A.17.

19 Sec. 146. Section 279.43, subsection 1, Code  
20 Supplement 1985, is amended to read as follows:

21 1. The board of directors may pay the actual cost  
22 of removal or encapsulation of asbestos existing in  
23 its school buildings from any funds in the general  
24 fund of the district, funds received from the  
25 ~~schoolhouse-tax-authorized-under-section-278-17~~  
26 ~~subsection-7-funds-from-the-tax-levy-certified-under~~  
27 ~~section-297-5 infrastructure levy~~, or moneys obtained  
28 through a federal asbestos loan program, to be repaid  
29 from any of the funds specified in this subsection.

30 Sec. 147. Section 280.4, subsections 1 through 3,  
31 Code 1985, are amended by striking the subsections.

32 Sec. 148. Section 280.7, Code 1985, is amended to  
33 read as follows:

34 280.7 DENTAL CLINICS.

35 Boards of directors in all public school districts  
36 may establish and maintain dental clinics for children  
37 and offer courses of instruction on mouth hygiene.  
38 The boards may employ such legally qualified dentists  
39 and dental hygienists ~~as-may-be-necessary~~ to  
40 accomplish the purpose of this section. The cost of  
41 the dental clinic shall be paid from the general fund  
42 of the school district and charged against the  
43 instructional account.

44 Sec. 149. Section 280.10, unnumbered paragraph 3,  
45 Code 1985, is amended to read as follows:

46 The board of directors of each local public school  
47 district and the authorities in charge of each  
48 nonpublic school shall provide the safety devices  
49 required herein. Such devices may shall be paid for  
50 from the general fund of the school district and

1 charged against the instructional account, but the  
2 board may require students and teachers to pay for the  
3 safety devices and shall make them available to  
4 students and teachers at no more than the actual cost  
5 to the district or school.

6 Sec. 150. Section 280.11, unnumbered paragraph 3,  
7 Code 1985, is amended to read as follows:

8 The board of directors of each local public school  
9 district and the authorities in charge of each  
10 nonpublic school shall provide the safety devices  
11 required herein. Such devices ~~may~~ shall be paid for  
12 from the general fund of the school district and  
13 charged against the instructional account, but the  
14 board may require students and teachers to pay for the  
15 safety devices and shall make them available to  
16 students and teachers at no more than the actual cost  
17 to the district or school.

18 Sec. 151. NEW SECTION. 280.18 NON-ENGLISH-  
19 SPEAKING STUDENT PROGRAMS.

20 1. In order to provide funds for the excess costs  
21 of instruction for non-English-speaking students above  
22 the cost of instruction of pupils in a regular  
23 curriculum, a plan of weighting for determining  
24 enrollment in each school district is provided. Non-  
25 English-speaking students may receive instruction as  
26 provided in section 280.4. Pupils in a regular  
27 curriculum are assigned a weighting of one. For the  
28 school year beginning July 1, 1988, non-English-  
29 speaking students are assigned a weighting of one and  
30 four-tenths.

31 2. The state board of public instruction shall  
32 adopt rules relating to the identification of non-  
33 English-speaking students who require special  
34 instruction under section 280.4. Non-English-speaking  
35 students shall be counted in the weighted enrollment  
36 as of December 1 of the base year for purposes of  
37 chapter 442A. Moneys received as a result of the  
38 weighting for non-English-speaking students shall be  
39 expended only for non-English-speaking student  
40 programs.

41 3. On December 1, 1988, and no later than December  
42 1 every two years thereafter, for the school year  
43 commencing the following July 1, the commissioner of  
44 public instruction shall report to the school budget  
45 review committee the average costs of providing  
46 instruction for non-English-speaking students, and the  
47 state board of public instruction shall make  
48 recommendations to the school budget review committee  
49 for adjustment of the weighting for subsequent school  
50 years. The school budget review committee shall

1 establish the weight for each subsequent school year  
2 and shall report the weight to the commissioner of  
3 public instruction.

4 4. The department of public instruction shall  
5 require that school districts submit program plans for  
6 non-English-speaking programs and shall review the  
7 plans and the identification of students qualifying  
8 for weighting.

9 Sec. 152. NEW SECTION. 280.19 TALENTED AND  
10 GIFTED CHILDREN PROGRAMS.

11 1. In order to provide funds for the excess costs  
12 of instruction for talented and gifted children  
13 programs approved by the department, a plan of  
14 weighting for determining enrollment in each school  
15 district for talented and gifted children enrolled in  
16 an approved talented and gifted children program is  
17 provided.

18 "Talented and gifted children" are those identified  
19 as possessing outstanding abilities who are capable of  
20 high performance. Talented and gifted children are  
21 children who require appropriate instruction and  
22 educational services commensurate with their abilities  
23 and needs beyond those provided by the regular school  
24 program.

25 Talented and gifted children include those children  
26 with demonstrated achievement or potential ability, or  
27 both, in any of the following areas or in combination:

- 28 a. General intellectual ability.
- 29 b. Creative thinking.
- 30 c. Leadership ability.
- 31 d. Visual and performing arts ability.
- 32 e. Specific ability aptitude.

33 Boards of school districts, individually or jointly  
34 with the boards of other school districts, shall  
35 annually submit program plans for talented and gifted  
36 children programs to the department of public  
37 instruction.

38 The department of public instruction shall adopt  
39 rules under chapter 17A relating to the identification  
40 of talented and gifted children, and the format of  
41 program plans. Pupils in a regular curriculum are  
42 assigned a weighting of one. For the school year be-  
43 ginning July 1, 1988, talented and gifted children are  
44 assigned a weighting of one and four-tenths.

45 2. The board of directors shall submit  
46 applications for approval for the programs to the  
47 department not later than November 1 preceding the  
48 fiscal year during which the program will be offered.  
49 The department shall review the program plans and  
50 shall prior to January 15 either grant approval for

1 the program or return the request for approval with  
2 comments of the department included. Any unapproved  
3 request for a program may be resubmitted with  
4 modifications to the department not later than  
5 February 1. Not later than February 15 the department  
6 shall notify the state comptroller of the names of the  
7 school districts for which talented and gifted  
8 children programs have been approved and the number of  
9 each school district's students identified as talented  
10 and gifted, not to exceed three percent of the  
11 district's enrollment for weighting purposes, for the  
12 approved program for the budget year. Talented and  
13 gifted children shall be counted in the weighted  
14 enrollment as of December 1 of the base year for  
15 purposes of chapter 442A. Moneys received as a result  
16 of weighting for talented and gifted children shall be  
17 expended only for talented and gifted children  
18 programs.

19 3. On December 1, 1988, and not later than  
20 December 1 every two years thereafter, for the school  
21 year commencing the following July 1, the commissioner  
22 of public instruction shall report to the school  
23 budget review committee the average costs of providing  
24 instruction for talented and gifted children, and the  
25 state board of public instruction shall make  
26 recommendations to the school budget review committee  
27 for adjustment of the weighting for subsequent school  
28 years. The school budget review committee shall  
29 establish the weight for each subsequent school year  
30 and shall report the weight to the commissioner of  
31 public instruction.

32 Sec. 153. Section 281.2, subsection 2, unnumbered  
33 paragraphs 4 and 5, Code 1985, are amended to read as  
34 follows:

35 Every child requiring special education shall, if  
36 reasonably possible, receive a level of education  
37 commensurate with the level provided each child who  
38 does not require special education. The cost of  
39 providing such an education shall be paid as provided  
40 in section 273.9, this chapter and chapter ~~442~~ 442A.  
41 It ~~shall be~~ is the primary responsibility of each  
42 school district to provide special education to  
43 children who reside in that district if the children  
44 requiring special education are properly identified,  
45 the educational program or service has been approved,  
46 the teacher or instructor has been certified, the  
47 number of children requiring special education needing  
48 that educational program or service is sufficient to  
49 make offering the program or service feasible, and the  
50 program or service cannot more economically and

1 equably be obtained from the area education agency,  
2 another school district, another group of school  
3 districts, a qualified private agency, or in co-  
4 operation with one or more other districts.

5 Any-funds Funds received by the a school district  
6 of the child's residence for the child's education,  
7 derived from funds received through chapter 442 442A,  
8 this chapter and section 273.9 shall be paid by the  
9 school district of the child's residence to the  
10 appropriate education agency, private agency, or other  
11 school district providing special education for the  
12 child pursuant to contractual arrangements as provided  
13 in section 273.3, subsections 5 and 7.

14 Sec. 154. Section 281.8, unnumbered paragraph 1,  
15 Code 1985, is amended to read as follows:

16 It shall not be incumbent upon the school districts  
17 to keep a child requiring special education in regular  
18 instruction when the child cannot sufficiently profit  
19 from the work of the regular classroom, nor to keep  
20 such the child requiring special education in the  
21 special class or instruction for children requiring  
22 special education when it is determined by the  
23 director of special education of an area education  
24 agency that the child can no longer benefit from the  
25 instruction or needs more specialized instruction  
26 available in special schools. However, the school  
27 district shall count include the child requiring  
28 special education in the basic enrollment as provided  
29 in sections 273.9, 281.9 and ~~442-4~~ 442A.5 and shall  
30 insure ensure that appropriate educational provisions  
31 are made for the child requiring special education  
32 within the limits of funds available under the  
33 ~~provisions-of~~ this chapter and chapters 273 and 442  
34 442A.

35 Sec. 155. Section 282.3, subsection 1, Code 1985,  
36 is amended to read as follows:

37 1. The board may exclude from school children  
38 under the age of six years when in its judgment such  
39 children are not sufficiently mature to be benefited  
40 by regular instruction, or any incorrigible child or  
41 any child who in its judgment is so abnormal that  
42 regular instruction would be of no substantial  
43 benefit, or any child whose presence in school may be  
44 injurious to the health or morals of other pupils or  
45 to the welfare of such school. However, the board  
46 shall provide special education programs and services  
47 under the provisions of chapters 273, 281, and 442  
48 442A for all children requiring special education.

49 Sec. 156. Section 282.8, Code 1985, is amended to  
50 read as follows:

1        282.8 ATTENDING SCHOOL OUTSIDE STATE.

2        The boards of directors of school districts located  
3 near the state boundaries may designate schools of  
4 equivalent standing across the state line for  
5 attendance of both elementary and high school pupils  
6 when the public school in the adjoining state is  
7 nearer than any appropriate public school in a pupil's  
8 district of residence or in Iowa. Distance shall be  
9 measured by the nearest traveled public road.  
10 Arrangements shall be subject to reciprocal agreements  
11 made between the chief state school officers of the  
12 respective states. Notwithstanding section 282.1,  
13 arrangements between districts pursuant to the  
14 reciprocal agreements made under this section shall  
15 establish tuition and transportation fees in an amount  
16 acceptable to the affected boards, but the tuition and  
17 transportation fees shall not be less than the lower  
18 average cost per pupil for the previous school year of  
19 the two affected school districts. For the purpose of  
20 this section average cost per pupil for the previous  
21 school year is determined by dividing the district's  
22 operating instructional expenditures for the previous  
23 school year by the number of children enrolled in the  
24 district on the second third Friday of September of  
25 the previous school year. A person attending school  
26 in another state shall continue to be treated as a  
27 pupil of the district of residence in the  
28 apportionment of the current school fund and the  
29 payment of state aid.

30        Sec. 157. Section 282.19, Code Supplement 1985, is  
31 amended to read as follows:

32        282.19 CHILD LIVING IN FOSTER CARE FACILITY.

33        A child who is living in a licensed child foster  
34 care facility as defined in section 237.1 in this  
35 state which is located in a school district other than  
36 the school district in which the child resided before  
37 receiving foster care may enroll in and attend an  
38 approved school in the school district in which the  
39 child is living. If a child does not require special  
40 education and was not counted in the basic enrollment  
41 of a school district for a budget year under section  
42 ~~442.4~~ 442A.5, the tuition and transportation, when  
43 required by law, shall be paid by the treasurer of  
44 state from funds in the state treasury not otherwise  
45 appropriated, and upon warrants drawn by the state  
46 comptroller upon requisition of the commissioner of  
47 public instruction.

48        Sec. 158. Section 282.20, unnumbered paragraph 1,  
49 Code 1985, is amended to read as follows:

50        The school corporation in which the student resides

1 shall pay from the general fund to the secretary of  
2 the corporation in which the student is permitted to  
3 enroll, a tuition fee as prescribed in section 282.24.  
4 The amount shall be charged against the instructional  
5 account.

6 Sec. 159. Section 282.24, subsection 1, unnumbered  
7 paragraph 1, Code 1985, is amended to read as follows:

8 There is established a maximum tuition fee that may  
9 be charged for elementary and high school students  
10 residing within another school district or corporation  
11 except students attending school in another district  
12 under section 282.7, subsection 1. That fee is the  
13 district cost per pupil of the receiving district as  
14 ~~computed in section 442.97, subsection 17, paragraph~~  
15 ~~"a".~~

16 Sec. 160. Section 282.27, Code Supplement 1985, is  
17 amended to read as follows:

18 282.27 PAYMENT FOR CERTAIN CHILDREN.

19 When a child requiring special education is living  
20 in a state-supported institution, charitable  
21 institution, or licensed boarding home as defined in  
22 this chapter which does not maintain a school and the  
23 residence of the child requiring special education is  
24 in a school district other than the school district in  
25 which the state-supported institution, charitable  
26 institution, or licensed boarding home is located, the  
27 child is eligible for special education programs and  
28 services provided for children requiring special  
29 education who are residents of the school district in  
30 which the institution or boarding home is located.  
31 The special education instructional costs shall be  
32 computed by means of weighted enrollment for that  
33 child under ~~the provisions of~~ chapters 273, 281, and  
34 ~~442~~ 442A as if that child were a resident of the  
35 school district in which the institution or boarding  
36 home is located but the child shall be included in the  
37 enrollment count in the district of residence in the  
38 manner provided in sections 281.9 and ~~442.4~~ 442A.5.  
39 The costs as computed shall be paid by the district of  
40 residence. No A child requiring special education  
41 shall not be denied special education programs and  
42 services because of a dispute over determination of  
43 residence of that child. If there is a dispute over  
44 the residence of the child, the state board of public  
45 instruction shall determine the residence of the  
46 child. However, if the special education  
47 instructional costs incurred on behalf of the child  
48 exceed the amount which would be allowed if the child  
49 were provided the programs and services in the  
50 district of residence, the treasurer of the school

1 district of residence shall make payment at the  
2 maximum amount allowed in that district for a child  
3 requiring special education who is similarly  
4 handicapped. If the child requiring special education  
5 is not counted in the weighted enrollment of any  
6 district under section 281.9, and payment is not made  
7 by any district, the district in which the institution  
8 or boarding home is located may certify the special  
9 education instructional costs to the commissioner of  
10 public instruction not later than September 1 of each  
11 year for the preceding fiscal year. The state board  
12 of public instruction shall review the costs and  
13 submit a requisition to the state comptroller. The  
14 amount due shall be paid by the treasurer of state to  
15 the district in which the institution or licensed  
16 boarding home is located from any funds in the general  
17 fund of the state not otherwise appropriated upon  
18 warrants drawn and signed by the state comptroller.  
19 For the purposes of this section, the term "district  
20 of residence of the child" means the residence of the  
21 parent or legal guardian, or the location of the  
22 district court if the district court is the legal  
23 guardian, of the child.

24 Sec. 161. Section 283A.9, Code 1985, is amended to  
25 read as follows:

26 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

27 School districts are authorized to purchase, erect,  
28 or otherwise acquire a building for use as a school  
29 lunch facility, and to equip such-a the building for  
30 such-use, and pay for same expenditures from  
31 unencumbered funds on-hand in the schoolhouse fund  
32 derived-from-taxes-voted-under-authority-of-section  
33 278-17-subsection-7, or 275-32, subject-to-the-terms  
34 of-this-section, or may pay for same the building from  
35 the proceeds of the sale of school property sold under  
36 section 297.22, or from surplus remaining in the  
37 schoolhouse fund after retirement of a bond issue, or  
38 from-a-tax-voted-for-said-purposes. Payments made  
39 under this section from the general fund shall be  
40 charged against the infrastructure account.

41 Sec. 162. Section 285.2, unnumbered paragraph 3,  
42 Code 1985, is amended to read as follows:

43 The costs of providing transportation to nonpublic  
44 school pupils as provided in section 285.1 shall not  
45 be-included-in-the-computation-of-district-cost-under  
46 chapter-442, but shall be shown in the budget as an  
47 expense-from-miscellaneous-income a separate expense.  
48 Any transportation reimbursements received by a local  
49 school district for transporting nonpublic school  
50 pupils shall not-affect-district-cost-limitations-of

1 chapter-442 be recorded as a separate nonpublic  
2 transportation account in the general fund and be used  
3 only for expenses relating to nonpublic pupil  
4 transportation. The-reimbursements-provided-in-this  
5 section-are-miscellaneous-income-as-defined-in-section  
6 442-5-

7 Sec. 163. Section 285.10, subsection 7, paragraph  
8 a, Code 1985, is amended to read as follows:

9 a. From such funds as may be available in the  
10 general fund and charged against the infrastructure  
11 account.

12 Sec. 164. Section 291.15, Code Supplement 1985, is  
13 amended to read as follows:

14 291.15 ANNUAL REPORT.

15 The treasurer shall make an annual report to the  
16 board at its regular July meeting, which shall show  
17 the amount of each account in the general fund and the  
18 schoolhouse fund and the amounts held over, received,  
19 paid out, and on hand, the several funds accounts to  
20 be separately stated, and the treasurer shall  
21 immediately file a copy of this report with the  
22 commissioner of public instruction and a copy with the  
23 county treasurer.

24 Sec. 165. Section 294.9, subsection 2, Code 1985,  
25 is amended to read as follows:

26 2. From the proceeds-of-an-annual-tax-levy general  
27 fund and charged against the appropriate account.

28 Sec. 166. Section 297.9, Code 1985, is amended to  
29 read as follows:

30 297.9 USE FOR OTHER THAN SCHOOL PURPOSES.

31 The board of directors of any school district may  
32 authorize the use of any schoolhouse and its grounds  
33 within such the district for the purpose of meetings  
34 of granges, lodges, agricultural societies, and  
35 similar societies, for parent-teacher associations,  
36 for community recreational activities, community  
37 education programs, election purposes, other meetings  
38 of public interest, public forums and similar  
39 community purposes, provided-that-such. However, the  
40 use shall in-no-way not interfere with school  
41 activities, such. The use to-be-for-such shall  
42 include compensation, and-upon-such terms, and  
43 conditions as may be fixed determined by said the  
44 board for the proper protection of the schoolhouse and  
45 the property belonging-therein, including that of  
46 pupils, except-that. However, in the case of  
47 community education programs, any compensation  
48 necessary for programs provided specifically by  
49 community education and not those provided through  
50 community education by other agencies or organizations

1 shall be compensated from the ~~funding-provided-for~~  
2 ~~community-education-programs~~ general fund and charged  
3 against the infrastructure account.

4 Sec. 167. Section 297.10, Code 1985, is amended to  
5 read as follows:

6 297.10 COMPENSATION.

7 Any compensation for such use shall be paid into  
8 the general fund and credited to the infrastructure  
9 account and be expended in the upkeep and repair of  
10 such school property, and in purchasing supplies  
11 therefor for the property.

12 Sec. 168. Section 297.22, unnumbered paragraphs 1,  
13 2, and 7, Code Supplement 1985, are amended to read as  
14 follows:

15 The board of directors of a school district may  
16 sell, lease, or dispose of, in whole or in part, a  
17 schoolhouse, site, or other property belonging to the  
18 ~~district for which the appraised value does not exceed~~  
19 ~~twenty-five thousand dollars. If the appraised value~~  
20 ~~exceeds twenty-five thousand dollars, the board shall~~  
21 ~~submit the question at an election under section~~  
22 ~~278.17, subsection 2, to authorize the sale, lease or~~  
23 ~~disposal.~~

24 Proceeds from the sale, lease or disposition of  
25 real property ~~shall be placed in the schoolhouse fund,~~  
26 and proceeds from the sale, lease or disposition of  
27 property other than real property, shall be placed in  
28 the general fund and credited to the infrastructure  
29 account.

30 The board of directors of a school corporation may  
31 lease a portion of an existing school building in  
32 which the remaining portion of the building will be  
33 used for school purposes for a period of not to exceed  
34 five years. The lease may be renewed at the option of  
35 the board. Sections 297.15 to 297.20, sections 297.23  
36 and 297.24, ~~and the property value limitations and~~  
37 appraisal requirements of this section do not apply to  
38 the lease of a portion of an existing school building.

39 Sec. 169. NEW SECTION. 297.35 CONTINUATION OF  
40 LOAN AGREEMENT.

41 A loan agreement between a school district and a  
42 bank, investment banker, trust company, insurance  
43 company, or insurance group that was made under  
44 section 297.36, Code 1985, in order to make  
45 immediately available proceeds of the schoolhouse tax  
46 approved by the voters prior to July 1, 1986 shall  
47 continue in effect for the duration of the loan  
48 agreement.

49 Sec. 170. Section 297.36, Code 1985, is amended to  
50 read as follows:

1        297.36    LOAN AGREEMENTS.

2        In order to make immediately available proceeds of  
3 ~~the-schoolhouse-tax-which-has-been-approved-by-the~~  
4 ~~voters-as-provided-in-section-278-17-subsection-7~~ up  
5 ~~to sixty-seven and one-half cents of the~~  
6 infrastructure levy, the board of directors may, with  
7 or without notice, borrow money and enter into loan  
8 agreements of not to exceed ten years in duration in  
9 anticipation of the collection of the tax with a bank,  
10 investment banker, trust company, insurance company,  
11 or insurance group.

12        By resolution, the board shall provide for an  
13 annual levy which is within the limits ~~of-the-tax~~  
14 ~~approved-by-the-voters~~ provided in this section to pay  
15 for the amount of the principal and interest due each  
16 year until maturity. The board shall file a certified  
17 copy of the resolution with the auditor of each county  
18 in which the district is located. The filing of the  
19 resolution with the auditor ~~shall-make~~ makes it the  
20 duty of the auditor to annually levy the amount  
21 certified for collection until funds are realized to  
22 repay the loan and interest on the loan in full.

23        The loan must mature within the ten-year period of  
24 ~~time-authorized-by-the-voters~~ and shall bear interest  
25 at a rate which does not exceed the limits provided  
26 under chapter 74A. A loan agreement entered into  
27 pursuant to this section shall be in a form as the  
28 board of directors shall by resolution provide and the  
29 loan shall be payable as to both principal and  
30 interest from the proceeds of the annual levy of the  
31 ~~voted-tax-pursuant-to-section-278-17-subsection-7~~  
32 infrastructure levy, or so much thereof as will be  
33 sufficient to pay the loan and interest on the loan.

34        The proceeds of a loan must be deposited in a fund  
35 which is separate from other district funds. Warrants  
36 paid from this fund must be for purposes authorized by  
37 ~~the-voters-as-provided-in-section-278-17-subsection-7~~  
38 for the infrastructure levy.

39        This section does not limit the authority of the  
40 board of directors to levy the full ~~amount-of-the~~  
41 ~~voted-tax~~ sixty-seven and one-half cents levy, but if  
42 and to whatever extent the tax is levied in any year  
43 in excess of the amount of principal and interest  
44 falling due in that year under a loan agreement, the  
45 first available proceeds, to an amount sufficient to  
46 meet maturing installments of principal and interest  
47 under the loan agreement, shall be paid into the  
48 sinking fund for the loan before the taxes are  
49 otherwise made available to the school corporation for  
50 other school purposes, and the amount required to be

1 annually set aside to pay principal of and interest on  
2 the money borrowed under the loan agreement shall  
3 ~~constitute~~ constitutes a first charge upon the  
4 proceeds of the ~~special-voted-tax~~ infrastructure levy,  
5 which tax shall be pledged to pay the loan and the  
6 interest on the loan.

7 This section is supplemental and in addition to  
8 existing statutory authority to finance the purposes  
9 specified in section ~~278-17-subsection-7~~ 442A.10, and  
10 for the borrowing of money and execution of loan  
11 agreements in connection with that section and  
12 ~~subsection~~, and is not subject to any other law. The  
13 fact that a school corporation may have previously  
14 borrowed money and entered into loan agreements under  
15 authority of this section does not prevent the school  
16 corporation from borrowing additional money and  
17 entering into further loan agreements if the aggregate  
18 of the amount payable under all of the loan agreements  
19 does not exceed the proceeds of the ~~voted-tax~~  
20 infrastructure levy.

21 Sec. 171. Section 298.1, Code 1985, is amended to  
22 read as follows:

23 298.1 SCHOOL TAXES.

24 The board of each school district shall estimate  
25 the amount of the proposed expenditures and proposed  
26 receipts for the ~~general~~ school purposes at a time and  
27 in a manner to effectuate the provisions of chapter  
28 ~~442~~ 442A and sections 281.9 and 281.11. Compliance  
29 with chapter 24 shall be observed.

30 Sec. 172. Section 298.7, Code 1985, is amended to  
31 read as follows:

32 298.7 CONTRACT FOR USE OF LIBRARY.

33 The board of directors of a school corporation in  
34 which there is no free public library may contract  
35 with a free public library for the free use of the  
36 library by the residents of the school district, and  
37 pay the library the amount agreed upon for the use of  
38 the library as provided by law. During the existence  
39 of the contract, the board shall ~~certify annually a~~  
40 ~~tax-sufficient-to-pay-the-library-the-consideration~~  
41 ~~agreed-upon, not-exceeding-twenty-cents-per-thousand~~  
42 ~~dollars-of-assessed-value-of-the-taxable-property-of~~  
43 ~~the-district~~ include the cost as an instructional  
44 expenditure pursuant to chapter 442A. During the  
45 existence of the contract, the school corporation is  
46 relieved from the requirement that the school  
47 treasurer withhold funds for library purposes. This  
48 section does not apply in townships where a contract  
49 for other library facilities is in existence.

50 Sec. 173. Section 300.2, Code 1985, is amended by

1 striking the section and inserting in lieu thereof the  
2 following:

3 300.2 TAX LEVY.

4 The board of directors of a school district may use  
5 moneys from the infrastructure levy for public  
6 educational and recreational activities authorized  
7 under this chapter.

8 Sec. 174. Section 301.1, Code 1985, is amended to  
9 read as follows:

10 301.1 ADOPTION -- PURCHASE AND SALE.

11 The board of directors of ~~each-and-every~~ a school  
12 district ~~is-hereby-authorized-and-empowered-to may~~  
13 adopt textbooks ~~for-the-teaching-of-all-branches-that~~  
14 ~~are-now-or-may-hereafter-be-authorized-to-be-taught-in~~  
15 ~~the-public-schools-of-the-state~~, and to may contract  
16 for and ~~buy-said~~ purchase the books and ~~any-and-all~~  
17 other necessary school supplies ~~at-said-contract~~  
18 prices, and to may sell the same books to the pupils  
19 of their respective districts at cost, loan such the  
20 textbooks to such pupils free, or rent them to such  
21 pupils at such a reasonable fee as the board shall ~~fix~~  
22 determine, and ~~said the~~ money so received shall be  
23 returned to the general fund and credited to the  
24 instructional fund.

25 Textbooks adopted and purchased by a school  
26 district may, and shall to the extent funds are  
27 appropriated by the general assembly, be made  
28 available to pupils attending nonpublic schools upon  
29 request of the pupil or the pupil's parent or guardian  
30 under comparable terms as made available to pupils  
31 attending public schools.

32 Sec. 175. Section 331.512, subsection 12, Code  
33 1985, is amended to read as follows:

34 12. Carry out duties relating to levy of school  
35 taxes as provided in chapter ~~442~~ 442A.

36 Sec. 176. Section 422.100, Code 1985, is amended  
37 to read as follows:

38 422.100 ALLOCATION TO MONEYS AND CREDITS  
39 REPLACEMENT FUND IN EACH COUNTY.

40 There is created a permanent fund in the office of  
41 the treasurer of state to be known as the "moneys and  
42 credits replacement fund". The director shall  
43 determine the percentage which the aggregate taxable  
44 value for the year 1965 of the property described in  
45 and subject to taxation under section 429.2, Code  
46 1966, owned or held by individuals, administrators,  
47 executors, guardians, conservators, trustees or an  
48 agent or nominee thereof, and the aggregate taxable  
49 value for the year 1965 of the property described in  
50 and subject to taxation under section 431.1, Code

1 1966, for the year 1965 but not subject to taxation  
2 under that section for the year 1966, in each county  
3 bears to the total aggregate taxable value of such  
4 property reported from all of the counties in the  
5 state and shall certify the percentage for each county  
6 to the state comptroller prior to January 1, 1967. In  
7 July of each year, the state comptroller shall apply  
8 that percentage to the money in the moneys and credits  
9 tax replacement fund prior to that July and determine  
10 the amount due to each county. The state comptroller  
11 shall draw warrants on the moneys and credits tax  
12 replacement fund in such amounts payable to the county  
13 treasurer of each county and transmit them. The  
14 county treasurer shall apportion these amounts as  
15 follows: For the amounts received in January 1972,  
16 and all previously collected amounts, twenty percent  
17 to the county general fund, fifty percent to the  
18 school general fund and credited to the instructional  
19 account, and the remaining thirty percent to cities  
20 and towns in the proportion that the taxable values  
21 for each city and town for 1965 of property subject to  
22 taxation in 1965 under sections 429.2, Code 1966, and  
23 431.1, Code 1966, is to the total of such taxable  
24 values for all cities and towns within the county; for  
25 the amounts received in January 1973, and all  
26 subsequently collected amounts, forty percent to the  
27 county, and the remaining sixty percent to cities and  
28 towns in the proportion that the taxable values for  
29 each city and town for the year 1965 under sections  
30 429.2 and 431.1, Code 1966, is to the total of such  
31 taxable values for all the cities and towns within the  
32 county.

33 Sec. 177. Section 467B.14, unnumbered paragraph 1,  
34 Code 1985, is amended to read as follows:

35 Sixty-five percent of any such payments or payment  
36 received from the federal government shall be  
37 distributed to the general fund of the school  
38 districts of the county and credited to the  
39 infrastructure account after the county auditor has  
40 determined the districts which are principally  
41 affected by the federal flood control project involved  
42 in an amount deemed to be the equitable share of each  
43 such district and the amount allocated to each school  
44 district shall be paid over to the treasurer of such  
45 school district.

46 Sec. 178. Chapter 260A, Code 1985 and chapter 442,  
47 Code 1985 and Code Supplement 1985, are repealed.  
48 Sections 276.11, 276.12, 291.13, 297.5, 298.9, 298.10,  
49 298.16, 298.17, 300.3, 300.4, 301.4, 301.24, and  
50 301.27, Code 1985, and section 279.43, Code Supplement

1 1985, are repealed."  
2 2. Page 3, by striking lines 2 through 6.  
3 3. Page 3, line 8, by inserting after the word  
4 "date." the following: "Sections 101 through 178 of  
5 this Act take effect for computations and procedures  
6 needed for the school year beginning July 1, 1988,  
7 except that section 121 takes effect for computations  
8 and procedures needed for the school year beginning  
9 July 1, 1987."

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S-5749 FILED APRIL 25, 1986

COMMITTEE ON EDUCATION

*Adopted 5/1, as amended by 5883 (p. 1517)* Larry Murphy, Chairperson



SENATE FILE 2298

S-5923

1 Amend Senate File 2298 as follows:

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

4 "DIVISION I

5 INTRODUCTORY PROVISIONS

6 Section 1. NEW SECTION. 442A.1 INTRODUCTION.

7 There is established a state school finance plan to  
8 provide moneys to school districts and area education  
9 agencies for operation of their educational programs  
10 and to maximize the opportunities of the children of  
11 this state. The plan includes allocating the  
12 expenditures of school districts into three categories  
13 with provision for payment of state aid and for  
14 levying of property taxes to provide funding. It also  
15 provides for payment of special education costs and  
16 for funding for special education support services,  
17 media services, and educational services of area  
18 education agencies.

19 Sec. 2. NEW SECTION. 442A.2 DEFINITIONS.

20 As used in this chapter unless the context  
21 otherwise requires:

22 1. "School district" means a school district as  
23 constituted under chapter 274.

24 2. "Board" means the board of directors of a  
25 school district.

26 3. "Committee" means the school budget review  
27 committee established in section 442A.19.

28 4. "Base year" means the school year ending during  
29 the calendar year in which a budget is certified.

30 5. "Budget year" means the school year beginning  
31 during the calendar year in which a budget is  
32 certified.

33 6. "Department" means the department of public  
34 instruction.

35 7. "State board" means the state board of public  
36 instruction.

37 DIVISION II

38 SCHOOL DISTRICT INSTRUCTIONAL EXPENDITURES

39 Sec. 3. NEW SECTION. 442A.3 DUTIES OF BOARD.

40 For the budget year beginning July 1, 1988 and  
41 succeeding budget years, the board shall establish a  
42 budget for instructional expenditures for the budget  
43 year. Instructional expenditures include the costs of  
44 salaries and benefits of employees of the school  
45 district and supplies in the areas of general  
46 education, career education, skill development,  
47 cocurricular athletic programs, continuing education,  
48 community services, attendance services, guidance  
49 services, health, other student services, library,  
50 audiovisual services, other instructional support, and

1 building administration, except those expenditures  
2 specifically assigned to infrastructure expenditures.  
3 Instructional expenditures also include the costs of  
4 special education instructional programs and the  
5 categorical programs for talented and gifted children  
6 and non-English-speaking children as provided in this  
7 chapter.

8 Funding for instructional expenditures shall be  
9 provided under this chapter. Additional moneys needed  
10 for instructional expenditures shall be included in  
11 the property tax levy for the infrastructure  
12 expenditures as provided in section 442A.10,  
13 subsection 22.

14 Sec. 4. NEW SECTION. 442A.4 FOUNDATION PROPERTY  
15 TAX -- LIVESTOCK CREDIT.

16 1. For the budget year beginning July 1, 1988,  
17 each school district shall cause to be levied each  
18 year, for the instructional expenditures budget, a  
19 uniform property tax of three dollars per thousand  
20 dollars of assessed valuation on all taxable property  
21 in the district. For the purpose of this chapter, a  
22 school district is defined as a school corporation  
23 organized under chapter 274. For each of the next  
24 twelve fiscal years, the uniform property tax levy  
25 under this section shall be decreased by twenty-five  
26 cents per thousand dollars of assessed valuation for  
27 each fiscal year. For fiscal years beginning on or  
28 after July 1, 2000, a foundation property tax shall  
29 not be levied under this section.

30 2. The amount paid to each school district for the  
31 tax credit for livestock under section 427.17 shall be  
32 regarded as uniform property tax. The portion of the  
33 payment which is uniform property tax shall be  
34 determined by applying the uniform property tax rate  
35 to the taxable value of livestock assessed for  
36 taxation in the district as of January 1, 1973,  
37 determined pursuant to section 427.17, and adjusted to  
38 actual value as provided in Acts of the Sixty-fifth  
39 General Assembly, chapter 1231, section 174. A school  
40 district may levy a tax on all of the taxable property  
41 within the district in an amount equal to the  
42 difference between the amount due to a school district  
43 from the personal property tax replacement fund for  
44 the preceding year and the amount actually received  
45 during the preceding fiscal year from the personal  
46 property tax replacement fund.

47 3. The amount paid to each school district from  
48 the personal property tax replacement fund established  
49 by sections 427A.9 to 427A.14 shall be regarded as  
50 property tax. For budget years beginning after the

1 year in which the ninth increase in the additional  
2 personal property tax credit becomes effective as  
3 provided in those sections, the portion of the payment  
4 which is uniform property tax shall be determined by  
5 applying the uniform property tax rate to the total  
6 actual value of all personal property assessed for  
7 taxation in the district as of January 1, 1973,  
8 excluding livestock, but including other personal  
9 property eligible for tax credits granted by sections  
10 427A.9 to 427A.14. For budget years to and including  
11 the year in which the ninth increase in the additional  
12 personal property tax credit becomes effective as  
13 provided in the sections, the portion of the payment  
14 which is uniform property tax shall be determined by  
15 the state comptroller pursuant to uniform methods  
16 established by the comptroller.

17 4. For purposes of this chapter, the "amount per  
18 pupil of uniform property tax" and the "money raised  
19 by the uniform property tax" do not include the tax  
20 levied under subsection 1 on the property of a railway  
21 corporation or its trustee which corporation has been  
22 declared bankrupt or is in bankruptcy proceedings.

23 Sec. 5. NEW SECTION. 442A.5 ENROLLMENT.

24 1. Basic enrollment for the budget year beginning  
25 July 1, 1988 and succeeding budget years is determined  
26 by adding the resident pupils who were enrolled on the  
27 second Friday of September in the base year in public  
28 elementary and secondary schools of the district and  
29 in public elementary and secondary schools enrolled in  
30 another district or state for which tuition is paid by  
31 the district. However, resident pupils enrolled in  
32 kindergarten programs are included in basic enrollment  
33 in the proportion that the time for which they are  
34 enrolled or receive instruction for the school year is  
35 to the time that full-time pupils carrying a normal  
36 course schedule in the same school district, for the  
37 same school year, are enrolled and receive  
38 instruction.

39 Resident pupils of high school age for which the  
40 district pays tuition to attend an Iowa area school  
41 are included in basic enrollment on a full-time  
42 equivalent basis.

43 Shared-time and part-time pupils of school age,  
44 irrespective of the districts in which the pupils  
45 reside, are included in basic enrollment as of the  
46 fourth Friday of September in the base year for the  
47 budget year in the proportion that the time for which  
48 they are enrolled or receive instruction for the  
49 school year is to the time that full-time pupils  
50 carrying a normal course schedule, at the same grade

1 level, in the same school district, for the same  
2 school year, are enrolled and receive instruction.

3 Pupils attending a university laboratory school are  
4 not counted in any district's basic enrollment, but  
5 the laboratory school shall report them directly to  
6 the department of public instruction.

7 A school district shall certify its basic  
8 enrollment to the department of public instruction by  
9 September 25 of each year, and the department shall  
10 promptly forward the information to the state  
11 comptroller.

12 2. Weighted enrollment for the budget year begin-  
13 ning July 1, 1988 and succeeding budget years is  
14 determined by adding the district's additional  
15 enrollment because of special education and  
16 categorical programs to the district's basic  
17 enrollment for the budget year. A district's addi-  
18 tional enrollment because of special education and  
19 categorical programs is determined on December 1 of  
20 the base year by multiplying the weighting for each  
21 category of special education and categorical program  
22 under sections 280.18, 280.19, and 281.9 by the number  
23 of children in each category totaled for all  
24 categories and subtracting from this total the basic  
25 enrollment for the budget year.

26 Weighted enrollment is basic enrollment as modified  
27 by the application of the special education and  
28 categorical programs weighting plans.

29 3. A school district's certification of basic and  
30 weighted enrollment is subject to audit in accordance  
31 with procedures adopted by rule by the state board  
32 pursuant to chapter 17A.

33 4. "Enrollment served" means the basic enrollment  
34 plus the number of pupils in approved nonpublic  
35 schools served with services of the area education  
36 agency except that if a nonpublic school pupil  
37 receives services through an area other than the area  
38 of the pupil's residence, the pupil shall be deemed to  
39 be served by the area of the pupil's residence, which  
40 shall by contractual arrangement reimburse the area  
41 through which the pupil actually receives services.  
42 Each school district shall include in the second  
43 Friday in September enrollment report the number of  
44 pupils in approved nonpublic schools within each  
45 school district served by the area.

46 Sec. 6. NEW SECTION. 442A.6 STATE PERCENT OF  
47 GROWTH -- ALLOWABLE GROWTH.

48 1. For the budget year beginning July 1, 1988, and  
49 succeeding budget years, a state percent of growth for  
50 the budget year shall be computed by the state

1 comptroller prior to September 15 in the base year and  
2 forwarded to the commissioner of public instruction.  
3 The state percent of growth shall be an average of the  
4 following four percentages of growth except as  
5 otherwise provided in paragraph "c" of this  
6 subsection:

7 a. The difference in the receipts of state general  
8 fund revenues computed or estimated as follows:

9 (1) The percentage of change between the revenues  
10 received during the second year preceding the base  
11 year and the revenues received during the year  
12 preceding the base year.

13 (2) The percentage of change between the revenues  
14 received during the year preceding the base year and  
15 the revenues received during the base year.

16 b. The difference in the gross national product  
17 implicit price deflator published by the bureau of  
18 economic analysis, United States department of  
19 commerce, computed or estimated as a percentage of  
20 change for the following:

21 (1) From the value for the quarter ending December  
22 31 eighteen months prior to the beginning of the base  
23 year to the value for the quarter ending December 31  
24 six months prior to the beginning of the base year.

25 (2) From the value for the quarter ending December  
26 31 six months prior to the beginning of the base year  
27 to the value for the quarter ending December 31 six  
28 months prior to the beginning of the budget year.

29 The computation of the percentage change in the  
30 gross national product implicit price deflator shall  
31 be based, to the extent possible, on the latest  
32 available values for these deflators published by the  
33 bureau of economic analysis.

34 c. If the average of the percentages computed or  
35 estimated under paragraph "b" of this subsection  
36 exceeds the average of the percentages computed or  
37 estimated under paragraph "a" of this subsection, the  
38 state percent of growth shall be the average of the  
39 two percentages of growth computed or estimated under  
40 paragraph "a" of this subsection.

41 2. If the state percent of growth so computed is  
42 negative, that percentage shall not be used and the  
43 state percent of growth shall be zero.

44 3. Each year prior to September 15 the state  
45 comptroller shall recompute the state percent of  
46 growth for the previous year using adjusted estimates  
47 and the actual figures available. The difference  
48 between the recomputed state percent of growth for the  
49 base year and the original computation shall be added  
50 to or subtracted from the state percent of growth for

1 the budget year, as applicable.

2 With regard to values of gross national product  
3 implicit price deflators, the recomputation of the  
4 state percent of growth for the previous year shall be  
5 made only with respect to the value of the deflator  
6 for the quarter which occurred subsequent to the  
7 calculation of the state percent of growth for the  
8 previous year. If subsection 1, paragraph "c" is used  
9 in the calculation of the state percent of growth for  
10 the previous year, the calculation made in subsection  
11 1, paragraph "b" shall not be used in the  
12 recomputation of the state percent of growth for the  
13 previous year.

14 4. The basic allowable growth per pupil for the  
15 budget year shall be computed by multiplying the state  
16 cost per pupil for the base year times the state  
17 percent of growth for the budget year.

18 5. The allowable growth per pupil for each school  
19 district is the basic allowable growth per pupil for  
20 the budget year modified by the school budget review  
21 committee.

22 Sec. 7. NEW SECTION. 442A.7 STATE COST PER  
23 PUPIL.

24 For the budget year beginning July 1, 1988 and  
25 succeeding budget years, the state comptroller shall  
26 determine the state cost per pupil pursuant to this  
27 section. The state comptroller shall add together the  
28 district costs for all school districts for the base  
29 year beginning July 1, 1987 as defined in section  
30 442.9, Code 1985, and divide that total by the  
31 weighted enrollment in the state for the base year  
32 determined under section 442A.5 to determine the state  
33 cost per pupil for the base year. The state cost per  
34 pupil for the base year plus the total of the basic  
35 allowable growth per pupil for the budget year and one  
36 hundred sixty dollars is the state cost per pupil for  
37 the budget year beginning July 1, 1988. For the  
38 budget year beginning July 1, 1989 and succeeding  
39 budget years, the state cost per pupil shall be  
40 recalculated each year in the same manner as the base  
41 year beginning July 1, 1988 except that one hundred  
42 sixty dollars will not be added.

43 The state comptroller shall compute the applicable  
44 amount of allowable growth to be added to the state  
45 cost per pupil for each school year.

46 Sec. 8. NEW SECTION. 442A.8 DISTRICT COST PER  
47 PUPIL -- STATE AID.

48 For the budget year beginning July 1, 1988, the  
49 district cost per pupil of a school district is an  
50 amount equal to seventy-seven percent of the district

1 cost per pupil for the base year plus the sum of the  
2 total of the allowable growth for the budget year and  
3 one hundred sixty dollars. Thereafter, the district  
4 cost per pupil for the budget year is the district  
5 cost per pupil for the base year plus the allowable  
6 growth.

7 The district cost for the budget year is equal to  
8 the district cost per pupil for the budget year  
9 multiplied by the weighted enrollment for the budget  
10 year. There is appropriated to the state comptroller  
11 for each budget year an amount sufficient to pay to  
12 each school district an amount equal to its district  
13 cost less the amount raised by the uniform levy.  
14 Payment shall be made pursuant to section 442A.18.

15 DIVISION III

16 INFRASTRUCTURE EXPENDITURES

17 Sec. 9. NEW SECTION. 442A.9 DUTIES OF BOARD.

18 For the budget year beginning July 1, 1988 and  
19 succeeding budget years, the board shall establish a  
20 budget for infrastructure expenditures for the budget  
21 year and certify the infrastructure expenditures  
22 budget for property tax levy, to the school budget  
23 review committee and the state comptroller. The state  
24 comptroller shall determine the amount of the  
25 infrastructure property tax levy to be made on all  
26 taxable property in the district based upon the budget  
27 submitted and shall transmit the rate of the levy to  
28 the appropriate county auditor and county board of  
29 supervisors.

30 Sec. 10. NEW SECTION. 442A.10 INFRASTRUCTURE  
31 EXPENDITURES.

32 Expenditures for the following are infrastructure  
33 expenditures and may be included in the infrastructure  
34 expenditures budget:

- 35 1. Public educational and recreational purposes  
36 authorized in chapter 300.
- 37 2. Community education purposes pursuant to  
38 chapter 276.
- 39 3. Transportation of public school pupils to and  
40 from school and other school activities, including  
41 purchase and maintenance of transportation equipment,  
42 vehicle operation and maintenance, and salaries and  
43 benefits of operational and maintenance personnel.
- 44 4. The purchase and improvement of grounds.
- 45 5. Opening roads to schoolhouses or buildings.
- 46 6. The purchase of buildings or equipment for  
47 buildings or schoolhouses.
- 48 7. The payment of debts contracted for the  
49 erection or construction of schoolhouses or buildings,  
50 including interest on the debts, but not including

1 interest on bonds.  
2 8. Procuring or acquisition of libraries.  
3 9. Repairing, remodeling, reconstructing,  
4 improving, or expanding the schoolhouse or buildings.  
5 10. Operation and maintenance of school district  
6 buildings and facilities.  
7 11. Moneys to provide a necessary cash reserve.  
8 12. The rental of facilities under chapter 28E.  
9 13. Lease-purchase option agreements for school  
10 buildings.  
11 14. The actual costs of removal or encapsulation  
12 of asbestos existing in buildings.  
13 15. Equipment, vehicles, vehicle operation and  
14 maintenance for driver education.  
15 16. Costs associated with the operation of a  
16 nonprofit food service to children in attendance as  
17 provided in chapter 283A.  
18 17. Community services which include services  
19 which are not directly related to the educational  
20 programs of the district which include, but are not  
21 limited to, civic activities, public libraries, and  
22 nonpublic school services except for the costs of  
23 transportation for nonpublic school pupils.  
24 18. The costs of unemployment benefits under  
25 chapter 96.  
26 19. An amount sufficient for payment of judgments  
27 or settlements together with interest accruing on them  
28 to the expected date of payment under section 613A.2  
29 or 613A.8.  
30 20. Operation of the office of the board of  
31 education of the district, including compensation,  
32 travel and materials for board members.  
33 21. Costs of school district general  
34 administration, executive administration, business  
35 administration, fiscal services, and staff services,  
36 but not including the costs of school administration.  
37 22. Other costs of school districts that are in-  
38 cluded but are not funded under instructional  
39 expenditures funding.  
40 23. Other necessary expenditures of school  
41 districts not included in instructional expenditures.  
42 Sec. 11. NEW SECTION. 442A.11 PUBLIC HEARING.  
43 The board shall present the budget for  
44 infrastructure expenditures separately during the  
45 public hearing required in section 24.9 and shall list  
46 the budget for each subsection under section 442A.10  
47 separately.

48 DIVISION IV

49 AREA EDUCATION AGENCIES

50 Sec. 12. NEW SECTION. 442A.12 SPECIAL EDUCATION

1 SUPPORT.

2 The state comptroller shall multiply the amount  
3 added to state cost per pupil for special education  
4 support services for the school year beginning July 1,  
5 1987 by the weighted enrollment for that year and  
6 divide the result by the enrollment served for that  
7 year to obtain a state special education support  
8 services cost per pupil for the base year. The state  
9 comptroller shall then compute the special education  
10 allowable growth amount for the budget year by  
11 multiplying the state percent of growth for the budget  
12 year by the state special education support services  
13 cost per pupil for the base year. That allowable  
14 growth amount added to state special education support  
15 services cost per pupil for the base year is the state  
16 special education support services cost for the budget  
17 year.

18 The special education support services budget for  
19 an area education agency shall be determined under  
20 this section. For the base year beginning July 1,  
21 1987, the state comptroller shall multiply the amount  
22 included in district cost per pupil for special  
23 education support services for an area education  
24 agency for that year by the weighted enrollment in the  
25 area education agency for that year and divide the  
26 result by the enrollment served in the area education  
27 agency for that year to determine the area special  
28 education support services cost per pupil for the base  
29 year. The area special education support services  
30 cost per pupil for the budget year is the area special  
31 education support services cost per pupil for the base  
32 year plus the special education allowable growth  
33 amount. The area special education support services  
34 cost per pupil for the budget year multiplied by the  
35 enrollment served for the budget year in the area  
36 provides the area special education support services  
37 cost for an area education agency for the budget year.

38 Sec. 13. NEW SECTION. 442A.13 FUNDING FOR  
39 SPECIAL EDUCATION SUPPORT SERVICES.

40 There is appropriated from the general fund of the  
41 state to the state comptroller an amount sufficient to  
42 pay eighty percent of the area special education  
43 support services cost for an area education agency for  
44 each budget year.

45 The remainder of the area special education support  
46 services cost for an area education agency for a  
47 budget year shall be allocated to each school district  
48 in the area education agency based upon the district's  
49 proportion of the enrollment served compared to the  
50 total enrollment served in the area, and shall be

1 added to the infrastructure cost of the district.  
2 Sec. 14. NEW SECTION. 442A.14 MEDIA SERVICES.  
3 For the school year beginning July 1, 1982 and  
4 succeeding school years, the total amount funded in  
5 each area for media services in the budget year shall  
6 be computed as provided in this subsection. For the  
7 school year beginning July 1, 1982, the total amount  
8 funded in each area for media services in the base  
9 year, including the cost for media resource material  
10 which shall only be used for the purchase or  
11 replacement of material required in section 273.6,  
12 subsection 1, paragraphs "a", "b" and "c", shall be  
13 divided by the enrollment served in the base year to  
14 provide an area media services cost per pupil in the  
15 base year, and the state comptroller shall compute the  
16 state media services cost per pupil in the base year  
17 which is equal to the average of the area media  
18 services costs per pupil in the base year. For the  
19 year beginning July 1, 1982 and succeeding school  
20 years, the state comptroller shall compute the  
21 allowable growth for media services in the budget year  
22 by multiplying the state media services cost per pupil  
23 in the base year times the state percent of growth for  
24 the budget year, and the total amount funded in each  
25 area for media services cost in the budget year equals  
26 the area media services cost per pupil in the base  
27 year plus the allowable growth for media services in  
28 the budget year times the enrollment served in the  
29 budget year. The total amount for a district shall be  
30 added to the infrastructure cost of the district.  
31 Funds shall be paid to area education agencies as  
32 provided in section 442A.16.

33 Sec. 15. NEW SECTION. 442A.15 EDUCATIONAL  
34 SERVICES.  
35 For the school year beginning July 1, 1982 and  
36 succeeding school years, the total amount funded in  
37 each area for educational services in the budget year  
38 shall be computed as provided in this subsection. For  
39 the school year beginning July 1, 1982, the total  
40 amount funded in each area for educational services in  
41 the base year shall be divided by the enrollment  
42 served in the area in the base year to provide an area  
43 educational services cost per pupil in the base year,  
44 and the state comptroller shall compute the state  
45 educational services cost per pupil in the base year,  
46 which is equal to the average of the area educational  
47 services costs per pupil in the base year. For the  
48 year beginning July 1, 1982 and succeeding school  
49 years, the state comptroller shall compute the  
50 allowable growth for educational services by

1 multiplying the state educational services cost per  
2 pupil in the base year times the state percent of  
3 growth for the budget year, and the total amount  
4 funded in each area for educational services for the  
5 budget year equals the area educational services cost  
6 per pupil for the base year plus the allowable growth  
7 for educational services in the budget year times the  
8 enrollment served in the area in the budget year. The  
9 total amount for a district shall be added to the  
10 infrastructure cost of the district. Funds shall be  
11 paid to area education agencies as provided in section  
12 442A.16.

13 Sec. 16. NEW SECTION. 442A.16 AREA EDUCATION  
14 AGENCY PAYMENTS.

15 The state comptroller shall deduct the amounts  
16 calculated for special education support services,  
17 media services, and educational services for each  
18 school district from the state aid due to the district  
19 pursuant to this chapter and shall pay the amounts to  
20 the respective area education agencies on a quarterly  
21 basis during each school year. The state comptroller  
22 shall notify each school district of the amount of  
23 state aid deducted for these purposes and the balance  
24 of state aid shall be paid to the district. If a  
25 district does not qualify for state aid under this  
26 chapter in an amount sufficient to cover its amount  
27 due to the area education agency as calculated by the  
28 state comptroller, the school district shall pay the  
29 deficiency to the area education agency from other  
30 moneys received by the district, on a quarterly basis  
31 during each school year.

32 DIVISION V

33 GENERAL PROVISIONS

34 Sec. 17. NEW SECTION. 442A.17 FUNDS.

35 A general fund and a schoolhouse fund are  
36 established for each school district. The general  
37 fund shall include three separate accounts. The  
38 moneys received for instructional expenditures plus  
39 the portion of the property tax revenue received under  
40 sections 442A.9 and 442A.10, for subsection 22, shall  
41 be placed in an instructional account and may be used  
42 only for those purposes. The property tax revenue  
43 received for infrastructure expenditures listed in  
44 section 442A.10, except for subsection 22, shall be  
45 credited to the infrastructure account and may be used  
46 only for those purposes. The moneys collected for the  
47 operation of the area education agency shall be  
48 deposited in an area education agency account and then  
49 transmitted to the appropriate area education agency.  
50 The treasurer of the school district shall keep a

1 separate record of each account in the general fund.  
2 Other moneys received by a school district for a  
3 specific purpose shall be credited to the appropriate  
4 account in the general fund. Moneys received by a  
5 school district for which a purpose is not specified  
6 and interest earned on the investment of school  
7 district moneys shall be credited to either the  
8 instructional or infrastructure accounts at the  
9 discretion of the board.

10 The schoolhouse fund shall include deposits of  
11 moneys from the proceeds of the sale of bonds  
12 authorized by law and the proceeds of a tax estimated  
13 and certified by the board for the purpose of paying  
14 interest on lawful bonded indebtedness. Moneys  
15 deposited in the schoolhouse fund shall be used only  
16 for these purposes.

17 Sec. 18. NEW SECTION. 442A.18 PAYMENT OF STATE  
18 AID.

19 In making computations for payment of state aid,  
20 the state comptroller shall round amounts to the  
21 nearest whole dollar.

22 State aid paid under sections 442A.8 and 442A.13  
23 shall be paid in monthly installments beginning on  
24 September 15 of a budget year and ending on June 15 of  
25 the budget year and the installments shall be as  
26 nearly equal as possible as determined by the state  
27 comptroller, taking into consideration the relative  
28 budget and cash position of the state resources.

29 Sec. 19. NEW SECTION. 442A.19 SCHOOL BUDGET  
30 REVIEW COMMITTEE.

31 A five-member school budget review committee is  
32 established, consisting of the commissioner of public  
33 instruction, the state comptroller and three members  
34 appointed to represent the public by the governor  
35 subject to confirmation by the senate in accordance  
36 with section 2.32.

37 No more than two of the appointed members shall  
38 belong to the same political party. The appointed  
39 members shall serve three-year staggered terms which  
40 begin and end as provided in section 69.19. The  
41 governor shall fill a vacancy in the same manner as an  
42 original appointment under the procedures of section  
43 2.32.

44 The committee shall meet and hold hearings each  
45 year and shall continue in session until it has  
46 reviewed budgets of school districts. It may call in  
47 school board members and employees as necessary for  
48 the hearings. Members of the general assembly shall  
49 be notified of hearings concerning school districts in  
50 their constituencies.

1 The committee shall adopt its own rules of  
2 procedure. The commissioner of public instruction  
3 shall serve as chairperson, and the state comptroller  
4 shall serve as secretary. The committee members  
5 representing the public are entitled to receive a per  
6 diem of forty dollars, and their actual expenses while  
7 engaged in their official duties. Per diem and  
8 expense payments for members representing the public  
9 shall be made from appropriations to the department of  
10 public instruction.

11 Sec. 20. NEW SECTION. 442A.20 DUTIES OF THE  
12 COMMITTEE.

13 1. The school budget review committee may  
14 recommend the revision of any rules, directives, or  
15 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 commissioner of public instruction or the state  
20 comptroller to make studies and investigations of  
21 school costs in any school district.

22 2. The committee shall report to each session of  
23 the general assembly, which report shall include any  
24 recommended changes in laws relating to school  
25 districts, and shall specify the number of hearings  
26 held annually, the reasons for the committee's  
27 recommendations, information about the amounts of  
28 property tax levies, and state aid paid to school  
29 districts, and other information the committee deems  
30 advisable.

31 3. The committee shall review the recommendations  
32 of the commissioner of public instruction relating to  
33 special education and categorical programs and shall  
34 establish the weighting for special education and  
35 categorical programs and report the weights to the  
36 state comptroller.

37 4. The committee shall review the certified budget  
38 of each school district, and may make recommendations  
39 to the school district and to the state comptroller.  
40 The committee may make decisions affecting budgets to  
41 the extent provided in this chapter. The costs and  
42 computations referred to in this section relate to the  
43 budget year unless otherwise expressly stated.

44 5. The committee shall review for each school  
45 district the amount of the infrastructure property tax  
46 levy. If in the committee's judgment, the levy is  
47 unreasonably high, the committee shall instruct the  
48 state comptroller to reduce the district's  
49 infrastructure tax levy for the following budget year  
50 by the amount deemed excessive.

1 6. Decisions by the committee under this chapter  
2 shall be made in accordance with reasonable and  
3 uniform policies which shall be consistent with this  
4 chapter. Policies of general application shall be  
5 stated in rules adopted under chapter 17A.

6 7. Failure by a school district to provide  
7 information or appear before the committee as  
8 requested for the accomplishment of review or hearing  
9 is justification for the committee to instruct the  
10 state comptroller to withhold state instructional  
11 support to that district until the committee's  
12 inquiries are satisfied completely.

13 Sec. 21. BUDGET YEAR BEGINNING JULY 1, 1987.

14 1. Notwithstanding section 442.2, for the budget  
15 year beginning July 1, 1987, each school district  
16 shall cause to be levied for the school general fund a  
17 foundation property tax of four dollars and twenty  
18 cents per thousand dollars of assessed valuation on  
19 all taxable property in the district.

20 2. For the budget year beginning July 1, 1987,  
21 there is appropriated from the salary improvement fund  
22 to the department of revenue and finance an amount  
23 sufficient to pay to each school district an amount  
24 equal to ninety-nine dollars multiplied by the basic  
25 enrollment of the district for the budget year. The  
26 amount received by a school district under this  
27 subsection is miscellaneous income for purposes of  
28 chapter 442 and shall be expended for purposes of  
29 increasing teacher salaries.

30 3. Except as otherwise provided in this  
31 subsection, for the budget year beginning July 1,  
32 1987, a contract issued by boards of directors of a  
33 school district under section 279.13 shall provide for  
34 an annual salary for a full-time teacher of at least  
35 seventeen thousand dollars. The minimum salary  
36 specified in this subsection shall be prorated for a  
37 teacher employed on less than a full-time basis.

38 There is appropriated from the salary improvement  
39 fund to the state comptroller the amount of five  
40 million (5,000,000) dollars, or as much thereof as may  
41 be necessary, to pay to each school district an amount  
42 equal to the difference between salaries of teachers  
43 earning less than seventeen thousand dollars on the  
44 salary schedule in effect for that year and the total  
45 of seventeen thousand dollars for each such teacher.  
46 If the amount appropriated in this subsection is  
47 insufficient to make the required payments, the state  
48 comptroller shall prorate the payments.

49 Sec. 22. NEW SECTION. 294.22 MINIMUM SALARY.

50 Effective for the school year beginning July 1,

1 1988 and succeeding school years, contracts issued by  
2 boards of directors of school districts and area  
3 education agencies under section 279.13 shall provide  
4 for employment of not less than two hundred working  
5 days and annual salaries at least equal to the  
6 salaries specified in this section.

7 For the school year beginning July 1, 1988, the  
8 minimum salaries for full-time teachers are as  
9 follows:

10 1. For teachers possessing a baccalaureate degree,  
11 eighteen thousand dollars.

12 2. For teachers possessing a baccalaureate degree  
13 plus at least fifteen graduate hours, twenty-two  
14 thousand five hundred dollars.

15 3. For teachers possessing a baccalaureate degree  
16 plus at least thirty graduate hours or a master's  
17 degree, twenty-six thousand dollars.

18 4. For teachers possessing a master's degree plus  
19 at least fifteen graduate hours beyond the master's  
20 degree, twenty-eight thousand dollars.

21 The salary a teacher will receive on the salary  
22 schedule adopted by the board of directors for a year  
23 does not include the costs of fringe benefits nor does  
24 it include supplemental pay earned by a teacher for  
25 performance of additional duties beyond teaching  
26 duties.

27 For the purposes of this section and section  
28 294.23, "teacher" means a teacher employed by a school  
29 district or area education agency under a contract  
30 executed pursuant to section 279.13. A teacher  
31 jointly employed by two or more districts or area  
32 education agencies whose employment is on a full-time  
33 equivalent basis is a full-time teacher. The minimum  
34 salaries specified in this section may be prorated for  
35 teachers employed on less than a full-time basis.

36 Salaries in excess of the minimums specified in  
37 this section shall be based upon experience,  
38 education, and performance. They shall be negotiated  
39 under chapter 20 if an employee organization had been  
40 certified under chapter 20 or shall be determined by  
41 the board of directors if there is no employee  
42 organization certified under chapter 20.

43 Sec. 23. NEW SECTION. 294.23 EXTENDED CONTRACT.

44 A contract of at least two hundred days duration  
45 offered by the board of directors of a school district  
46 or area education agency under section 294.22 shall  
47 provide that in addition to regular teaching duties,  
48 the teacher participate in curriculum development;  
49 community education projects; special programs offered  
50 by the school district, city, or county; recreation

1 programs; staff development activities; or other  
2 similar activities.

3 Sec. 24. Section 11.21, unnumbered paragraph 1,  
4 Code 1985, is amended to read as follows:

5 Upon payment by the state of the salary and  
6 expenses, the auditor of state shall file with the  
7 warrant-issuing officer of the county, municipality or  
8 school, whose offices were examined, a sworn statement  
9 consisting of the itemized expenses paid and prorated  
10 salary costs paid under section 11.20. Upon audit and  
11 approval by the board of supervisors, council or  
12 school board, the warrant-issuing officer shall draw a  
13 warrant for the amount on the county, or on the  
14 general fund of the municipality or general fund of  
15 the school and charged against the infrastructure  
16 account in favor of the auditor of state, which  
17 warrant shall be placed to the credit of the general  
18 fund of the state. In the event of the disapproval of  
19 any items of ~~said~~ the statement by the county,  
20 municipality, or school authorities, written  
21 objections shall be filed with the auditor of state  
22 within thirty days from the filing thereof.  
23 Disapproved items of the statement shall be paid the  
24 auditor of state upon receiving final decisions  
25 emanating from public hearing established by the  
26 auditor of state.

27 Sec. 25. Section 79.9, Code 1985, is amended to  
28 read as follows:

29 79.9 CHARGE FOR USE OF AUTOMOBILE BY OTHER THAN  
30 STATE OFFICER OR EMPLOYEE.

31 When a public officer or employee, other than a  
32 state officer or employee or a school district or area  
33 education agency officer or employee, is entitled to  
34 be paid for expenses in performing a public duty, a  
35 charge shall be made, allowed and paid for the use of  
36 an automobile, as determined by the local governing  
37 body, in an amount not exceeding twenty-two cents per  
38 mile for actual and necessary travel effective July 1,  
39 1981, and in an amount not exceeding twenty-four cents  
40 per mile effective July 1, 1982. A statutory  
41 provision stipulating necessary mileage, travel, or  
42 actual reimbursement to a local public officer or  
43 employee falls within the mileage reimbursement  
44 limitation specified in this section unless  
45 specifically provided otherwise. A political  
46 subdivision may authorize the use of private vehicles  
47 for the conduct of official business of the political  
48 subdivision at an annual amount in lieu of actual and  
49 necessary travel expense reimbursement provided in  
50 this section. A peace officer, other than a state

1 officer or employee, as defined in section 801.4 who  
2 is required to use a private vehicle in the  
3 performance of official duties shall receive  
4 reimbursement for mileage expense at the rate  
5 specified in this section.

6 A school district or area education agency officer  
7 or employee shall be paid for the use of an automobile  
8 at the rate specified in section 18.117.

9 Sec. 26. Section 96.31, Code 1985, is amended to  
10 read as follows:

11 96.31 TAX FOR BENEFITS.

12 Political subdivisions may levy a tax outside their  
13 general fund levy limits to pay the cost of  
14 unemployment benefits. For school districts the cost  
15 of unemployment benefits shall be included in the  
16 infrastructure levy pursuant to section 442A.10.

17 Sec. 27. Section 258.5, unnumbered paragraph 1,  
18 Code 1985, is amended to read as follows:

19 Whenever a school corporation maintains an approved  
20 vocational school, department, or classes in  
21 accordance with the rules ~~and regulations~~ established  
22 by the state board and the state plan for vocational  
23 education, adopted by that board and approved by the  
24 United States ~~office department~~ of education ~~or other~~  
25 ~~federal-agency-to-which-its-functions-are-assigned,~~  
26 the state board shall reimburse ~~such the~~ school  
27 corporation at the end of the fiscal year for its  
28 expenditures for salaries and authorized travel of  
29 vocational teachers from federal and state funds:  
30 ~~Provided, that no.~~ However, a school corporation  
31 shall ~~not~~ receive from federal and state funds a  
32 larger amount than one-half the sum which has been  
33 expended by the school corporation for that particular  
34 type of program; further, provided that in the event  
35 federal and state funds are not sufficient to make  
36 ~~such the~~ reimbursement to the extent ~~herein~~ provided  
37 in this section, the state board shall prorate the  
38 respective amounts available to the corporations  
39 entitled to such reimbursement. Moneys received by a  
40 school district pursuant to this section shall be  
41 deposited in the general fund and credited to the  
42 instructional account.

43 Sec. 28. Section 265.6, Code 1985, is amended to  
44 read as follows:

45 265.6 STATE AID APPLICABLE.

46 If the state board of regents has established a  
47 laboratory school, it shall receive state aid pursuant  
48 to chapters 281 and ~~442~~ 442A for each pupil enrolled  
49 in the laboratory school in the same amount as the  
50 public school district in which the pupil resides

1 would receive aid for that pupil and shall transmit  
2 the amount received to the institution of higher  
3 education at which the laboratory school has been  
4 established. If the board of a school district  
5 terminates a contract with the state board of regents  
6 for attendance of pupils in a laboratory school, the  
7 school district shall inform the state comptroller of  
8 the number of these pupils who are enrolled in the  
9 district on the second Friday of the following  
10 September. The state comptroller shall pay to the  
11 school district, from funds appropriated in section  
12 ~~442-26~~ 442A.8, an amount equal to the amount of state  
13 aid paid for each pupil in that school district for  
14 that school year in payments made as provided in  
15 section ~~442-26~~ 442A.18. ~~However, payments shall not~~  
16 ~~be made for pupils for which an advance is received by~~  
17 ~~the district under section 442-28.~~

18 Sec. 29. Section 274.37, unnumbered paragraph 2,  
19 Code 1985, is amended to read as follows:

20 The boards in the respective districts, the  
21 boundaries of which have been changed under this  
22 section, complete in all respects, except for the  
23 passage of time prior to the effective date of the  
24 change, and when ~~all~~ the right of appeal of the change  
25 has expired, may enter into joint contracts for the  
26 construction of buildings for the benefit of the  
27 corporations whose boundaries have been changed, using  
28 funds accumulated ~~under section 278-17 subsection 7~~ in  
29 the infrastructure account of the school general fund.

30 The district in which the building is to be located  
31 may use any funds authorized in accordance with  
32 chapter 75. ~~Nothing in this section shall be~~  
33 ~~construed to~~ This section does not permit the changed  
34 districts to expend any funds jointly which they are  
35 not entitled to expend acting individually.

36 Sec. 30. Section 275.12, subsection 5, Code 1985,  
37 is amended by striking the subsection.

38 Sec. 31. Section 275.14, unnumbered paragraph 1,  
39 Code Supplement 1985, is amended to read as follows:

40 275.14 OBJECTION -- TIME OF FILING -- NOTICE.

41 Within ten days after the petition is filed, the  
42 area education agency administrator shall fix a final  
43 date for filing objections to the petition which shall  
44 be not more than sixty days after the petition is  
45 filed and shall fix the date for a hearing on the  
46 objections to the petition. Objections shall be filed  
47 in the office of the administrator who shall give  
48 notice at least ten days prior to the final day for  
49 filing objections, by one publication in a newspaper  
50 published within the territory described in the

1 petition, or if none is published therein, in a  
2 newspaper published in the county where the petition  
3 is filed, and of general circulation in the territory  
4 described. The notice shall also list the date, time,  
5 and location for the hearing on the petition as  
6 provided in section 275.15. The cost of publication  
7 shall be assessed to each district whose territory is  
8 involved in the ratio that the number of pupils in  
9 basic enrollment, as defined in section ~~442-4~~ 442A.5  
10 in each district bears to the total number of pupils  
11 in basic enrollment in the total area involved.  
12 Objections shall be in writing in the form of an  
13 affidavit and may be made by any person residing or  
14 owning land within the territory described in the  
15 petition, or who would be injuriously affected by the  
16 change petitioned for and shall be on file not later  
17 than twelve o'clock noon of the final day fixed for  
18 filing objections.

19 Sec. 32. Section 275.20, Code 1985, is amended to  
20 read as follows:

21 275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

22 The voters shall vote separately in each existing  
23 school district affected ~~and voters residing in the~~  
24 ~~entire existing district are eligible to vote both~~  
25 upon the proposition to create a new school  
26 corporation ~~and the proposition to levy the~~  
27 ~~schoolhouse tax under section 278-17 subsection 77 if~~  
28 ~~the petition included a provision for a vote to levy~~  
29 ~~the schoolhouse tax.~~ If a the proposition receives a  
30 majority of the votes cast in each of at least  
31 seventy-five percent of the districts, and also a  
32 majority of the total number of votes cast in all of  
33 the districts, the proposition is carried.

34 Sec. 33. Section 275.26, unnumbered paragraph 3,  
35 Code 1985, is amended to read as follows:

36 The respective boards to which such expenses are  
37 certified shall audit and order the same paid from the  
38 general fund and charged against the infrastructure  
39 account. In the event of failure of any a board to so  
40 audit and pay the expenses certified to it, the area  
41 education agency administrator shall certify the  
42 expenses to the county auditor in the same manner as  
43 is provided for tuition claims in section 282.21 and  
44 the funds shall be transferred by the county treasurer  
45 from the debtor district to the agency board for  
46 payment of said the expenses.

47 Sec. 34. Section 275.32, Code 1985, is amended to  
48 read as follows:

49 275.32 SCHOOL BUILDINGS -- TAX LEVY.

50 The board of any school corporation shall establish

1 attendance centers and provide suitable buildings for  
2 each school in the district, and may at the regular or  
3 a special meeting call a special election to submit to  
4 the qualified electors of the district the question of  
5 ~~voting-a-tax-or~~ authorizing the board to issue bonds,  
6 ~~or-both,~~ for any or all of the following purposes:

7 1. To secure sites, build, purchase, or equip  
8 school buildings.

9 2. To build or purchase a superintendent's or  
10 teacher's house or houses.

11 3. To repair or improve any school building or  
12 grounds, or superintendent's or teacher's house or  
13 houses, when the cost will exceed five thousand  
14 dollars.

15 All moneys received for such purposes shall be  
16 placed in the schoolhouse fund credited to the  
17 infrastructure account of ~~said~~ the corporation and  
18 shall be used only for the purpose for which voted.

19 Sec. 35. Section 275.33, subsection 2, unnumbered  
20 paragraph 1, Code Supplement 1985, is amended to read  
21 as follows:

22 The collective bargaining agreement of the district  
23 with the largest basic enrollment, as defined in  
24 section ~~442-4~~ 442A.5, in the new district shall serve  
25 as the base agreement and the employees of the other  
26 districts involved in the formation of the new  
27 district shall automatically be accreted to the  
28 bargaining unit of that collective bargaining  
29 agreement for purposes of negotiating the contract for  
30 the following year without further action by the  
31 public employment relations board. If only one  
32 collective bargaining agreement is in effect among the  
33 districts which are party to the reorganization, then  
34 that agreement shall serve as the base agreement, and  
35 the employees of the other districts involved in the  
36 formation of the new district shall automatically be  
37 accreted to the bargaining unit of that collective  
38 bargaining agreement for purposes of negotiating the  
39 contract for the following year without further action  
40 by the public employment relations board. The board  
41 of the newly formed district, using the base agreement  
42 as its existing contract, shall bargain with the  
43 combined employees of the existing districts for the  
44 school year beginning with the effective date of the  
45 reorganization. The bargaining shall be completed by  
46 March 15 prior to the school year in which the  
47 reorganization becomes effective or within one hundred  
48 twenty days after the organization of the new board,  
49 whichever is later. If a bargaining agreement was  
50 already concluded by the board and employees of the

1 existing district with the contract serving as the  
2 base agreement for the school year beginning with the  
3 effective date of the reorganization, that agreement  
4 shall be void. However, if the base agreement  
5 contains multiyear provisions affecting school years  
6 subsequent to the effective date of the  
7 reorganization, the base agreement shall remain in  
8 effect as specified in the agreement.

9 Sec. 36. Section 276.11, Code 1985, is amended by  
10 striking the section and inserting in lieu thereof the  
11 following:

12 276.11 FUNDING OF COMMUNITY EDUCATION.

13 Moneys received from the infrastructure levy may be  
14 expended for community education purposes.

15 Sec. 37. Section 277.2, Code 1985, is amended to  
16 read as follows:

17 277.2 SPECIAL ELECTION.

18 The board of directors in any a school corporation  
19 may call a special election at which ~~election~~ the  
20 voters shall have the powers exercised at the regular  
21 election with reference to the sale of school property  
22 and the application to be made of the proceeds, the  
23 authorization of seven members on the board of  
24 directors, the authorization to establish or change  
25 the boundaries of director districts, and the  
26 authorization of ~~a-schoolhouse-tax-or~~ indebtedness, as  
27 provided by law.

28 Sec. 38. Section 278.1, subsections 2 and 7, Code  
29 1985, are amended by striking the subsection.

30 Sec. 39. Section 278.1, unnumbered paragraphs 2  
31 and 3, Code 1985, are amended to read as follows:

32 ~~The board may, with approval of sixty percent of~~  
33 ~~the voters, voting in a regular or special election in~~  
34 ~~the school district,~~ make extended time contracts not  
35 to exceed twenty years in duration for rental of  
36 buildings to supplement existing schoolhouse  
37 facilities; and where if it is deemed advisable for  
38 buildings to be constructed or placed on real estate  
39 owned by the school district, ~~such the~~ contracts may  
40 include lease-purchase option agreements, ~~such~~  
41 contracts, with the amounts to be paid out of the  
42 schoolhouse fund and charged against the  
43 infrastructure account.

44 Before entering into a rental or lease-purchase  
45 option contract, ~~authorized by the electors,~~ the board  
46 shall first adopt plans and specifications for a  
47 building ~~or buildings~~ which it considers suitable for  
48 the intended use and also adopt a form of rental or  
49 lease-purchase option contract.

50 Sec. 40. Section 278.1, unnumbered paragraph 4,

1 Code 1985, is amended by striking the unnumbered  
2 paragraph.

3 Sec. 41. Section 279.12, unnumbered paragraph 1,  
4 Code 1985, is amended to read as follows:

5 The board shall carry into effect any instruction  
6 from the regular election upon matters within the  
7 control of the voters, and shall elect ~~all~~ teachers  
8 and make ~~all~~ contracts necessary or proper for  
9 exercising the powers granted and performing the  
10 duties required by law, and may establish and pay all  
11 or any part ~~thereof-from-school-district-funds~~ of the  
12 cost of group health insurance plans, nonprofit group  
13 hospital service plans, nonprofit group medical  
14 service plans and group life insurance plans adopted  
15 by the board for the benefit of employees of the  
16 school district from the general fund of the school  
17 district and charged against the appropriate account,  
18 but the board may authorize any subdirector to employ  
19 teachers for the school in the subdirector's  
20 subdistrict, ~~but no such employment.~~ Employment by a  
21 subdirector ~~shall~~ does not authorize a contract, the  
22 entire period of which is wholly beyond the  
23 subdirector's term of office.

24 Sec. 42. Section 279.26, Code 1985, is amended to  
25 read as follows:

26 279.26 LEASE ARRANGEMENTS.

27 The board of directors of a local school district  
28 ~~for which a schoolhouse tax has been voted pursuant to~~  
29 ~~section 278-17-subsection 7,~~ may enter into a rental  
30 or lease arrangement, ~~consistent with the purposes for~~  
31 ~~which the schoolhouse tax has been voted,~~ for a period  
32 not exceeding ten years ~~and not exceeding the period~~  
33 ~~for which the schoolhouse tax has been authorized by~~  
34 the voters using revenues from the infrastructure  
35 levy.

36 Sec. 43. Section 279.28, Code 1985, is amended to  
37 read as follows:

38 279.28 INSURANCE -- SUPPLIES -- TEXTBOOKS.

39 It may provide and pay ~~out of~~ from the general fund  
40 of the school district and charge against the  
41 infrastructure account to insure school property such  
42 sum as may be necessary, ~~and may purchase~~  
43 ~~dictionaries, library books, including books for the~~  
44 ~~purpose of teaching vocal music, maps, charts, and~~  
45 ~~apparatus for the use of the schools thereof as deemed~~  
46 ~~necessary by the board of directors for each school~~  
47 ~~building under its charge, and.~~ The board may furnish  
48 schoolbooks to indigent children ~~when they are likely~~  
49 ~~to be deprived of the proper benefits of the school~~  
50 ~~unless so aided.~~

1 Sec. 44. Section 279.41, Code 1985, is amended to  
2 read as follows:

3 279.41 SCHOOLHOUSES AND SITES SOLD -- FUNDS.

4 ~~Any-fund~~ Moneys received from the condemnation,  
5 sale, or other disposition for public purposes of  
6 schoolhouses, school sites or both schoolhouses and  
7 school sites may shall be deposited in the schoolhouse  
8 general fund of the school district and credited to  
9 the infrastructure account and may ~~without-a-vote-of~~  
10 ~~the-electorate~~ be used for the purchase of school  
11 sites or the erection or repair of schoolhouses or  
12 both as ordered by the board of directors of such the  
13 school district, provided, however, that. However,  
14 the board shall comply with section 297.7.

15 Sec. 45. Section 279.42, Code 1985, is amended to  
16 read as follows:

17 279.42 GIFTS TO SCHOOLS.

18 The board of directors of any school district which  
19 receives funds through gifts, devises and bequests may  
20 utilize ~~the-same them,~~ unless limited by the terms of  
21 the grant. The gift, devise, or bequest shall be  
22 deposited in the general or-schoolhouse fund  
23 expenditures and credited to the appropriate account  
24 pursuant to section 442A.17.

25 Sec. 46. Section 279.43, subsection 1, Code  
26 Supplement 1985, is amended to read as follows:

27 1. The board of directors may pay the actual cost  
28 of removal or encapsulation of asbestos existing in  
29 its school buildings from any funds in the general  
30 fund of the district, funds received from the  
31 ~~schoolhouse-tax-authorized-under-section-278-1,~~  
32 ~~subsection-7,-funds-from-the-tax-levy-certified-under~~  
33 ~~section-297-5~~ infrastructure levy, or moneys obtained  
34 through a federal asbestos loan program, to be repaid  
35 from any of the funds specified in this subsection.

36 Sec. 47. NEW SECTION. 279.50 FEES.

37 The board of directors of a school district shall  
38 not impose the payment of any fee or charge upon a  
39 student enrolled in the school district.

40 Sec. 48. Section 280.4, subsections 1 through 3,  
41 Code 1985, are amended by striking the subsections.

42 Sec. 49. Section 280.7, Code 1985, is amended to  
43 read as follows:

44 280.7 DENTAL CLINICS.

45 Boards of directors in all public school districts  
46 may establish and maintain dental clinics for children  
47 and offer courses of instruction on mouth hygiene.  
48 The boards may employ such legally qualified dentists  
49 and dental hygienists ~~as-may-be-necessary~~ to  
50 accomplish the purpose of this section. The cost of

1 the dental clinic shall be paid from the general fund  
2 of the school district and charged against the  
3 instructional account.

4 Sec. 50. Section 280.10, unnumbered paragraph 3,  
5 Code 1985, is amended to read as follows:

6 The board of directors of each local public school  
7 district and the authorities in charge of each  
8 nonpublic school shall provide the safety devices  
9 required herein. Such devices ~~may~~ shall be paid for  
10 from the general fund of the school district and  
11 charged against the instructional account, but the  
12 board may require students and teachers to pay for the  
13 safety devices and shall make them available to  
14 students and teachers at no more than the actual cost  
15 to the district or school.

16 Sec. 51. Section 280.11, unnumbered paragraph 3,  
17 Code 1985, is amended to read as follows:

18 The board of directors of each local public school  
19 district and the authorities in charge of each  
20 nonpublic school shall provide the safety devices  
21 required herein. Such devices ~~may~~ shall be paid for  
22 from the general fund of the school district and  
23 charged against the instructional account, but the  
24 board may require students and teachers to pay for the  
25 safety devices and shall make them available to  
26 students and teachers at no more than the actual cost  
27 to the district or school.

28 Sec. 52. NEW SECTION. 280.18 NON-ENGLISH-  
29 SPEAKING STUDENT PROGRAMS.

30 1. In order to provide funds for the excess costs  
31 of instruction for non-English-speaking students above  
32 the cost of instruction of pupils in a regular  
33 curriculum, a plan of weighting for determining  
34 enrollment in each school district is provided. Non-  
35 English-speaking students may receive instruction as  
36 provided in section 280.4. Pupils in a regular  
37 curriculum are assigned a weighting of one. For the  
38 school year beginning July 1, 1988, non-English-  
39 speaking students are assigned a weighting of one and  
40 four-tenths.

41 2. The state board of public instruction shall  
42 adopt rules relating to the identification of non-  
43 English-speaking students who require special  
44 instruction under section 280.4. Non-English-speaking  
45 students shall be counted in the weighted enrollment  
46 as of December 1 of the base year for purposes of  
47 chapter 442A. Moneys received as a result of the  
48 weighting for non-English-speaking students shall be  
49 expended only for non-English-speaking student  
50 programs.

1 3. On December 1, 1988, and no later than December  
2 1 every two years thereafter, for the school year  
3 commencing the following July 1, the commissioner of  
4 public instruction shall report to the school budget  
5 review committee the average costs of providing  
6 instruction for non-English-speaking students, and the  
7 state board of public instruction shall make  
8 recommendations to the school budget review committee  
9 for adjustment of the weighting for subsequent school  
10 years. The school budget review committee shall  
11 establish the weight for each subsequent school year  
12 and shall report the weight to the commissioner of  
13 public instruction.

14 4. The department of public instruction shall  
15 require that school districts submit program plans for  
16 non-English-speaking programs and shall review the  
17 plans and the identification of students qualifying  
18 for weighting.

19 Sec. 53. NEW SECTION. 280.19 TALENTED AND GIFTED  
20 CHILDREN PROGRAMS.

21 1. In order to provide funds for the excess costs  
22 of instruction for talented and gifted children  
23 programs approved by the department, a plan of  
24 weighting for determining enrollment in each school  
25 district for talented and gifted children enrolled in  
26 an approved talented and gifted children program is  
27 provided.

28 "Talented and gifted children" are those identified  
29 as possessing outstanding abilities who are capable of  
30 high performance. Talented and gifted children are  
31 children who require appropriate instruction and  
32 educational services commensurate with their abilities  
33 and needs beyond those provided by the regular school  
34 program.

35 Talented and gifted children include those children  
36 with demonstrated achievement or potential ability, or  
37 both, in any of the following areas or in combination:

- 38 a. General intellectual ability.
- 39 b. Creative thinking.
- 40 c. Leadership ability.
- 41 d. Visual and performing arts ability.
- 42 e. Specific ability aptitude.

43 Boards of school districts, individually or jointly  
44 with the boards of other school districts, shall  
45 annually submit program plans for talented and gifted  
46 children programs to the department of public  
47 instruction.

48 The department of public instruction shall adopt  
49 rules under chapter 17A relating to the identification  
50 of talented and gifted children, and the format of

1 program plans. Pupils in a regular curriculum are  
2 assigned a weighting of one. For the school year be-  
3 ginning July 1, 1988, talented and gifted children are  
4 assigned a weighting of one and four-tenths.

5 2. The board of directors shall submit  
6 applications for approval for the programs to the  
7 department not later than November 1 preceding the  
8 fiscal year during which the program will be offered.  
9 The department shall review the program plans and  
10 shall prior to January 15 either grant approval for  
11 the program or return the request for approval with  
12 comments of the department included. Any unapproved  
13 request for a program may be resubmitted with  
14 modifications to the department not later than  
15 February 1. Not later than February 15 the department  
16 shall notify the state comptroller of the names of the  
17 school districts for which talented and gifted  
18 children programs have been approved and the number of  
19 each school district's students identified as talented  
20 and gifted, not to exceed three percent of the  
21 district's enrollment for weighting purposes, for the  
22 approved program for the budget year. Talented and  
23 gifted children shall be counted in the weighted  
24 enrollment as of December 1 of the base year for  
25 purposes of chapter 442A. Moneys received as a result  
26 of weighting for talented and gifted children shall be  
27 expended only for talented and gifted children  
28 programs.

29 3. On December 1, 1988, and not later than  
30 December 1 every two years thereafter, for the school  
31 year commencing the following July 1, the commissioner  
32 of public instruction shall report to the school  
33 budget review committee the average costs of providing  
34 instruction for talented and gifted children, and the  
35 state board of public instruction shall make  
36 recommendations to the school budget review committee  
37 for adjustment of the weighting for subsequent school  
38 years. The school budget review committee shall  
39 establish the weight for each subsequent school year  
40 and shall report the weight to the commissioner of  
41 public instruction.

42 Sec. 54. Section 281.2, subsection 2, unnumbered  
43 paragraphs 4 and 5, Code 1985, are amended to read as  
44 follows:

45 Every child requiring special education shall, if  
46 reasonably possible, receive a level of education  
47 commensurate with the level provided each child who  
48 does not require special education. The cost of  
49 providing such an education shall be paid as provided  
50 in section 273.9, this chapter and chapter ~~442~~ 442A.

1 It ~~shall-be~~ is the primary responsibility of each  
2 school district to provide special education to  
3 children who reside in that district if the children  
4 requiring special education are properly identified,  
5 the educational program or service has been approved,  
6 the teacher or instructor has been certified, the  
7 number of children requiring special education needing  
8 that educational program or service is sufficient to  
9 make offering the program or service feasible, and the  
10 program or service cannot more economically and  
11 equably be obtained from the area education agency,  
12 another school district, another group of school  
13 districts, a qualified private agency, or in co-  
14 operation with one or more other districts.

15 Any-funds Funds received by the a school district  
16 of the child's residence for the child's education,  
17 derived from funds received through chapter ~~442~~ 442A,  
18 this chapter and section 273.9 shall be paid by the  
19 school district of the child's residence to the  
20 appropriate education agency, private agency, or other  
21 school district providing special education for the  
22 child pursuant to contractual arrangements as provided  
23 in section 273.3, subsections 5 and 7.

24 Sec. 55. Section 281.8, unnumbered paragraph 1,  
25 Code 1985, is amended to read as follows:

26 It shall not be incumbent upon the school districts  
27 to keep a child requiring special education in regular  
28 instruction when the child cannot sufficiently profit  
29 from the work of the regular classroom, nor to keep  
30 ~~such the~~ child requiring special education in the  
31 special class or instruction for children requiring  
32 special education when it is determined by the  
33 director of special education of an area education  
34 agency that the child can no longer benefit from the  
35 instruction or needs more specialized instruction  
36 available in special schools. However, the school  
37 district shall ~~count~~ include the child requiring  
38 special education in the basic enrollment as provided  
39 in sections 273.9, 281.9 and ~~442-4~~ 442A.5 and shall  
40 ~~insure~~ ensure that appropriate educational provisions  
41 are made for the child requiring special education  
42 within the limits of funds available under the  
43 ~~provisions-of~~ this chapter and chapters 273 and ~~442~~  
44 442A.

45 Sec. 56. Section 282.3, subsection 1, Code 1985,  
46 is amended to read as follows:

47 1. The board may exclude from school children  
48 under the age of six years when in its judgment such  
49 children are not sufficiently mature to be benefited  
50 by regular instruction, or any incorrigible child or

1 any child who in its judgment is so abnormal that  
2 regular instruction would be of no substantial  
3 benefit, or any child whose presence in school may be  
4 injurious to the health or morals of other pupils or  
5 to the welfare of such school. However, the board  
6 shall provide special education programs and services  
7 under the provisions of chapters 273, 281, and 442  
8 442A for all children requiring special education.

9 Sec. 57. Section 282.8, Code 1985, is amended to  
10 read as follows:

11 282.8 ATTENDING SCHOOL OUTSIDE STATE.

12 The boards of directors of school districts located  
13 near the state boundaries may designate schools of  
14 equivalent standing across the state line for  
15 attendance of both elementary and high school pupils  
16 when the public school in the adjoining state is  
17 nearer than any appropriate public school in a pupil's  
18 district of residence or in Iowa. Distance shall be  
19 measured by the nearest traveled public road.  
20 Arrangements shall be subject to reciprocal agreements  
21 made between the chief state school officers of the  
22 respective states. Notwithstanding section 282.1,  
23 arrangements between districts pursuant to the  
24 reciprocal agreements made under this section shall  
25 establish tuition and transportation fees in an amount  
26 acceptable to the affected boards, but the tuition and  
27 transportation fees shall not be less than the lower  
28 average cost per pupil for the previous school year of  
29 the two affected school districts. For the purpose of  
30 this section average cost per pupil for the previous  
31 school year is determined by dividing the district's  
32 operating instructional expenditures for the previous  
33 school year by the number of children enrolled in the  
34 district on the second third Friday of September of  
35 the previous school year. A person attending school  
36 in another state shall continue to be treated as a  
37 pupil of the district of residence in the  
38 apportionment of the current school fund and the  
39 payment of state aid.

40 Sec. 58. Section 282.19, Code Supplement 1985, is  
41 amended to read as follows:

42 282.19 CHILD LIVING IN FOSTER CARE FACILITY.

43 A child who is living in a licensed child foster  
44 care facility as defined in section 237.1 in this  
45 state which is located in a school district other than  
46 the school district in which the child resided before  
47 receiving foster care may enroll in and attend an  
48 approved school in the school district in which the  
49 child is living. If a child does not require special  
50 education and was not counted in the basic enrollment

1 of a school district for a budget year under section  
2 ~~442-4~~ 442A.5, the tuition and transportation, when  
3 required by law, shall be paid by the treasurer of  
4 state from funds in the state treasury not otherwise  
5 appropriated, and upon warrants drawn by the state  
6 comptroller upon requisition of the commissioner of  
7 public instruction.

8 Sec. 59. Section 282.20, unnumbered paragraph 1,  
9 Code 1985, is amended to read as follows:

10 The school corporation in which the student resides  
11 shall pay from the general fund to the secretary of  
12 the corporation in which the student is permitted to  
13 enroll, a tuition fee as prescribed in section 282.24.  
14 The amount shall be charged against the instructional  
15 account.

16 Sec. 60. Section 282.24, subsection 1, unnumbered  
17 paragraph 1, Code 1985, is amended to read as follows:

18 There is established a maximum tuition fee that may  
19 be charged for elementary and high school students  
20 residing within another school district or corporation  
21 except students attending school in another district  
22 under section 282.7, subsection 1. That fee is the  
23 district cost per pupil of the receiving district as  
24 ~~computed in section 442-97-subsection 17-paragraph~~  
25 ~~"a".~~

26 Sec. 61. Section 282.27, Code Supplement 1985, is  
27 amended to read as follows:

28 282.27 PAYMENT FOR CERTAIN CHILDREN.

29 When a child requiring special education is living  
30 in a state-supported institution, charitable  
31 institution, or licensed boarding home as defined in  
32 this chapter which does not maintain a school and the  
33 residence of the child requiring special education is  
34 in a school district other than the school district in  
35 which the state-supported institution, charitable  
36 institution, or licensed boarding home is located, the  
37 child is eligible for special education programs and  
38 services provided for children requiring special  
39 education who are residents of the school district in  
40 which the institution or boarding home is located.  
41 The special education instructional costs shall be  
42 computed by means of weighted enrollment for that  
43 child under ~~the provisions of~~ chapters 273, 281, and  
44 ~~442~~ 442A as if that child were a resident of the  
45 school district in which the institution or boarding  
46 home is located but the child shall be included in the  
47 enrollment count in the district of residence in the  
48 manner provided in sections 281.9 and ~~442-4~~ 442A.5.  
49 The costs as computed shall be paid by the district of  
50 residence. No A child requiring special education

1 shall not be denied special education programs and  
2 services because of a dispute over determination of  
3 residence of that child. If there is a dispute over  
4 the residence of the child, the state board of public  
5 instruction shall determine the residence of the  
6 child. However, if the special education  
7 instructional costs incurred on behalf of the child  
8 exceed the amount which would be allowed if the child  
9 were provided the programs and services in the  
10 district of residence, the treasurer of the school  
11 district of residence shall make payment at the  
12 maximum amount allowed in that district for a child  
13 requiring special education who is similarly  
14 handicapped. If the child requiring special education  
15 is not counted in the weighted enrollment of any  
16 district under section 281.9, and payment is not made  
17 by any district, the district in which the institution  
18 or boarding home is located may certify the special  
19 education instructional costs to the commissioner of  
20 public instruction not later than September 1 of each  
21 year for the preceding fiscal year. The state board  
22 of public instruction shall review the costs and  
23 submit a requisition to the state comptroller. The  
24 amount due shall be paid by the treasurer of state to  
25 the district in which the institution or licensed  
26 boarding home is located from any funds in the general  
27 fund of the state not otherwise appropriated upon  
28 warrants drawn and signed by the state comptroller.  
29 For the purposes of this section, the term "district  
30 of residence of the child" means the residence of the  
31 parent or legal guardian, or the location of the  
32 district court if the district court is the legal  
33 guardian, of the child.

34 Sec. 62. Section 283A.9, Code 1985, is amended to  
35 read as follows:

36 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

37 School districts are authorized to purchase, erect,  
38 or otherwise acquire a building for use as a school  
39 lunch facility, and to equip such-a the building for  
40 such-use, and pay for same expenditures from  
41 unencumbered funds on-hand in the schoolhouse fund  
42 ~~derived-from-taxes-voted-under-authority-of-section~~  
43 ~~278-17-subsection-77-or-275-327-subject-to-the-terms~~  
44 ~~of-this-section~~, or may pay for same the building from  
45 the proceeds of the sale of school property sold under  
46 section 297.22, or from surplus remaining in the  
47 schoolhouse fund after retirement of a bond issue, ~~or~~  
48 ~~from-a-tax-voted-for-said-purposes~~. Payments made  
49 under this section from the general fund shall be  
50 charged against the infrastructure account.

1 Sec. 63. Section 285.2, unnumbered paragraph 3,  
2 Code 1985, is amended to read as follows:

3 The costs of providing transportation to nonpublic  
4 school pupils as provided in section 285.1 shall not  
5 ~~be included in the computation of district cost under~~  
6 ~~chapter 442, but shall~~ be shown in the budget as an  
7 ~~expense from miscellaneous income~~ a separate expense.  
8 Any transportation reimbursements received by a local  
9 school district for transporting nonpublic school  
10 pupils shall ~~not affect district cost limitations of~~  
11 ~~chapter 442~~ be recorded as a separate nonpublic  
12 transportation account in the general fund and be used  
13 only for expenses relating to nonpublic pupil  
14 transportation. The reimbursements provided in this  
15 ~~section are miscellaneous income as defined in section~~  
16 ~~442-5.~~

17 Sec. 64. Section 285.10, subsection 7, paragraph  
18 a, Code 1985, is amended to read as follows:

19 a. From such funds as may be available in the  
20 general fund and charged against the infrastructure  
21 account.

22 Sec. 65. Section 291.15, Code Supplement 1985, is  
23 amended to read as follows:

24 291.15 ANNUAL REPORT.

25 The treasurer shall make an annual report to the  
26 board at its regular July meeting, which shall show  
27 the amount of each account in the general fund and the  
28 schoolhouse fund and the amounts held over, received,  
29 paid out, and on hand, the several funds accounts to  
30 be separately stated, and the treasurer shall  
31 immediately file a copy of this report with the  
32 commissioner of public instruction and a copy with the  
33 county treasurer.

34 Sec. 66. Section 294.9, subsection 2, Code 1985,  
35 is amended to read as follows:

36 2. From the ~~proceeds of an annual tax levy~~ general  
37 fund and charged against the appropriate account.

38 Sec. 67. Section 297.9, Code 1985, is amended to  
39 read as follows:

40 297.9 USE FOR OTHER THAN SCHOOL PURPOSES.

41 The board of directors of any school district may  
42 authorize the use of any schoolhouse and its grounds  
43 within such the district for the purpose of meetings  
44 of granges, lodges, agricultural societies, and  
45 similar societies, for parent-teacher associations,  
46 for community recreational activities, community  
47 education programs, election purposes, other meetings  
48 of public interest, public forums and similar  
49 community purposes, provided that such. However, the  
50 use shall in no way not interfere with school

1 activities, ~~such~~. The use to-be-for-such shall  
2 include compensation, and upon such terms, and  
3 conditions as may be fixed determined by said the  
4 board for the proper protection of the schoolhouse and  
5 the property belonging therein, including that of  
6 pupils, except that. However, in the case of  
7 community education programs, any compensation  
8 necessary for programs provided specifically by  
9 community education and not those provided through  
10 community education by other agencies or organizations  
11 shall be compensated from the funding provided for  
12 community education programs general fund and charged  
13 against the infrastructure account.

14 Sec. 68. Section 297.10, Code 1985, is amended to  
15 read as follows:

16 297.10 COMPENSATION.

17 Any compensation for such use shall be paid into  
18 the general fund and credited to the infrastructure  
19 account and be expended in the upkeep and repair of  
20 such school property, and in purchasing supplies  
21 therefor for the property.

22 Sec. 69. Section 297.22, unnumbered paragraphs 1,  
23 2, and 7, Code Supplement 1985, are amended to read as  
24 follows:

25 The board of directors of a school district may  
26 sell, lease, or dispose of, in whole or in part, a  
27 schoolhouse, site, or other property belonging to the  
28 district ~~for which the appraised value does not exceed~~  
29 ~~twenty-five thousand dollars. If the appraised value~~  
30 ~~exceeds twenty-five thousand dollars, the board shall~~  
31 ~~submit the question at an election under section~~  
32 ~~278-1, subsection 2, to authorize the sale, lease or~~  
33 ~~disposal.~~

34 Proceeds from the sale, lease or disposition of  
35 real property ~~shall be placed in the schoolhouse fund,~~  
36 and proceeds from the sale, lease or disposition of  
37 property other than real property, shall be placed in  
38 the general fund and credited to the infrastructure  
39 account.

40 The board of directors of a school corporation may  
41 lease a portion of an existing school building in  
42 which the remaining portion of the building will be  
43 used for school purposes for a period of not to exceed  
44 five years. The lease may be renewed at the option of  
45 the board. Sections 297.15 to 297.20, sections 297.23  
46 and 297.24, and ~~the property value limitations and~~  
47 appraisal requirements of this section do not apply to  
48 the lease of a portion of an existing school building.

49 Sec. 70. NEW SECTION. 297.35 CONTINUATION OF  
50 LOAN AGREEMENT.

1 A loan agreement between a school district and a  
2 bank, investment banker, trust company, insurance  
3 company, or insurance group that was made under  
4 section 297.36, Code 1985, in order to make  
5 immediately available proceeds of the schoolhouse tax  
6 approved by the voters prior to July 1, 1986 shall  
7 continue in effect for the duration of the loan  
8 agreement.

9 Sec. 71. Section 297.36, Code 1985, is amended to  
10 read as follows:

11 297.36 LOAN AGREEMENTS.

12 In order to make immediately available proceeds of  
13 ~~the schoolhouse tax which has been approved by the~~  
14 ~~voters as provided in section 278-17-subsection-7~~ up  
15 to sixty-seven and one-half cents of the  
16 infrastructure levy, the board of directors may, with  
17 or without notice, borrow money and enter into loan  
18 agreements of not to exceed ten years in duration in  
19 anticipation of the collection of the tax with a bank,  
20 investment banker, trust company, insurance company,  
21 or insurance group.

22 By resolution, the board shall provide for an  
23 annual levy which is within the limits ~~of the tax~~  
24 approved by the voters provided in this section to pay  
25 for the amount of the principal and interest due each  
26 year until maturity. The board shall file a certified  
27 copy of the resolution with the auditor of each county  
28 in which the district is located. The filing of the  
29 resolution with the auditor ~~shall make~~ makes it the  
30 duty of the auditor to annually levy the amount  
31 certified for collection until funds are realized to  
32 repay the loan and interest on the loan in full.

33 The loan must mature within the ten-year period of  
34 ~~time authorized by the voters~~ and shall bear interest  
35 at a rate which does not exceed the limits provided  
36 under chapter 74A. A loan agreement entered into  
37 pursuant to this section shall be in a form as the  
38 board of directors shall by resolution provide and the  
39 loan shall be payable as to both principal and  
40 interest from the proceeds of the annual levy of the  
41 ~~voted tax pursuant to section 278-17-subsection-7~~  
42 infrastructure levy, or so much thereof as will be  
43 sufficient to pay the loan and interest on the loan.

44 The proceeds of a loan must be deposited in a fund  
45 which is separate from other district funds. Warrants  
46 paid from this fund must be for purposes authorized by  
47 ~~the voters as provided in section 278-17-subsection-7~~  
48 for the infrastructure levy.

49 This section does not limit the authority of the  
50 board of directors to levy the full ~~amount of the~~

1 voted-tax sixty-seven and one-half cents levy, but if  
2 and to whatever extent the tax is levied in any year  
3 in excess of the amount of principal and interest  
4 falling due in that year under a loan agreement, the  
5 first available proceeds, to an amount sufficient to  
6 meet maturing installments of principal and interest  
7 under the loan agreement, shall be paid into the  
8 sinking fund for the loan before the taxes are  
9 otherwise made available to the school corporation for  
10 other school purposes, and the amount required to be  
11 annually set aside to pay principal of and interest on  
12 the money borrowed under the loan agreement ~~shall~~  
13 constitute ~~constitutes~~ a first charge upon the  
14 proceeds of the ~~special-voted-tax~~ infrastructure levy,  
15 which tax shall be pledged to pay the loan and the  
16 interest on the loan.

17 This section is supplemental and in addition to  
18 existing statutory authority to finance the purposes  
19 specified in section ~~278.17-subsection-7~~ 442A.10, and  
20 for the borrowing of money and execution of loan  
21 agreements in connection with that section and  
22 subsection, and is not subject to any other law. The  
23 fact that a school corporation may have previously  
24 borrowed money and entered into loan agreements under  
25 authority of this section does not prevent the school  
26 corporation from borrowing additional money and  
27 entering into further loan agreements if the aggregate  
28 of the amount payable under all of the loan agreements  
29 does not exceed the proceeds of the ~~voted-tax~~  
30 infrastructure levy.

31 Sec. 72. Section 298.1, Code 1985, is amended to  
32 read as follows:

33 298.1 SCHOOL TAXES.

34 The board of each school district shall estimate  
35 the amount of the proposed expenditures and proposed  
36 receipts for the ~~general~~ school purposes at a time and  
37 in a manner to effectuate the provisions of chapter  
38 ~~442~~ 442A and sections 281.9 and 281.11. Compliance  
39 with chapter 24 shall be observed.

40 Sec. 73. Section 298.7, Code 1985, is amended to  
41 read as follows:

42 298.7 CONTRACT FOR USE OF LIBRARY.

43 The board of directors of a school corporation in  
44 which there is no free public library may contract  
45 with a free public library for the free use of the  
46 library by the residents of the school district, and  
47 pay the library the amount agreed upon for the use of  
48 the library as provided by law. During the existence  
49 of the contract, the board shall ~~certify-annually-a~~  
50 ~~tax-sufficient-to-pay-the-library-the-consideration~~

1 ~~agreed-upon, not-exceeding-twenty-cents-per-thousand~~  
2 ~~dollars-of-assessed-value-of-the-taxable-property-of~~  
3 ~~the-district~~ include the cost as an instructional  
4 expenditure pursuant to chapter 442A. During the  
5 existence of the contract, the school corporation is  
6 relieved from the requirement that the school  
7 treasurer withhold funds for library purposes. This  
8 section does not apply in townships where a contract  
9 for other library facilities is in existence.

10 Sec. 74. Section 300.2, Code 1985, is amended by  
11 striking the section and inserting in lieu thereof the  
12 following:

13 300.2 TAX LEVY.

14 The board of directors of a school district may use  
15 moneys from the infrastructure levy for public  
16 educational and recreational activities authorized  
17 under this chapter.

18 Sec. 75. Section 301.1, Code 1985, is amended to  
19 read as follows:

20 301.1 ADOPTION -- PURCHASE AND SALE.

21 The board of directors of ~~each-and-every~~ a school  
22 ~~district is-hereby-authorized-and-empowered-to may~~  
23 ~~adopt textbooks for-the-teaching-of-all-branches-that~~  
24 ~~are-now-or-may-hereafter-be-authorized-to-be-taught-in~~  
25 ~~the-public-schools-of-the-state,~~ and to may contract  
26 for and ~~buy-said~~ purchase the books and ~~any-and-all~~  
27 other necessary school supplies ~~at-said-contract~~  
28 prices, and to may sell the same books to the pupils  
29 of their respective districts at cost, loan ~~such the~~  
30 textbooks to ~~such~~ pupils free, or rent them to ~~such~~  
31 pupils at ~~such~~ a reasonable fee as the board shall ~~fix~~  
32 determine, and ~~said the~~ money so received shall be  
33 returned to the general fund and credited to the  
34 instructional fund.

35 Textbooks adopted and purchased by a school  
36 district may, and shall to the extent funds are  
37 appropriated by the general assembly, be made  
38 available to pupils attending nonpublic schools upon  
39 request of the pupil or the pupil's parent or guardian  
40 under comparable terms as made available to pupils  
41 attending public schools.

42 Sec. 76. Section 331.512, subsection 12, Code  
43 1985, is amended to read as follows:

44 12. Carry out duties relating to levy of school  
45 taxes as provided in chapter ~~442~~ 442A.

46 Sec. 77. Section 422.100, Code 1985, is amended to  
47 read as follows:

48 422.100 ALLOCATION TO MONEYS AND CREDITS  
49 REPLACEMENT FUND IN EACH COUNTY.

50 There is created a permanent fund in the office of

1 the treasurer of state to be known as the "moneys and  
2 credits replacement fund". The director shall  
3 determine the percentage which the aggregate taxable  
4 value for the year 1965 of the property described in  
5 and subject to taxation under section 429.2, Code  
6 1966, owned or held by individuals, administrators,  
7 executors, guardians, conservators, trustees or an  
8 agent or nominee thereof, and the aggregate taxable  
9 value for the year 1965 of the property described in  
10 and subject to taxation under section 431.1, Code  
11 1966, for the year 1965 but not subject to taxation  
12 under that section for the year 1966, in each county  
13 bears to the total aggregate taxable value of such  
14 property reported from all of the counties in the  
15 state and shall certify the percentage for each county  
16 to the state comptroller prior to January 1, 1967. In  
17 July of each year, the state comptroller shall apply  
18 that percentage to the money in the moneys and credits  
19 tax replacement fund prior to that July and determine  
20 the amount due to each county. The state comptroller  
21 shall draw warrants on the moneys and credits tax  
22 replacement fund in such amounts payable to the county  
23 treasurer of each county and transmit them. The  
24 county treasurer shall apportion these amounts as  
25 follows: For the amounts received in January 1972,  
26 and all previously collected amounts, twenty percent  
27 to the county general fund, fifty percent to the  
28 school general fund and credited to the instructional  
29 account, and the remaining thirty percent to cities  
30 and towns in the proportion that the taxable values  
31 for each city and town for 1965 of property subject to  
32 taxation in 1965 under sections 429.2, Code 1966, and  
33 431.1, Code 1966, is to the total of such taxable  
34 values for all cities and towns within the county; for  
35 the amounts received in January 1973, and all  
36 subsequently collected amounts, forty percent to the  
37 county, and the remaining sixty percent to cities and  
38 towns in the proportion that the taxable values for  
39 each city and town for the year 1965 under sections  
40 429.2 and 431.1, Code 1966, is to the total of such  
41 taxable values for all the cities and towns within the  
42 county.

43 Sec. 78. Section 467B.14, unnumbered paragraph 1,  
44 Code 1985, is amended to read as follows:

45 Sixty-five percent of any such payments or payment  
46 received from the federal government shall be  
47 distributed to the general fund of the school  
48 districts of the county and credited to the  
49 infrastructure account after the county auditor has  
50 determined the districts which are principally

1 affected by the federal flood control project involved  
2 in an amount deemed to be the equitable share of each  
3 such district and the amount allocated to each school  
4 district shall be paid over to the treasurer of such  
5 school district.

6 Sec. 79. Section 422.43, subsections 1, 2, 6, and  
7 10, Code Supplement 1985, are amended to read as  
8 follows:

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

30 2. There is imposed a ~~tax-of-four-percent~~ like  
31 rate of tax upon the gross receipts derived from the  
32 operation of all forms of amusement devices and games  
33 of skill, games of chance, raffles, and bingo games as  
34 defined in chapter 99B, operated or conducted within  
35 the state of Iowa, the tax to be collected from the  
36 operator in the same manner as is provided for the  
37 collection of taxes upon the gross receipts of tickets  
38 or admission fees as provided in this section. The  
39 tax shall also be imposed upon the gross receipts  
40 derived from the sale of lottery tickets or shares  
41 pursuant to chapter 99E. The tax on the lottery  
42 tickets or shares shall be included in the sales price  
43 and distributed to the general fund as provided in  
44 section 99E.10.

45 6. There is imposed a ~~tax-of-four-percent~~ like  
46 rate of tax upon the gross receipts from the sales of  
47 optional service or warranty contracts which provide  
48 for the furnishing of labor and materials and require  
49 the furnishing of any taxable service enumerated under  
50 this section. The gross receipts are subject to tax

1 even if some of the services furnished are not  
2 enumerated under this section. For the purpose of  
3 this division, the sale of an optional service or  
4 warranty contract is a sale of tangible personal  
5 property. Additional sales, services, or use tax  
6 shall not be levied on services, parts, or labor  
7 provided under optional service or warranty contracts  
8 which are subject to tax under this section.

9 10. There is imposed a tax of four five percent  
10 upon the gross receipts from the rendering,  
11 furnishing, or performing of services as defined in  
12 section 422.42.

13 Sec. 80. Section 422.47, Code 1985, is amended by  
14 adding the following new subsection:

15 NEW SUBSECTION. Construction contractors may make  
16 application to the department for a refund of the  
17 additional one percent tax paid under this division or  
18 the additional one percent tax paid under chapter 423  
19 by reason of the increase in the tax from four to five  
20 percent for taxes paid on goods, wares, or merchandise  
21 under the following conditions:

22 a. The goods, wares, or merchandise are  
23 incorporated into an improvement to real estate in  
24 fulfillment of a written contract fully executed prior  
25 to July 1, 1986. The refund shall not apply to  
26 equipment transferred in fulfillment of a mixed  
27 construction contract.

28 b. The contractor has paid to the department or to  
29 a retailer the full five percent tax.

30 c. The claim is filed on forms provided by the  
31 department and is filed within one year of the date  
32 the tax is paid.

33 A contractor who makes an erroneous application for  
34 refund is liable for payment of the excess refund paid  
35 plus interest at the rate in effect under section  
36 421.7. In addition, a contractor who willfully makes  
37 a false application for refund is guilty of a simple  
38 misdemeanor and is liable for a penalty equal to  
39 seventy-five percent of the excess refund claimed.  
40 Excess refunds, penalties, and interest due under this  
41 subsection may be enforced and collected in the same  
42 manner as the tax imposed by this division.

43 Sec. 81. Section 423.2, Code 1985, is amended to  
44 read as follows:

45 423.2 IMPOSITION OF TAX.

46 An excise tax is imposed on the use in this state  
47 of tangible personal property purchased for use in  
48 this state, at the rate of four five percent of the  
49 purchase price of the property. The excise tax is  
50 imposed upon every person using the property within

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1 this state until the tax has been paid directly to the  
2 county treasurer or the state department of  
3 transportation, to a retailer, or to the department.  
4 An excise tax is imposed on the use in this state of  
5 services enumerated in section 422.43 at the rate of  
6 four five percent. This tax is applicable where if  
7 services are rendered, furnished, or performed in this  
8 state or where if the product or result of the service  
9 is used in this state. This tax is imposed on every  
10 person using the services or the product of the  
11 services in this state until the user has paid the tax  
12 either to an Iowa use tax permit holder or to the  
13 department of revenue.  
14 Sec. 82. Chapter 260A, Code 1985 and chapter 442,  
15 Code 1985 and Code Supplement 1985, are repealed.  
16 Sections 276.11, 276.12, 291.13, 297.5, 298.9, 298.10,  
17 298.16, 298.17, 300.3, 300.4, 301.4, 301.24, and  
18 301.27, Code 1985, and section 279.43, Code Supplement  
19 1985, are repealed.  
20 Sec. 83. Sections 1 through 78 and 82 of this Act  
21 take effect for computations and procedures needed for  
22 the school year beginning July 1, 1988, except that  
23 section 21 takes effect for computations and  
24 procedures needed for the school year beginning July  
25 1, 1987."

S-5923 Filed May 1, 1986  
BY BROWN

LOST

Lost 5/1 (p. 1515) -

STATE OF IOWA  
**FISCAL NOTE**

LSB No. 8417S.5  
Staff ID. RJH

FN p. 3

FISCAL EFFECT:

(dollars in thousands)

	F.Y. 1988			F.Y. 1989		
	Current Law	Proposed Law	Increase / (Decrease)	Current Law	Proposed Law	Increase / (Decrease)
<b>REVENUE</b>						
50% Deduct.	\$ 0	\$ 115,000	\$ 115,000	\$ 0	\$ 130,000	\$ 130,000
Prop tax rel.	0	40,000	40,000	0	39,400	39,400
Sal. Improv.	0	20,000	20,000	0	7,200	7,200
Other			0			0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 175,000</b>	<b>\$ 175,000</b>	<b>\$ 0</b>	<b>\$ 176,600</b>	<b>\$ 176,600</b>
<b>EXPENDITURES</b>						
Sal. Improv.	\$ 0	\$ 52,800	\$ 52,800	\$ 0	\$ 54,200	\$ 54,200
Prop tax rel.	0	75,600	75,600	0	111,200	111,200
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 128,400</b>	<b>\$ 128,400</b>	<b>\$ 0</b>	<b>\$ 165,400</b>	<b>\$ 165,400</b>
<b>NET EFFECT</b>	<b>\$ 0</b>	<b>\$ 46,600</b>	<b>\$ 46,600</b>	<b>\$ 0</b>	<b>\$ 11,200</b>	<b>\$ 11,200</b>

The provision for House File 2462 would result in an estimated increase in state aid of up to \$1.4 million.

Source: Department of Public Instruction  
Department of Revenue  
Office of the State Comptroller

(LSB 8417S.5, RJH)

Filed by the Sec. of the Senate 5/2/86



*Dennis Prouty*  
Fiscal Director  
Legislative Fiscal Bureau  
Date: 5/1/86

SENATE 2  
May 2, 1986

STATE OF IOWA

FISCAL NOTE TO

LSB No. 8417S.2  
Staff ID. RJH

REQ. BY GRATIAS

SENATE FILE 2298

In compliance with a written request received April 28, 1986, a fiscal note for AMENDMENT S-5750 TO SENATE FILE 2298 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Amendment S-5750 to Senate File 2298 imposes a one-cent sales, services, and use tax increase to be used to increase state foundation aid paid to school districts. The state foundation base is increased from 80 percent to 82 percent of the state cost per pupil for the school year beginning July 1, 1986. The amendment strikes all references to limited federal tax deductibility and reduced foundation property tax rates contained in Senate File 2298.

The amendment also allows construction contractors to make application to the Department of Revenue for a refund of the additional one percent sales, services, and use tax paid under certain conditions. A contractor who willfully makes a false application for a refund is guilty of a simple misdemeanor and is liable for a penalty equal to 75 percent of the excess refund claimed.

Appropriations made to the salary improvement fund in Senate File 2298 are reduced in Amendment S-5750 in FY 1988 and FY 1989 from \$40 million and \$80 million, respectively, to \$20 million in each fiscal year.

ASSUMPTIONS:

1. Contractors will apply for and receive the entire amount of additional tax paid in FY 1987 and FY 1988 of approximately \$2.5 million.
2. The increased foundation level will cause state aid paid to school districts to increase by \$28 million in FY 1987 and FY 1988.

FISCAL EFFECT: For FY 1987 and FY 1988, it is estimated that the one-cent sales, services, and use tax increase will increase General Fund revenues by \$175 million in each year. On the expenditure side, refunds paid to construction contractors, appropriations made to the salary improvement fund, and increased state aid payments made to local schools are expected to total \$50.5 million in FY 1987 and FY 1988. Thus, the net fiscal impact on the General Fund is a \$124.5 million increase in FY 1987 and FY 1988.

(LSB 8417S.2, RJH)

Filed by the Sec. of the Senate May 1, 1986

  
Fiscal Director  
Legislative Fiscal Bureau  
Date: 4/28/86

**FISCAL NOTE** TO

REQ. BY MURPHY

SENATE FILE 2298

In compliance with a written request received April 28, 1986, a fiscal note for **AMENDMENT S-5749 TO SENATE FILE 2298** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Amendment S-5749 to Senate File 2298 makes provisions for the use of the salary improvement fund. The amendment also extends the reduced foundation levy to all property classifications. It also creates a new school finance plan to replace the state school foundation plan under current law beginning with the 1988-89 school year. The amendment makes provisions for educational funding for the school years beginning July 1, 1987 and July 1, 1988 as follows.

Section one addresses the provisions made for school year 1987-88. Under the amendment, the school foundation property tax levy is reduced from \$5.40 per \$1,000 assessed valuation to \$4.20 per \$1,000 assessed valuation on all taxable property within the school district. The amendment mandates a \$17,000 minimum teacher salary and makes a \$5 million appropriation from the salary fund to be paid to the school districts for that purpose. An additional amount of \$99 per pupil is appropriated from the salary fund to be paid to the school districts for the purpose of increasing teacher salaries.

Assumptions:

1. Taxable valuations will increase four percent per year from 1984.
2. Teacher salaries will increase three percent per year from FY 1986.
3. The September 1986 certified enrollment will be an estimated 480,200.

Fiscal Effect: The total taxable valuations in 1986 is an estimated \$77.12 billion. Reducing the foundation levy to \$4.20 per \$1,000 assessed valuation would require an \$89.0 million increase in state aid. The amount of funding to achieve the statewide minimum teacher salary is an estimated \$5.0 million. The \$99 per pupil appropriation would contribute an additional \$47.5 million to teacher salaries from the salary fund. The net impact to the state in FY 1988 would be an estimated \$141.5 million.

Section two addresses the provisions of the amendment that are effective beginning with school year 1988-89. The amendment introduces a new school finance plan and mandates a five-step minimum teacher salary schedule within that plan.

The statewide minimum salary schedule is based on educational attainment as follows:

<u>Educational Level</u>	<u>Minimum Salary</u>
BA	\$18,000
BA + 15 credit hours	\$22,000
BA + 30 credit hours	\$26,000
MA	\$26,000
MA + 15 credit hours	\$28,000

Assumptions:

1. Assumptions # 1 and #2 in section one.
2. Includes all staff positions requiring a teaching certificate.
3. Any staff having seven to thirteen years of experience would have a BA plus fifteen credit hours. Any staff having more than thirteen years experience would have a BA plus thirty credit hours. Any staff having an MA and more than twelve years of experience would have an MA plus fifteen credit hours. Any staff having a degree higher than an MA can be assumed to have a minimum salary of \$28,000.

Fiscal Effect: To raise teacher salaries to the minimum levels would require an estimated \$57 million which would be expended from the instructional category under the new school finance plan.

A new state school finance plan is created to replace the current school foundation plan effective July 1, 1988. Under current law a school district's budget for general fund expenditures is determined through the school foundation formula. Other expenditures are counted as miscellaneous income and are determined outside the formula. The amendment divides all budgeted expenditures except lawful bonded indebtedness and debt service into three funding categories. The categories are instructional, infrastructure and area education agency expenditures.

The instructional category includes salaries, benefits and institutional supplies, instructional costs of special education, and programs for gifted and talented children and for non-English speaking children. The category is funded through a combination of property tax and state aid as determined by the proposed formula. A state cost per pupil, calculated by dividing the instructional expenditures by the certified enrollment plus weighting is the base year.

The district cost per pupil in school year 1988-89 is defined as 77% of the district cost per pupil in the base year plus the computed allowable growth, plus a sum of \$160.00 to cover increased salary requirements. A district cost is computed by multiplying the district cost per pupil by the certified enrollment plus weightings. An amount in state aid is paid to the school districts for instructional purposes equal to the difference between the amount raised by a uniform levy of \$3.00 per \$1,000 assessed valuation and the district cost.

The infrastructure category includes all school district costs except those aforementioned. The infrastructure category also includes those instructional costs which are not otherwise funded within the instructional budget. Infrastructure expenditures are to be funded in full through property tax revenue generated within the school district.

The area education agency expenditure category contains two funding provisions. Area education agency special education support costs are to be funded as follows. A state special education support cost per pupil derived by the product of the state cost for special education support services in the 1987-88 base year and the enrollment served, plus the allowable growth. An amount of state aid is paid to the area education agencies equal to the special education support cost per pupil multiplied by the enrollment served. The balance of the funding is to be raised through property taxes levied by the school districts in the area and is added to the school district's infrastructure category. Area education agency media and educational services expenditures are computed as specified in current law.

Media and educational services costs are to be funded through property tax revenue

FISCAL NOTE

generated within the school districts in the area and are added to the school district's infrastructure category.

Assumptions:

1. Assumptions #1 and #2 in section one.
2. Allowable growth will be four percent per year from the 1986-87 school year.
3. Kindergarten full-time equivalent will be equal to the actual headcount.
4. Special education weighting will remain constant through the school year beginning July 1, 1988.
5. The 1985 nonpublic enrollment is 47,320. Nonpublic enrollment will remain constant through the school year beginning July 1, 1988.
6. The ratio of instructional to infrastructure expenditures (after adjustments for minimum teacher salary provisions) will remain constant through the school year beginning July 1, 1988.
7. The September 1987 certified enrollment will be an estimated 475,749.
8. Expenditures for talented and gifted children programs and for non-English speaking children programs will be an estimated \$17-18 million in school year 1988-89. Funding for these programs is not included in the estimates.
9. For the purpose of comparing the proposal with current law, the infrastructure category includes only those infrastructure expenditures currently included in a school district's general operating fund budget.

Fiscal Effect:

	(dollars in millions)					
	State Funded			Property Tax Funded		
	Current Law	Proposed Law	F.Y. 1989 Increase / (Decrease)	Current Law	Proposed Law	F.Y. 1989 Increase / (Decrease)
<b>EXPENDITURES</b>						
Instructional	\$ -	\$ 883.4	\$ -	\$ -	\$ 33.9	\$ -
Infrastructure	-	0.0	-	-	695.2	-
Subtotal	745.8	883.4	137.6	740.8	729.1	(11.7)
Area Education Agency	52.2	52.2	0.0	37.9	37.9	0.0
<b>TOTAL</b>	<b>\$ 798.0</b>	<b>\$ 935.6</b>	<b>\$ 137.6</b>	<b>\$ 778.7</b>	<b>\$ 767.0</b>	<b>\$ (11.7)</b>

Sources: Department of Public Instruction  
Iowa State Education Association  
Office of the State Comptroller

Filed by the Sec. of the Senate May 1, 1986

(LSB 8417S.3, RJH)  
*Dennis Prouty*  
Fiscal Director  
Legislative Fiscal Bureau  
Date: 5/28/86

SENATE FILE 2298

S-5750

1 Amend Senate File 2298 as follows:

2 1. By striking page 1, line 1 through page 2,  
3 line 11, and inserting the following:

4 "Section 1. Section 422.43, subsections 1, 2, 6,  
5 and 10, Code Supplement 1985, are amended to read as  
6 follows:

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

28 2. There is imposed a tax-of-four-percent like  
29 rate of tax upon the gross receipts derived from the  
30 operation of all forms of amusement devices and games  
31 of skill, games of ~~chance~~, raffles, and bingo games as  
32 defined in chapter 99B, operated or conducted within  
33 the state of Iowa, the tax to be collected from the  
34 operator in the same manner as is provided for the  
35 collection of taxes upon the gross receipts of tickets  
36 or admission fees as provided in this section. The  
37 tax shall also be imposed upon the gross receipts  
38 derived from the sale of lottery tickets or shares  
39 pursuant to chapter 99E. The tax on the lottery  
40 tickets or shares shall be included in the sales price  
41 and distributed to the general fund as provided in  
42 section 99E.10.

43 6. There is imposed a tax-of-four-percent like  
44 rate of tax upon the gross receipts from the sales of  
45 optional service or warranty contracts which provide  
46 for the furnishing of labor and materials and require  
47 the furnishing of any taxable service enumerated under  
48 this section. The gross receipts are subject to tax  
49 even if some of the services furnished are not  
50 enumerated under this section. For the purpose of

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1 this division, the sale of an optional service or  
2 warranty contract is a sale of tangible personal  
3 property. Additional sales, services, or use tax  
4 shall not be levied on services, parts, or labor  
5 provided under optional service or warranty contracts  
6 which are subject to tax under this section.

7 10. There is imposed a tax of ~~four~~ five percent  
8 upon the gross receipts from the rendering,  
9 furnishing, or performing of services as defined in  
10 section 422.42.

11 Sec. 2. Section 422.47, Code 1985, is amended by  
12 adding the following new subsection:

13 NEW SUBSECTION. Construction contractors may make  
14 application to the department for a refund of the  
15 additional one percent tax paid under this division or  
16 the additional one percent tax paid under chapter 423  
17 by reason of the increase in the tax from four to five  
18 percent for taxes paid on goods, wares, or merchandise  
19 under the following conditions:

20 a. The goods, wares, or merchandise are  
21 incorporated into an improvement to real estate in  
22 fulfillment of a written contract fully executed prior  
23 to July 1, 1986. The refund shall not apply to  
24 equipment transferred in fulfillment of a mixed  
25 construction contract.

26 b. The contractor has paid to the department or to  
27 a retailer the full five percent tax.

28 c. The claim is filed on forms provided by the  
29 department and is filed within one year of the date  
30 the tax is paid.

31 A contractor who makes an erroneous application for  
32 refund is liable for payment of the excess refund paid  
33 plus interest at the rate in effect under section  
34 421.7. In addition, a contractor who willfully makes  
35 a false application for refund is guilty of a simple  
36 misdemeanor and is liable for a penalty equal to  
37 seventy-five percent of the excess refund claimed.  
38 Excess refunds, penalties, and interest due under this  
39 subsection may be enforced and collected in the same  
40 manner as the tax imposed by this division.

41 Sec. 3. Section 423.2, Code 1985, is amended to  
42 read as follows:

43 423.2 IMPOSITION OF TAX.

44 An excise tax is imposed on the use in this state  
45 of tangible personal property purchased for use in  
46 this state, at the rate of ~~four~~ five percent of the  
47 purchase price of the property. The excise tax is  
48 imposed upon every person using the property within  
49 this state until the tax has been paid directly to the  
50 county treasurer or the state department of

S-5750 Page 3

1 transportation, to a retailer, or to the department.  
2 An excise tax is imposed on the use in this state of  
3 services enumerated in section 422.43 at the rate of  
4 ~~four~~ five percent. This tax is applicable where if  
5 services are rendered, furnished, or performed in this  
6 state or where if the product or result of the service  
7 is used in this state. This tax is imposed on every  
8 person using the services or the product of the  
9 services in this state until the user has paid the tax  
10 either to an Iowa use tax permit holder or to the  
11 department of revenue.

12 Sec. 4. Section 442.3, Code 1985, is amended by  
13 striking the section and inserting the following:

14 442.3 STATE FOUNDATION BASE.

15 The state foundation base for the school year  
16 beginning July 1, 1986 is eighty-two percent of the  
17 state cost per pupil. The district foundation base is  
18 the larger of the state foundation base or the amount  
19 per pupil which the district will receive from  
20 foundation property tax and state school foundation  
21 aid."

22 2. Page 2, by striking lines 22 through 27 and  
23 inserting the following: "state to the salary  
24 improvement fund for each of the fiscal years  
25 beginning July 1, 1986, July 1, 1987, and July 1, 1988  
26 the sum of twenty million (20,000,000) dollars."

27 3. Page 3, by striking lines 2 through 8.

28 4. Title page, by striking lines 1 through 5 and  
29 inserting the following: "An Act relating to state  
30 revenues by increasing the state sales, services, and  
31 use tax and by using the increase in revenues to  
32 increase state aid to local school districts and to  
33 provide appropriations to a salary adjustment fund for  
34 use for education purposes only."

S-5750 Filed April 25, 1986

BY GRATIAS

*Olson o/s 5/1 (p. 1517)*

SENATE 3  
April 30, 1986

**FISCAL NOTE TO**  
**SENATE FILE 2298**

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In compliance with a written request received April 28, 1986, a fiscal note for **AMENDMENT S-5750 TO SENATE FILE 2298** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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Amendment S-5750 to Senate File 2298 imposes a one-cent sales, services, and use tax increase to be used to increase state foundation aid paid to school districts. The state foundation base is increased from 80 percent to 82 percent of the state cost per pupil for the school year beginning July 1, 1986. The amendment strikes all references to limited federal tax deductibility and reduced foundation property tax rates contained in Senate File 2298.

The amendment also allows construction contractors to make application to the Department of Revenue for a refund of the additional one percent sales, services, and use tax paid under certain conditions. A contractor who willfully makes a false application for a refund is guilty of a simple misdemeanor and is liable for a penalty equal to 75 percent of the excess refund claimed.

Appropriations made to the salary improvement fund in Senate File 2298 are reduced in Amendment S-5750 in FY 1988 and FY 1989 from \$40 million and \$80 million, respectively, to \$20 million in each fiscal year.

**ASSUMPTIONS:**

1. Contractors will apply for and receive the entire amount of additional tax paid in FY 1987 and FY 1988 of approximately \$2.5 million.
2. The increased foundation level will cause state aid paid to school districts to increase by \$28 million in FY 1987 and FY 1988.

**FISCAL EFFECT:** For FY 1987 and FY 1988, it is estimated that the one-cent sales, services, and use tax increase will increase General Fund revenues by \$175 million in each year. On the expenditure side, refunds paid to construction contractors, appropriations made to the salary improvement fund, and increased state aid payments made to local schools are expected to total \$50.5 million in FY 1987 and FY 1988. Thus, the net fiscal impact on the General Fund is a \$124.5 million increase in FY 1987 and FY 1988.

(LSB 8417S.2, RJH)

Filed by Gratias April 29, 1986

SENATE FILE 2298

S-5763

1 Amend the amendment, S-5749, to Senate File 2298 as  
2 follows:

3 1. Page 7, line 15, by striking the words "for  
4 property tax levy,".

5 2. Page 7, by striking lines 17 through 22 and  
6 inserting the following: "comptroller shall  
7 determine, on the basis of the percent of the  
8 population of each school district residing in  
9 unincorporated areas of the county and the percent  
10 that resides in each city located wholly or partially  
11 within the school district compared to the total  
12 population of the school district, the percent of the  
13 total cost of each district's infrastructure budget to  
14 be paid by each constituent unit. The state  
15 comptroller shall transmit the portion of each  
16 district's budget estimate in dollars to each affected  
17 county board of supervisors and each city council.  
18 The unincorporated part of each county shall be  
19 considered as a separate unit. Each county board of  
20 supervisors shall review the budget estimate for the  
21 unincorporated portion of the county and appropriate  
22 for school district purposes its share in the county  
23 rural services fund budget. Each city council shall  
24 review the budget estimate for the city and  
25 appropriate for school district purposes its share in  
26 the city general fund budget. Each city and county  
27 shall contribute its share from taxation on an  
28 equitable basis by population. With approval of a  
29 city council, the county treasurer may withhold the  
30 city's portion of the taxes collected for a city to  
31 meet the city's contribution for school district  
32 purposes under this section and deliver a receipt to  
33 the city clerk for the amount withheld."

34 3. Page 13, by striking lines 39 and 40 and  
35 inserting the following: "district the amount of the  
36 infrastructure budget. If in the committee's  
37 judgment, the budget is".

38 4. Page 13, line 43, by striking the words "tax  
39 levy" and inserting the following: "budget".

40 5. Page 17, line 10, by striking the word "levy"  
41 and inserting the following: "budget".

42 6. Page 22, line 29, by striking the word "levy"  
43 and inserting the following: "budget".

44 7. Page 23, line 24, by striking the words  
45 "received from the" and inserting the following:  
46 "~~received-from-the~~".

47 8. Page 23, line 27, by striking the words  
48 "infrastructure levy" and inserting the following:  
49 "in the infrastructure account".

50 9. By striking page 32, line 49, through page 34,

1 line 20.

2 10. Page 35, line 5, by striking the word "levy"  
3 and inserting the word "budget".

4 11. Page 35, by inserting after line 31 the  
5 following:

6 "Sec. \_\_\_\_\_. Section 331.424, subsection 2, Code  
7 1985, is amended by adding the following new lettered  
8 paragraph:

9 NEW LETTERED PARAGRAPH. c. For capital projects  
10 and equipment and liability purposes of school  
11 districts under chapter 298.

12 Sec. \_\_\_\_\_. Section 384.12, Code 1985, is amended by  
13 adding the following new subsection:

14 NEW SUBSECTION. 20. A tax sufficient to pay for  
15 the capital projects and equipment and liability  
16 purposes of school districts."

S-5763 Filed April 28, 1986

BY TAYLOR

o/o 5/1 (p. 1517)

SENATE FILE 2298

S-5883

1 Amend the amendment, S-5749, to Senate File 2298 as  
2 follows:

3 1. By striking page 1, line 2 through page 37,  
4 line 9 and inserting the following:

5 "1. Page 1, line 34, by striking the words "and  
6 commercial" and inserting the following: "commercial,  
7 and certain railroad".

8 2. Page 2, line 4, by striking the word  
9 "Notwithstanding" and inserting the following:

10 "a. Notwithstanding".

11 3. Page 2, line 6, by inserting after the word  
12 "property" the following: "and property subject to  
13 the provisions of the Railroad Revitalization and  
14 Regulatory Reform Act of 1976, 49 U.S.C. Sec. 11503".

15 4. Page 2, by striking lines 7 through 9 and  
16 inserting the following: "1987 and July 1, 1988, are  
17 four dollars and twenty cents per thousand dollars and  
18 three dollars and seventy cents per thousand dollars,  
19 respectively,".

20 5. Page 2, line 11, by striking the words "and  
21 commercial" and inserting the following: "commercial,  
22 and such railroad".

23 6. Page 2, by inserting after line 11 the  
24 following:

25 "b. If House File 2462 is enacted by the general  
26 Assembly and becomes law, for the fiscal years  
27 beginning July 1, 1987 and July 1, 1988 the foundation  
28 property tax on residential, agricultural and  
29 commercial property for the portion of a reorganized  
30 school district which, in the year preceding the  
31 reorganization, was within a school district affected  
32 by the reorganization as defined in section 275.1 and  
33 which had a certified enrollment of less than six  
34 hundred, shall be reduced from the rate specified in  
35 this section by the amount of one dollar per thousand  
36 dollars of assessed valuation for the first year in  
37 which the reorganization is effective and by the  
38 amount of eighty cents for the second year in which  
39 the reorganization is effective."

40 7. Page 2, line 26, by striking the words and  
41 figure "eighty million (80,000,000)" and inserting the  
42 following: "fifty-four million (54,000,000)".

43 8. Page 3, by inserting after line 1 the  
44 following:

45 "Sec. \_\_\_\_ . NEW SECTION. 294.22 MINIMUM SALARIES.

46 1. Except as otherwise provided in this  
47 subsection, for the school years beginning July 1,  
48 1987 and July 1, 1988, a contract issued by boards of  
49 directors of a school district under section 279.13  
50 shall provide for an annual salary for a full-time

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1 teacher of at least seventeen thousand dollars and  
2 eighteen thousand dollars, respectively. The minimum  
3 salaries specified in this subsection shall be  
4 prorated for a teacher employed on less than a full-  
5 time basis.

6 There is appropriated from the salary improvement  
7 fund for the fiscal year beginning July 1, 1987 the  
8 amount of five million two hundred thousand  
9 (5,200,000) dollars and for the fiscal year beginning  
10 July 1, 1988, the amount of seven million one hundred  
11 thousand (7,100,000) dollars to the department of  
12 revenue and finance, to pay to each school district an  
13 amount sufficient to increase the annual salaries of  
14 its teachers from the salary on the salary schedule  
15 adopted under a collective bargaining agreement  
16 negotiated under chapter 20 or adopted by the board of  
17 directors if there is no employee organization  
18 established under chapter 20 to the minimum salaries  
19 specified in this subsection.

20 If the amount appropriated in this subsection is  
21 insufficient to make the required payments for a  
22 fiscal year, the department of revenue and finance  
23 shall prorate the payments.

24 2. For the school years beginning July 1, 1987 and  
25 July 1, 1988, there is appropriated from the salary  
26 improvement fund to the department of revenue and  
27 finance an amount sufficient to pay to each school  
28 district an amount equal to ninety-nine dollars  
29 multiplied by the basic enrollment of the district for  
30 the budget year. The amounts received by a school  
31 district under this subsection and subsection 1 are  
32 miscellaneous income for purposes of chapter 442 and  
33 shall be expended only for purposes of increasing  
34 teacher salaries.

35 3. The salary a teacher will receive on a salary  
36 schedule for a year does not include the costs of  
37 fringe benefits nor does it include supplemental pay  
38 earned by a teacher for performance of additional  
39 duties beyond teaching duties.

40 4. For the purposes of this section, "teacher"  
41 means a teacher employed by a school district under a  
42 contract executed pursuant to section 279.13. A  
43 teacher jointly employed by two or more districts or  
44 area education agencies whose employment is on a full-  
45 time equivalent basis is a full-time teacher.

46 5. Salaries in excess of the minimums specified in  
47 subsection 1 shall be based upon experience,  
48 education, and performance. They shall be negotiated  
49 under chapter 20 if an employee organization had been  
50 certified under chapter 20 or shall be determined by

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1 the board of directors if there is no employee  
2 organization certified under chapter 20.

3 Sec. \_\_\_\_\_. There is appropriated from the salary  
4 improvement fund to the department of education for  
5 the fiscal year beginning July 1, 1986 and ending June  
6 30, 1987, the amount of nine hundred thousand  
7 (900,000) dollars to be used for pay adjustments for  
8 full-time nonadministrative certificated employees of  
9 merged area schools. The pay adjustments shall be in  
10 addition to any agreement negotiated under chapter 20  
11 or other salary adjustments or agreements. The  
12 allocation shall be distributed in the same proportion  
13 as each school's full-time nonadministrative  
14 certificated employees are to the total number of  
15 full-time nonadministrative certificated employees at  
16 all merged area schools.

17 A pay adjustment provided in this section shall be  
18 added to the salary of a full-time nonadministrative  
19 certificated employee and shall supplement, not  
20 supplant, the results of a collective bargaining  
21 agreement negotiated under chapter 20, if any. The  
22 amount of a pay adjustment is for the adjustment of  
23 base pay only.

24 It is the intent of the general assembly that  
25 moneys appropriated for salary adjustments for each  
26 area school under this section shall be included in  
27 each institution's general aid request for the fiscal  
28 year beginning July 1, 1987 and the amounts of the pay  
29 adjustments shall be submitted to the general assembly  
30 by the department of education.

31 Sec. \_\_\_\_\_. There is appropriated from the salary  
32 improvement fund to the Iowa college aid commission  
33 for the fiscal year beginning July 1, 1986 and ending  
34 June 30, 1987, the amount of one million (1,000,000)  
35 dollars, or so much thereof as may be necessary to be  
36 used for tuition grants. Moneys appropriated in this  
37 section are in addition to moneys appropriated in  
38 section 261.25, subsection 1.

39 Sec. \_\_\_\_\_. There is appropriated from the salary  
40 improvement fund to the Iowa college aid commission  
41 for the fiscal year beginning July 1, 1986 and ending  
42 June 30, 1987, the amount of fifty thousand (50,000)  
43 dollars, or so much thereof as may be necessary to be  
44 used pursuant to sections 261.81 through 261.84 for  
45 the Iowa college work-study program.

46 Sec. \_\_\_\_\_. There is appropriated from the salary  
47 improvement fund to the state board of regents for the  
48 fiscal year beginning July 1, 1986 and ending June 30,  
49 1987 the amount of five million two hundred fifty  
50 thousand (5,250,000) dollars for allocation by the

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1 state board of regents to the state university of  
2 Iowa, the Iowa state university of science and  
3 technology, and the university of northern Iowa in  
4 amounts as may be necessary for the following  
5 purposes:

6 1. To reimburse the institutions for deficiencies  
7 in their operating funds resulting from the pledging  
8 of tuitions, student fees and charges and  
9 institutional income to finance the cost of providing  
10 academic and administrative buildings and facilities  
11 and utility services at the institutions.

12 2. For supplemental salary increases for faculty,  
13 professional, and scientific employees.

14 The state board of regents shall allocate moneys  
15 allocated under this subsection so that each  
16 institution of higher education receives a portion of  
17 the allocation equal to the percent the eligible full-  
18 time equivalent faculty, professional, and scientific  
19 employees at the institution bears to the total full-  
20 time equivalent faculty at the three institutions.

21 The funds allocated to the university of northern Iowa  
22 shall be distributed through the collective bargaining  
23 in force for the fiscal year beginning July 1, 1986.

24 Sec. \_\_\_\_ Chapter 442, Code 1985 and Code  
25 Supplement 1985, is repealed effective July 1, 1988.

26 Sec. \_\_\_\_ The legislative council is requested to  
27 establish an interim study committee to develop a  
28 school finance formula to take effect for the school  
29 year beginning July 1, 1988. The members of the study  
30 committee shall include the chairpersons and ranking  
31 members of the senate and house of representatives  
32 committees on education and ways and means; the  
33 director of the department of education or the  
34 director's designee; and one member each selected by  
35 the speaker of the house, the majority leader of the  
36 senate, and the minority leaders of the house and  
37 senate. The members selected by the leaders of the  
38 general assembly may be members of the general  
39 assembly or representatives of the general public  
40 knowledgeable about school finance.

41 The study shall include but not be limited to con-  
42 sideration of educational cost per student,  
43 determination of enrollment to use for funding  
44 purposes, kinds of state revenues used for state aid  
45 and local tax effort, growth of state funding,  
46 limitations on school district expenditures, funding  
47 of special programs, and funding of capital ex-  
48 penditures.

49 The study committee shall submit its  
50 recommendations to the general assembly meeting in

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1 1987."

2 9. Page 3, by striking lines 2 through 6.

3 10. Amend the title, line 4, by inserting after  
4 the words "appropriations to" the following: "and  
5 expenditures from".

6 11. Amend the title, line 5, by striking the word  
7 "adjustment" and inserting the following:

8 "improvement".

9 12. By numbering and renumbering sections as  
10 necessary."

S-5883 Filed April 30, 1986

BY MURPHY, HORN, COLTON, HANNON, RIORDAN, WELLS

*Adopted 5/1 (p. 1517)*

STATE OF IOWA

**FISCAL NOTE TO**  
**SENATE FILE 2298**

LSB No. 417S.4  
Staff ID. RJH

In compliance with a written request received April 30, 1986, a fiscal note for AMENDMENT S-5883 TO AMENDMENT S-5749 TO SENATE FILE 2298 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Amendment S-5883 to Amendment S-5749 to Senate File 2298 lowers the school foundation property tax rate applied to agricultural, commercial, and residential property from \$5.40 per \$1,000 assessed valuation to \$4.20 per \$1,000 for fiscal year 1988, and further reduces the rate to \$3.70 per \$1,000 for fiscal year 1989. It also mandates a minimum teacher salary of \$17,000 in fiscal year 1988 and a minimum teacher salary of \$18,000 in fiscal year 1989.

The proposal creates a salary improvement fund, and provides for an appropriation from the General Fund to the salary improvement fund of \$20 million in fiscal year 1987, \$40 million in fiscal year 1988, and \$50 million in fiscal year 1989. Monies in the salary improvement fund may be appropriated by the General Assembly only for educational purposes. Any monies appropriated from the salary improvement fund to aid school districts are miscellaneous income under section 442.5 of the Code, and are in addition to school foundation aid provided to districts under chapter 442 of the Code.

The amendment makes appropriations from the salary improvement fund as follows. Of the \$20 million appropriated to the fund in fiscal year 1987, \$7.2 million is appropriated to post-secondary education programs. In fiscal year 1988 and fiscal year 1989, \$5.2 million and \$7.1 million, respectively, is appropriated to the school districts for the purpose of implementing the minimum salary requirements.

An additional amount is to be appropriated from the salary improvement fund in fiscal year 1988 and fiscal year 1989 for the purpose of increasing teacher salaries. The amount to be appropriated to the school districts each year is equal to the product of \$99 and the district's basic enrollment.

The amendment also makes provisions for further reducing the school foundation property tax levy contingent on the enactment of House File 2462. House File 2462 lowers the foundation levy in school districts which reorganize on or after July 1, 1986. The foundation levy is reduced on all taxable property within a portion of the newly formed school district which had a certified enrollment of less than 600 in the year preceding the reorganization. The reduced foundation levy is \$4.40 per \$1,000 of assessed valuation in the first year following the reorganization and is increased \$0.20 per \$1,000 assessed valuation per year in each subsequent year. The amendment reduces the foundation levy to \$3.40 per \$1,000 assessed valuation in school year 1988 following a reorganization and \$3.60 per \$1,000 assessed valuation in school year 1989 following a reorganization.

ASSUMPTIONS:

1. The limit on federal deductibility will increase General Fund revenues by the following amounts:

FY 1987	\$ 60 million
FY 1988	115 million
FY 1989	130 million

2. A four percent annual increase in taxable valuations is assumed.

SENATE FILE 2298

S-5913

1 Amend Senate File 2298 as follows:

2 1. Page 1, line 34, by striking the words "and  
3 commercial" and inserting the following: "commercial,  
4 and certain railroad".

5 2. Page 2, line 4, by striking the word  
6 "Notwithstanding" and inserting the following:  
7 "a. Notwithstanding".

8 3. Page 2, line 6, by inserting after the word  
9 "property" the following: "and property subject to  
10 the provisions of the Railroad Revitalization and  
11 Regulatory Reform Act of 1976, 49 U.S.C. Sec. 11503".

12 4. Page 2, by striking lines 7 through 9 and  
13 inserting the following: "1987 and July 1, 1988, are  
14 four dollars and twenty cents per thousand dollars and  
15 three dollars and seventy cents per thousand dollars,  
16 respectively,".

17 5. Page 2, line 11, by striking the words "and  
18 commercial" and inserting the following: "commercial,  
19 and such railroad".

20 6. Page 2, by inserting after line 11 the  
21 following:

22 "b. If House File 2462 is enacted by the general  
23 Assembly and becomes law, for the fiscal years  
24 beginning July 1, 1987 and July 1, 1988 the foundation  
25 property tax on residential, agricultural and  
26 commercial property for the portion of a reorganized  
27 school district which, in the year preceding the  
28 reorganization, was within a school district affected  
29 by the reorganization as defined in section 275.1 and  
30 which had a certified enrollment of less than six  
31 hundred, shall be reduced from the rate specified in  
32 this section by the amount of one dollar per thousand  
33 dollars of assessed valuation for the first year in  
34 which the reorganization is effective and by the  
35 amount of eighty cents for the second year in which  
36 the reorganization is effective."

37 7. Page 2, line 26, by striking the words and  
38 figure "eighty million (80,000,000)" and inserting the  
39 following: "fifty-four million (54,000,000)".

40 8. Page 3, by inserting after line 1 the  
41 following:

42 "Sec. \_\_\_\_ . Section 279.13, Code 1985, is amended  
43 by adding the following new subsection:  
44 NEW SUBSECTION. 4. MINIMUM CONTRACT LENGTH. Ef-  
45 fective for the school year beginning July 1, 1987 and  
46 succeeding school years, full-time contracts issued by  
47 boards of directors of school districts under this  
48 section shall provide for employment of not less than  
49 two hundred working days. In addition to regular  
50 duties, the contract may include, but not be limited

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1 to, participation in curriculum development, community  
2 education projects, staff development activities, or  
3 other similar activities.

4 Sec. \_\_\_\_\_. Section 442.4, subsection 3, Code 1985,  
5 is amended by adding the following new lettered  
6 paragraph:

7 NEW LETTERED PARAGRAPH. d. For the budget year  
8 beginning July 1, 1988, and succeeding budget years,  
9 the adjustments provided under paragraphs "a" and "b"  
10 for each school district shall be the amount  
11 determined for each school district for the school  
12 year beginning July 1, 1987.

13 Sec. \_\_\_\_\_. NEW SECTION. 442.58 SALARY IMPROVEMENT  
14 FUND.

15 There is appropriated from the salary improvement  
16 fund established in section 8.60 an amount sufficient  
17 to fund the costs of this section. Moneys from the  
18 salary improvement fund shall be used for  
19 supplementing funds available for the salaries of  
20 certificated individuals who are employed by public  
21 elementary and secondary schools. Moneys shall be  
22 distributed to school districts as provided in this  
23 section.

24 1. As used in this section, "state salary im-  
25 provement cost per pupil" for the school year  
26 beginning July 1, 1987, and subsequent school years,  
27 means state salary improvement per pupil in basic  
28 enrollment. The state salary improvement cost per  
29 pupil for the school year beginning July 1, 1987, is  
30 one hundred ten dollars. The state salary improvement  
31 cost per pupil for the school year beginning on July  
32 1, 1988, and for each succeeding school year is the  
33 base year's state salary improvement cost per pupil  
34 plus a state salary allowable growth per pupil for the  
35 budget year. If the state percent of growth per pupil  
36 is zero, the state salary improvement cost per pupil  
37 shall be the same as the base year's state salary  
38 improvement cost per pupil. The director of the  
39 office of management shall compute the applicable  
40 amount of state salary allowable growth to be added to  
41 the state salary improvement cost per pupil for each  
42 school year.

43 2. The state salary allowable growth per pupil for  
44 the budget year shall be computed by multiplying the  
45 state salary improvement cost per pupil for the base  
46 year times the state percent of growth for the budget  
47 year. As used in this section, "state percent of  
48 growth" is the state percent of growth provided in  
49 section 442.7.

50 3. The payment to a school district shall be equal

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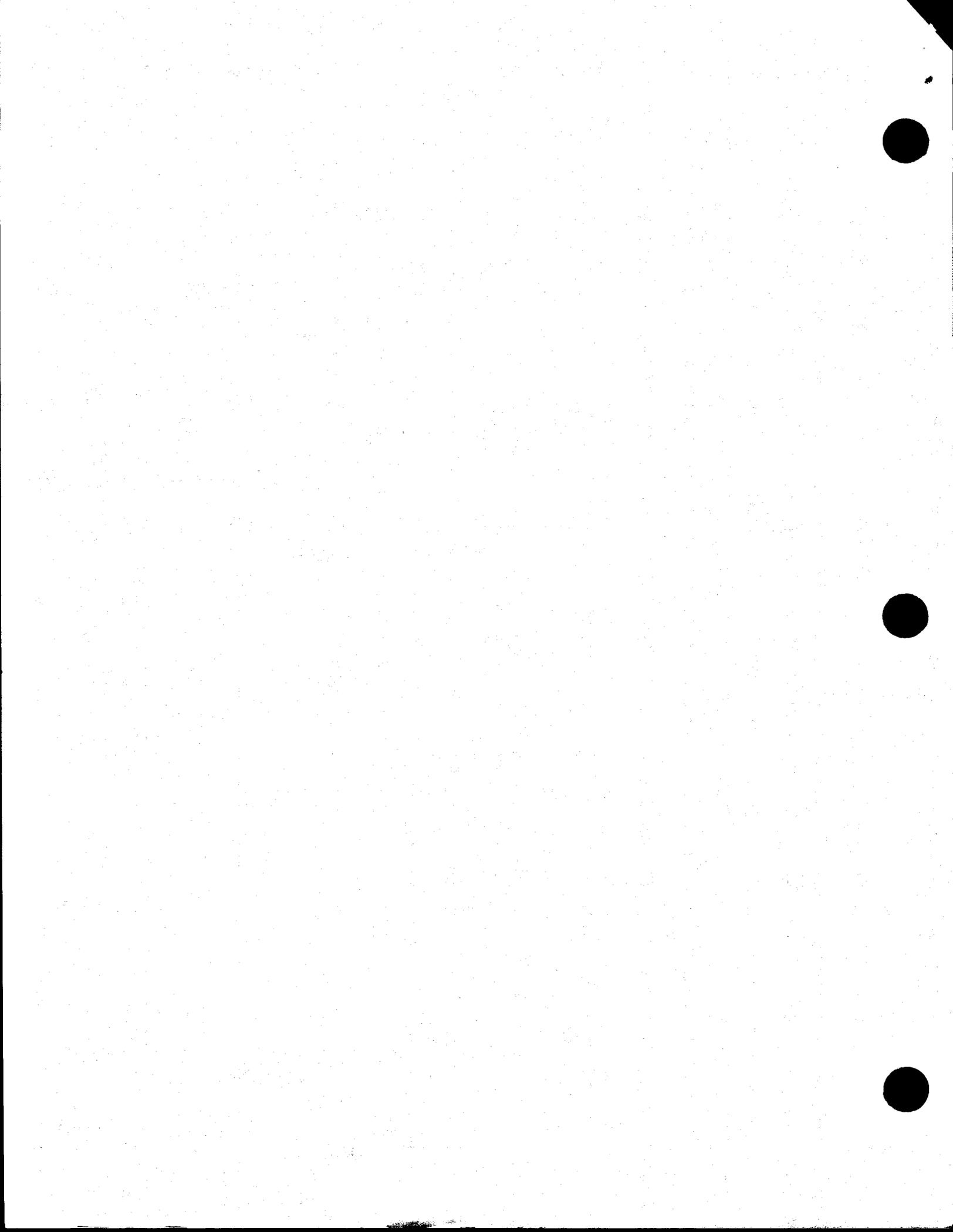
1 to the state salary improvement cost per pupil for the  
2 budget year multiplied by the basic enrollment of the  
3 district for the budget year. Payments to school  
4 districts from the salary improvement fund shall be  
5 made as provided by section 442.26. However, moneys  
6 received by a school district from the state under  
7 this section shall only be used for the salaries of  
8 certificated individuals employed by the district, and  
9 shall not be expended for fringe benefits, or  
10 supplemental pay for the performance of additional  
11 duties.

12 4. Moneys provided by this section shall be  
13 distributed to certificated individuals based upon  
14 experience, education, and performance. The  
15 procedures for the distribution of the funds shall be  
16 negotiated under chapter 20 if an employee  
17 organization had been certified under chapter 20 or  
18 shall be determined by the board of directors if there  
19 is no employee organization certified under chapter  
20 20. Criteria and procedures relating to performance  
21 under this section shall be separate from the  
22 evaluation procedures under section 20.9, and  
23 evaluations under section 279.14."

S-5913 Filed April 30, 1986

BY CORNING

*Placed o/o 5/1 (p. 1518)*



SENATE FILE 2298

S-5926

1 Amend Senate File 2298 as follows:

2 1. Page 1, line 34, by striking the words "and  
3 commercial" and inserting the following: "commercial,  
4 and certain railroad".

5 2. Page 2, line 4, by striking the word  
6 "Notwithstanding" and inserting the following:

7 "a. Notwithstanding".

8 3. Page 2, line 6, by inserting after the word  
9 "property" the following: "and property subject to  
10 the provisions of the Railroad Revitalization and  
11 Regulatory Reform Act of 1976, 49 U.S.C. Sec. 11503".

12 4. Page 2, by striking lines 7 through 9 and  
13 inserting the following: "1987 and July 1, 1988, are  
14 four dollars and twenty cents per thousand dollars and  
15 three dollars and seventy cents per thousand dollars,  
16 respectively,".

17 5. Page 2, line 11, by striking the words "and  
18 commercial" and inserting the following: "commercial,  
19 and such railroad".

20 6. Page 2, by inserting after line 11 the  
21 following:

22 "b. If House File 2462 is enacted by the general  
23 Assembly and becomes law, for the fiscal years  
24 beginning July 1, 1987 and July 1, 1988 the foundation  
25 property tax on residential, agricultural and  
26 commercial property for the portion of a reorganized  
27 school district which, in the year preceding the  
28 reorganization, was within a school district affected  
29 by the reorganization as defined in section 275.1 and  
30 which had a certified enrollment of less than six  
31 hundred, shall be reduced from the rate specified in  
32 this section by the amount of one dollar per thousand  
33 dollars of assessed valuation for the first year in  
34 which the reorganization is effective and by the  
35 amount of eighty cents for the second year in which  
36 the reorganization is effective."

37 7. Page 2, line 26, by striking the words and  
38 figure "eighty million (80,000,000)" and inserting the  
39 following: "fifty-four million (54,000,000)".

40 8. Page 3, by inserting after line 1 the  
41 following:

42 "Sec. \_\_\_\_ . NEW SECTION. 294.22 MINIMUM SALARIES.

43 1. Except as otherwise provided in this  
44 subsection, for the school years beginning July 1,  
45 1987 and July 1, 1988, a contract issued by boards of  
46 directors of a school district under section 279.13  
47 shall provide for an annual salary for a full-time  
48 teacher of at least seventeen thousand dollars and  
49 eighteen thousand dollars, respectively. The minimum  
50 salaries specified in this subsection shall be

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1 prorated for a teacher employed on less than a full-  
2 time basis.

3 There is appropriated from the salary improvement  
4 fund for the fiscal year beginning July 1, 1987 the  
5 amount of five million two hundred thousand  
6 (5,200,000) dollars and for the fiscal year beginning  
7 July 1, 1988, the amount of seven million one hundred  
8 thousand (7,100,000) dollars to the department of  
9 revenue and finance, to pay to each school district an  
10 amount sufficient to increase the annual salaries of  
11 its teachers from the salary on the salary schedule  
12 adopted under a collective bargaining agreement  
13 negotiated under chapter 20 or adopted by the board of  
14 directors if there is no employee organization  
15 established under chapter 20 to the minimum salaries  
16 specified in this subsection.

17 If the amount appropriated in this subsection is  
18 insufficient to make the required payments for a  
19 fiscal year, the department of revenue and finance  
20 shall prorate the payments.

21 2. For the school years beginning July 1, 1987 and  
22 July 1, 1988, there is appropriated from the salary  
23 improvement fund to the department of revenue and  
24 finance an amount sufficient to pay to each school  
25 district an amount equal to ninety-nine dollars  
26 multiplied by the basic enrollment of the district for  
27 the budget year. The amounts received by a school  
28 district under this subsection and subsection 1 are  
29 miscellaneous income for purposes of chapter 442 and  
30 shall be expended only for purposes of increasing  
31 teacher salaries.

32 3. The salary a teacher will receive on a salary  
33 schedule for a year does not include the costs of  
34 fringe benefits nor does it include supplemental pay  
35 earned by a teacher for performance of additional  
36 duties beyond teaching duties.

37 4. For the purposes of this section, "teacher"  
38 means a teacher employed by a school district under a  
39 contract executed pursuant to section 279.13. A  
40 teacher jointly employed by two or more districts  
41 whose employment is on a full-time equivalent basis is  
42 a full-time teacher.

43 5. Salaries in excess of the minimums specified in  
44 subsection 1 shall be based upon experience,  
45 education, and performance. They shall be negotiated  
46 under chapter 20 if an employee organization had been  
47 certified under chapter 20 or shall be determined by  
48 the board of directors if there is no employee  
49 organization certified under chapter 20.

50 Sec. \_\_\_\_\_. There is appropriated from the salary

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1 improvement fund to the department of education for  
2 the fiscal year beginning July 1, 1986 and ending June  
3 30, 1987, the amount of nine hundred thousand  
4 (900,000) dollars to be used for pay adjustments for  
5 full-time nonadministrative certificated employees of  
6 merged area schools. The pay adjustments shall be in  
7 addition to any agreement negotiated under chapter 20  
8 or other salary adjustments or agreements. The  
9 allocation shall be distributed in the same proportion  
10 as each school's full-time nonadministrative  
11 certificated employees are to the total number of  
12 full-time nonadministrative certificated employees at  
13 all merged area schools.

14 A pay adjustment provided in this section shall be  
15 added to the salary of a full-time nonadministrative  
16 certificated employee and shall supplement, not  
17 supplant, the results of a collective bargaining  
18 agreement negotiated under chapter 20, if any. The  
19 amount of a pay adjustment is for the adjustment of  
20 base pay only.

21 It is the intent of the general assembly that  
22 moneys appropriated for salary adjustments for each  
23 area school under this section shall be included in  
24 each institution's general aid request for the fiscal  
25 year beginning July 1, 1987 and the amounts of the pay  
26 adjustments shall be submitted to the general assembly  
27 by the department of education.

28 Sec. \_\_\_\_\_. There is appropriated from the salary  
29 improvement fund to the Iowa college aid commission  
30 for the fiscal year beginning July 1, 1986 and ending  
31 June 30, 1987, the amount of one million (1,000,000)  
32 dollars, or so much thereof as may be necessary to be  
33 used for tuition grants. Moneys appropriated in this  
34 section are in addition to moneys appropriated in  
35 section 261.25, subsection 1.

36 Sec. \_\_\_\_\_. There is appropriated from the salary  
37 improvement fund to the Iowa college aid commission  
38 for the fiscal year beginning July 1, 1986 and ending  
39 June 30, 1987, the amount of fifty thousand (50,000)  
40 dollars, or so much thereof as may be necessary to be  
41 used pursuant to sections 261.81 through 261.84 for  
42 the Iowa college work-study program.

43 Sec. \_\_\_\_\_. There is appropriated from the salary  
44 improvement fund to the state board of regents for the  
45 fiscal year beginning July 1, 1986 and ending June 30,  
46 1987 the amount of five million two hundred fifty  
47 thousand (5,250,000) dollars for allocation by the  
48 state board of regents to the state university of  
49 Iowa, the Iowa state university of science and  
50 technology, and the university of northern Iowa in

1 amounts as may be necessary for the following,  
2 purposes:

3 1. To reimburse the institutions for deficiencies  
4 in their operating funds resulting from the pledging  
5 of tuitions, student fees and charges and  
6 institutional income to finance the cost of providing  
7 academic and administrative buildings and facilities  
8 and utility services at the institutions.

9 2. For supplemental salary increases for faculty,  
10 professional, and scientific employees.

11 The state board of regents shall allocate moneys  
12 allocated under this subsection so that each  
13 institution of higher education receives a portion of  
14 the allocation equal to the percent the eligible full-  
15 time equivalent faculty, professional, and scientific  
16 employees at the institution bears to the total full-  
17 time equivalent faculty at the three institutions.  
18 The funds allocated to the university of northern Iowa  
19 shall be distributed through the collective bargaining  
20 in force for the fiscal year beginning July 1, 1986.

21 Sec. \_\_\_\_ Chapter 442, Code 1985 and Code  
22 Supplement 1985, is repealed effective July 1, 1988.

23 Sec. \_\_\_\_ The legislative council is requested to  
24 establish an interim study committee to develop a  
25 school finance formula to take effect for the school  
26 year beginning July 1, 1988. The members of the study  
27 committee shall include the chairpersons and ranking  
28 members of the senate and house of representatives  
29 committees on education and ways and means; the  
30 director of the department of education or the  
31 director's designee; and one member each selected by  
32 the speaker of the house, the majority leader of the  
33 senate, and the minority leaders of the house and  
34 senate. The members selected by the leaders of the  
35 general assembly may be members of the general  
36 assembly or representatives of the general public  
37 knowledgeable about school finance.

38 The study shall include but not be limited to con-  
39 sideration of educational cost per student,  
40 determination of enrollment to use for funding  
41 purposes, kinds of state revenues used for state aid  
42 and local tax effort, growth of state funding,  
43 limitations on school district expenditures, funding  
44 of special programs, and funding of capital ex-  
45 penditures.

46 The study committee shall submit its  
47 recommendations to the general assembly meeting in  
48 1987."

49 9. Page 3, by striking lines 2 through 6.

50 10. Amend the title, line 4, by inserting after

S-5926 p. 5

1 the words "appropriations to" the following: "and  
2 expenditures from".

3 11. Amend the title, line 5, by striking the word  
4 "adjustment" and inserting the following:  
5 "improvement".

6 12. By numbering and renumbering sections as  
7 necessary."

STATE OF IOWA  
FISCAL NOTELSB No. 117S  
Staff ID. 10H

FN p. 2

3. Under the current school foundation formula, a reduction in the uniform property tax rate (\$5.40 per \$1,000) will cause a proportionate increase in the amount of state aid paid to schools from the General Fund. By reducing the uniform tax rate applied to agricultural, commercial, and residential property to \$4.20 per \$1,000 in FY 1988 and \$3.70 per \$1,000 in FY 1989 the following property tax decreases are anticipated:

FY 1988	\$ 75.6 million
FY 1989	111.2 million

4. The difference between the increased General Fund revenue received as a result of the limits placed on federal deductibility and the appropriations made to the salary improvement fund will be used for property tax relief in the following fiscal year. For example, \$40 million received in FY 1987 (\$60 million received from limiting federal deductibility less \$20 million appropriated to the salary improvement fund) will be available for property tax relief in FY 1988.

5. Teacher salaries can be expected to increase three percent per year.

6. All school districts which are currently evaluating the possibility of reorganizing, or have grade sharing, or have made formal proposals for reorganization would be considered likely candidates for reorganization. Currently, one reorganization is pending, one reorganization hearing is pending, five whole-grade sharing plans are in effect, and twelve districts are contemplating sharing or reorganization.

7. None of the aforementioned school districts can be expected to have completed the reorganization process by the school year beginning July 1, 1986.

8. Those school districts which are considered likely candidates for reorganization might not reorganize within the time period under consideration, if at all.

9. The equalization order of the Department of Revenue conducted in the summer of 1985 will result in extensive shifts in taxable valuation from the south-southwestern counties to the east-northeastern counties. Although it is estimated that the statewide increase in taxable valuations will be four percent per year from 1984, assessed valuations within school districts could fluxuate widely from the statewide average increase. 1985 taxable valuations are not known at the present time, therefore the best estimated increase in taxable valuation for individual school districts is the statewide average of four percent per year from 1984.

STATE OF IOWA  
**FISCAL NOTE**

LSB No. 8417S.4  
Staff ID. RJH

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FISCAL EFFECT:

	(dollars in thousands)					
	F.Y. 1988			F.Y. 1989		
	Current Law	Proposed Law	Increase / (Decrease)	Current Law	Proposed Law	Increase / (Decrease)
<b>REVENUE</b>						
50% Deduct.	\$ 0	\$ 115,000	\$ 115,000	\$ 0	\$ 130,000	\$ 130,000
Prop tax rel.	0	40,000	40,000	0	39,400	39,400
Sal. Improv.	0	12,800	12,800	0	100	100
Other			0			0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 167,800</b>	<b>\$ 167,800</b>	<b>\$ 0</b>	<b>\$ 169,500</b>	<b>\$ 169,500</b>
<b>EXPENDITURES</b>						
Min. Salary	\$ 0	\$ 5,200	\$ 5,200	\$ 0	\$ 7,100	\$ 7,100
Sal. Improv. (FTE's)	\$ (000.0)	\$ (000.0)	\$ (000.0)	\$ (000.0)	\$ (000.0)	\$ (000.0)
Prop tax rel.	0	75,600	75,600	0	111,200	111,200
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 128,300</b>	<b>\$ 128,300</b>	<b>\$ 0</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>
<b>NET EFFECT</b>	<b>\$ 0</b>	<b>\$ 39,500</b>	<b>\$ 39,500</b>	<b>\$ 0</b>	<b>\$ 4,200</b>	<b>\$ 4,200</b>

The provision for House File 2462 would result in an estimated increase in state aid of up to \$1.4 million.

Source: Department of Public Instruction  
Department of Revenue  
Office of the State Comptroller

(LSB 8417S.4, RJH)

Filed by Murphy April 30, 1986

*Dennis C. [Signature]*  
Fiscal Director  
Legislative Fiscal Bureau  
Date 4/30/86

STATE OF IOWA

**FISCAL NOTE** TO  
SENATE FILE 2298

LSB No. 8417S 5  
Staff ID. RJH

REQ. BY CORNING

In compliance with a written request received April 30, 1986, a fiscal note for AMENDMENT S-5913 SENATE FILE 2298 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Amendment S-5913 to Senate File 2298 limits the amount of federal income taxes that may be deducted in computing the state individual income tax from 100 percent to 75 percent for the 1986 tax year and to 50 percent for the 1987 and subsequent tax years. The proposal lowers the school foundation property tax rate applied to agricultural, commercial, and residential property from \$5.40 per \$1,000 assessed valuation to \$4.20 per \$1,000 for fiscal year 1988, and further reduces the rate to \$3.70 per \$1,000 for fiscal year 1989.

The proposal also creates a salary improvement fund, and provides for appropriations from the General Fund to the salary improvement fund for educational purposes. Any monies appropriated from the salary improvement fund to aid school districts are miscellaneous income under section 442.5 of the Code, and are in addition to school foundation aid provided to districts under chapter 442 of the Code.

For the 1987-88 school year, the amount to be appropriated from the salary improvement fund is equal to the product of \$110 and the district's basic enrollment. For the 1988-89 school year, the amount appropriated from the salary improvement fund is equal to \$110 per pupil, plus the allowable growth, multiplied by the district's basic enrollment.

The amendment also makes provisions for further reducing the school foundation property tax levy contingent on the enactment of House File 2462. House File 2462 lowers the foundation levy in school districts which reorganize on or after July 1, 1986. The foundation levy is reduced on all taxable property within a portion of the newly formed school district which had a certified enrollment of less than 600 in the year preceding the reorganization. The reduced foundation levy is \$4.40 per \$1,000 of assessed valuation in the first year following the reorganization and is increased \$0.20 per \$1,000 assessed valuation per year in each subsequent year. The amendment reduces the foundation levy to \$3.40 per \$1,000 assessed valuation in school year 1988 following a reorganization and \$3.60 per \$1,000 assessed valuation in school year 1989 following a reorganization.

ASSUMPTIONS:

1. The limit on federal deductibility will increase General Fund revenues by the following amounts:

FY 1987	\$ 60 million
FY 1988	115 million
FY 1989	130 million

2. A four percent annual increase in taxable valuations is assumed.

3. The allowable growth in school year 1988-89 will be an estimated 3.5%.

4. Under the current school foundation formula, a reduction in the uniform property tax rate (\$5.40 per \$1,000) will cause a proportionate increase in the amount of state aid paid to schools from the General Fund. By reducing the uniform tax rate applied to agricultural, commercial, and residential property to \$4.20 per \$1,000 in FY 1988 and \$3.70 per \$1,000 in FY 1989 the following property tax decreases are anticipated:

## STATE OF IOWA

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Staff ID. RJH

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FY 1988	\$ 75.6 million
FY 1989	111.2 million

5. The difference between the increased General Fund revenue received as a result of the limits placed on federal deductibility and the appropriations made to the salary improvement fund will be used for property tax relief in the following fiscal year. For example, \$40 million received in FY 1987 (\$60 million received from limiting federal deductibility less \$20 million appropriated to the salary improvement fund) will be available for property tax relief in FY 1988.

6. Teacher salaries can be expected to increase three percent per year.

7. All school districts which are currently evaluating the possibility of reorganizing, or have grade sharing, or have made formal proposals for reorganization would be considered likely candidates for reorganization. Currently, one reorganization is pending, one reorganization hearing is pending, five whole-grade sharing plans are in effect, and twelve districts are contemplating sharing or reorganization.

8. None of the aforementioned school districts can be expected to have completed the reorganization process by the school year beginning July 1, 1986.

9. Those school districts which are considered likely candidates for reorganization might not reorganize within the time period under consideration, if at all.

10. The equalization order of the Department of Revenue conducted in the summer of 1985 will result in extensive shifts in taxable valuation from the south-southwestern counties to the east-northeastern counties. Although it is estimated that the statewide increase in taxable valuations will be four percent per year from 1984, assessed valuations within school districts could fluxuate widely from the statewide average increase. 1985 taxable valuations are not known at the present time, therefore the best estimated increase in taxable valuation for individual school districts is the statewide average of four percent per year from 1984.

STATE OF IOWA

**FISCAL NOTE** TO  
SENATE FILE 2298

LSB No. 8417S  
Staff ID. RJH

REQ. BY PALMER

in compliance with a written request received April 25, 1986, a fiscal note for SENATE FILE 2298 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2298 limits the amount of federal income taxes that may be deducted in computing the state individual income tax from 100 percent to 75 percent for the 1986 tax year and to 50 percent for the 1987 and subsequent tax years. The bill lowers the school foundation property tax rate applied to agricultural, commercial, and residential property from \$5.40 per \$1,000 assessed valuation to \$4.20 per \$1,000 for fiscal year 1988, and further reduces the rate to \$3.00 per \$1,000 for fiscal years 1989 and 1990.

The bill also creates a salary improvement fund, and provides for an appropriation from the General Fund to the salary improvement fund \$20 million in fiscal year 1987, \$40 million in fiscal year 1988, and \$80 million in fiscal year 1989. Monies in the salary improvement fund may be appropriated by the General Assembly only for educational purposes. Any monies appropriated from the salary improvement fund to aid school districts are miscellaneous income under section 442.5 of the Code, and are in addition to school foundation aid provided to districts under chapter 442 of the Code.

The federal deductibility provisions of Senate File 2298 are retroactive to January 1, 1986 for tax years beginning on or after that date; the remainder of the bill is effective upon its publication.

ASSUMPTIONS:

1. The limit on federal deductibility will increase General Fund revenues by the following amounts:

FY 1987	\$ 60 million
FY 1988	115 million
FY 1989	130 million

2. Under the current school foundation formula, a reduction in the uniform property tax rate (\$5.40 per \$1,000) will cause a proportionate increase in the amount of state aid paid to schools from the General Fund. By reducing the uniform tax rate applied to agricultural, commercial, and residential property to \$4.20 per \$1,000 in FY 1988 and \$3.00 per \$1,000 in FY 1989 and FY 1990, the following property tax decreases are anticipated:

FY 1988	\$ 75.6 million
FY 1989	157.1 million
FY 1990	171.3 million

A four percent annual increase in the taxable values is assumed.

3. The difference between the increased General Fund revenue received as a result of the limits placed on federal deductibility and the appropriations made to the salary improvement fund will be used for property tax relief in the following fiscal year. For example, \$40 million received in FY 1987 (\$60 million received from limiting federal deductibility less \$20 million appropriated to the salary improvement fund) will be available for property tax relief in FY 1988.

STATE OF IOWA  
**FISCAL NOTE**

LSB No. 8417S  
Staff ID. RJH

FN Page 2

FISCAL EFFECT: General Fund.

	(dollars in thousands)					
	F.Y. 1988			F.Y. 1989		
	Current Law	Proposed Law	Increase / (Decrease)	Current Law	Proposed Law	Increase / (Decrease)
<b>REVENUE</b>						
50% Deduct.	\$ 0	\$ 115,000	\$ 115,000	\$ 0	\$ 130,000	\$ 130,000
Prop tax rel.	0	40,000	40,000	0	39,400	39,400
Fees			0			0
Other			0			0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 155,000</b>	<b>\$ 155,000</b>	<b>\$ 0</b>	<b>\$ 169,000</b>	<b>\$ 169,000</b>
<b>EXPENDITURES</b>						
Sal. Improv. (FTE's)	\$ 0 (000.0)	\$ 40,000 (000.0)	\$ 40,000 (000.0)	\$ 0 (000.0)	\$ 80,000 (000.0)	\$ 80,000 (000.0)
Prop tax rel.	0	75,600	75,600	0	157,100	157,100
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 115,600</b>	<b>\$ 115,600</b>	<b>\$ 0</b>	<b>\$ 237,100</b>	<b>\$ 237,100</b>
<b>NET EFFECT</b>	<b>\$ 0</b>	<b>\$ 39,400</b>	<b>\$ 39,400</b>	<b>\$ 0</b>	<b>\$ (68,100)</b>	<b>\$ (68,100)</b>

Note: In FY 1987, \$40 million in property tax relief is applied to FY 1988 revenue. This amount represents the difference in the 75 percent federal deductibility limitation and the \$20 million appropriated to the salary improvemet fund in FY 1987. The \$68.1 million shortfall in FY 1989 assumes that the current school foundation formula is in effect for that year.

(LSB 8417S, RJH)

Filed by the Sec. of the Senate April 30, 1986

*Revised Prouty*  
Fiscal Director  
Legislative Fiscal Bureau  
Date: 4/25/86

*New SF 2298*

SENATE FILE 2298  
BY (PROPOSED COMMITTEE ON WAYS  
AND MEANS BILL)

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

**A BILL FOR**

1 An Act relating to state revenues for education by limiting the  
2 amount of federal taxes deductible for individual income tax  
3 and by using the increase in revenue to lower the school  
4 foundation property tax levy and to provide appropriations to  
5 a salary adjustment fund for use for education purposes only.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 422.9, subsection 1, unnumbered  
2 paragraph 1, Code 1985, is amended to read as follows:

3 An optional standard deduction of fifteen percent of the  
4 net income after deduction of fifty percent of federal income  
5 tax, not to exceed one thousand two hundred dollars for a  
6 married person who files separately, one thousand two hundred  
7 dollars for a single person or three thousand dollars for a  
8 husband and wife who file a joint return, a surviving spouse  
9 as defined in section 2 of the Internal Revenue Code of 1954,  
10 or an unmarried head of household as defined in the Internal  
11 Revenue Code of 1954. However, for tax years beginning in the  
12 1986 calendar year, the amount deducted for federal income tax  
13 equals seventy-five percent of the federal income tax.

14 Sec. 2. Section 422.9, subsection 2, paragraph b, Code  
15 1985, is amended to read as follows:

16 b. Add the amount of fifty percent of federal income taxes  
17 paid or accrued as the case may be, during the tax year,  
18 adjusted by any federal income tax refunds. However, for tax  
19 years beginning in the 1986 calendar year, the amount added  
20 equals seventy-five percent of the federal income taxes paid  
21 or accrued as the case may be, during the tax year, adjusted  
22 by any federal income tax refunds. Provided, however, that  
23 where married persons, who have filed a joint federal income  
24 tax return, file separately, such total shall be divided  
25 between them according to the portion thereof paid or accrued,  
26 as the case may be, by each.

27 Sec. 3. Section 442.2, subsection 1, Code 1985, is amended  
28 to read as follows:

29 1. Each school district shall cause to be levied each  
30 year, for the school general fund, a foundation property tax  
31 of five dollars and forty cents per thousand dollars of  
32 assessed valuation on all taxable property in the district,  
33 except as provided in subsection 5 for residential,  
34 agricultural, and commercial property. For the purpose of  
35 this chapter, a school district is defined as a school

1 corporation organized under chapter 274.

2 Sec. 4. Section 442.2, Code 1985, is amended by adding the  
3 following new subsection:

4 NEW SUBSECTION. 5. Notwithstanding subsection 1, the  
5 foundation property tax levied on residential, agricultural,  
6 and commercial property for the fiscal years beginning July 1,  
7 1987, July 1, 1988, and July 1, 1989 are four dollars and  
8 twenty cents per thousand dollars, three dollars per thousand  
9 dollars, and three dollars per thousand dollars, respectively,  
10 of assessed valuation on all taxable residential,  
11 agricultural, and commercial property in the district.

12 Sec. 5. NEW SECTION. 8.60 SALARY IMPROVEMENT FUND.

13 1. The salary improvement fund is created. The fund shall  
14 be separate from the general fund of the state and the balance  
15 in the fund shall not be considered part of the balance of the  
16 general fund of the state, except for purposes of determining  
17 the annual inflation factor under section 422.4, subsection  
18 17, the balance in the fund shall be considered part of the  
19 general fund of the state. The moneys in the fund shall not  
20 revert to the general fund, notwithstanding section 8.33.

21 2. There is appropriated from the general fund of the  
22 state to the salary improvement fund for the fiscal year  
23 beginning July 1, 1986 the sum of twenty million (20,000,000)  
24 dollars, for the fiscal year beginning July 1, 1987 the sum of  
25 forty million (40,000,000) dollars, and for the fiscal year  
26 beginning July 1, 1988 the sum of eighty million (80,000,000)  
27 dollars.

28 3. The moneys in the salary improvement fund may be  
29 appropriated by the general assembly only for educational  
30 purposes. If moneys are appropriated from this fund to aid  
31 school districts, the moneys are miscellaneous income under  
32 section 442.5 and are in addition to any state aid provided to  
33 the school districts under chapter 442. However, the balance  
34 in the salary improvement fund may be used in determining the  
35 cash position of the general fund of the state for the payment

1 of state obligations.

2 Sec. 6. This Act, being deemed of immediate importance,  
3 takes effect from and after its publication in  
4 \_\_\_\_\_, a newspaper published in  
5 \_\_\_\_\_, Iowa, and in \_\_\_\_\_, a  
6 newspaper published in \_\_\_\_\_, Iowa.

7 Sec. 7. Sections 1 and 2 of this Act are retroactive to  
8 January 1, 1986 for tax years beginning on or after that date.

9 EXPLANATION

10 The bill limits the amount of federal income taxes that may  
11 be deducted in computing the state individual income tax from  
12 one hundred percent to seventy-five percent for the 1986 tax  
13 year and to fifty percent for the 1987 and succeeding tax  
14 years. The increase in revenues as a result of this  
15 limitation is to be used to lower the foundation property tax  
16 levy thus increasing state aid and to target moneys for a  
17 special fund to be used for educational purposes only.

18 The bill lowers for agricultural, residential, and  
19 commercial property the foundation property tax levy of \$5.40  
20 per \$1,000 to \$4.20 per \$1,000 for the fiscal year beginning  
21 July 1, 1987, and to \$3.00 per \$1,000 for the fiscal years  
22 beginning July 1, 1988 and July 1, 1989.

23 The bill also appropriates money from the general fund to a  
24 salary improvement fund to be used solely for education  
25 purposes. The amounts are appropriated for the next three  
26 fiscal years as follows: fiscal year 1987, \$20,000,000;  
27 fiscal year 1988, \$40,000,000; and fiscal year 1989,  
28 \$80,000,000.

29 The bill takes effect upon publication with the limitation  
30 on federal tax deductibility being retroactive to January 1,  
31 1986 for tax years beginning on or after that date.

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