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Senate File 360

Gene EDUCATION. Horn. Chair: Bruner and Corning

Ed 4/10/87

~~FILED MARCH 1 1987~~

SENATE FILE 360

BY COMMITTEE ON EDUCATION

(formerly SSB 5)
3/10 (of 626)

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to school financing including providing for a
 2 capital projects and equipment levy, for a liability levy, for
 3 the approval of bond issues by majority vote, for additional
 4 allowable growth for school districts, for calculating
 5 enrollment and budget guarantees under the school foundation
 6 formula, for the execution and continuation of loan agreements
 7 for anticipating the collection of certain levies, and
 8 providing an effective date.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
SENATE FILE 360

S-3336

1 Amend Senate File 360 as follows:
 2 1. Page 1, line 11, by striking the word
 3 "corporation" and inserting the following:
 4 "district".

S-3336

Filed March 31, 1987

BY LARRY MURPHY

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1 Section 1. Section 75.1, unnumbered paragraph 1, Code
2 1987, is amended to read as follows:

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

14 Sec. 2. Section 93.20, unnumbered paragraph 2, Code 1987,
15 is amended to read as follows:

16 School districts shall repay the loans from moneys in
17 either their general fund or schoolhouse capital projects
18 fund. Area schools shall repay the loans from their general
19 fund.

20 Sec. 3. Section 96.31, Code 1987, is amended to read as
21 follows:

22 96.31 TAX FOR BENEFITS.

23 Political subdivisions may levy a tax outside their general
24 fund levy limits to pay the cost of unemployment benefits.

25 For school districts the cost of unemployment benefits shall
26 be included in the liability levy pursuant to section 298.3.

27 Sec. 4. Section 260A.2, unnumbered paragraph 4, Code 1987,
28 is amended by striking the unnumbered paragraph.

29 Sec. 5. Section 260A.3, unnumbered paragraph 1, Code 1987,
30 is amended to read as follows:

31 A project that has been approved by the department of
32 education shall be funded one-fourth or more from the district
33 cost of the school district and up to three-fourths by an
34 increase in allowable growth as defined in section 442.7,
35 subject to the allowable growth limits in section 442.30A, or

1 by an educational excellence incentive award granted by the
2 department of education under section 260A.4, or both.

3 Sec. 6. Section 274.37, unnumbered paragraph 2, Code 1987,
4 is amended to read as follows:

5 The boards in the respective districts, the boundaries of
6 which have been changed under this section, complete in all
7 respects, except for the passage of time prior to the
8 effective date of the change, and when ~~all~~ the right of appeal
9 of the change has expired, may enter into joint contracts for
10 the construction of buildings for the benefit of the
11 corporations whose boundaries have been changed, using funds
12 accumulated under ~~section-278-17-subsection-7~~ the capital
13 projects and equipment levy. The district in which the
14 building is to be located may use any funds authorized in
15 accordance with chapter 75. ~~Nothing-in-this-section-shall-be~~
16 ~~construed-to~~ This section does not permit the changed
17 districts to expend any funds jointly which they are not
18 entitled to expend acting individually.

19 Sec. 7. Section 275.12, subsection 5, Code 1987, is
20 amended by striking the subsection.

21 Sec. 8. Section 275.20, Code 1987, is amended to read as
22 follows:

23 275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

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

34 Sec. 9. Section 275.32, Code 1987, is amended to read as
35 follows:

1 275.32 SCHOOL BUILDINGS -- TAX LEVY.

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

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

11 2. To build or purchase a superintendent's or teacher's
12 house or houses.

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

16 ~~All-moneys~~ Moneys received for such the purposes listed in
17 this subsection shall be placed in the schoolhouse capital
18 projects fund of said the corporation and shall be used only
19 for the purpose for which voted.

20 Sec. 10. Section 276.11, Code 1987, is amended by striking
21 the section and inserting in lieu thereof the following:

22 276.11 FUNDING OF COMMUNITY EDUCATION.

23 Moneys received from the capital projects and equipment
24 levy may be expended for community education purposes.

25 Sec. 11. Section 277.2, Code 1987, is amended to read as
26 follows:

27 277.2 SPECIAL ELECTION.

28 The board of directors in any a school corporation may call
29 a special election at which election the voters shall have the
30 powers exercised at the regular election with reference to the
31 sale of school property and the application to be made of the
32 proceeds, the authorization of seven members on the board of
33 directors, the authorization to establish or change the
34 boundaries of director districts, and the authorization of a
35 ~~schoolhouse-tax-or~~ indebtedness, as provided by law.

1 Sec. 12. Section 278.1, subsection 5, Code 1987, is
2 amended to read as follows:

3 5. Direct the transfer of any surplus in the schoolhouse
4 capital projects fund to the general fund.

5 Sec. 13. Section 278.1, subsection 7, Code 1987, is
6 amended by striking the subsection.

7 Sec. 14. Section 278.1, unnumbered paragraphs 2 and 3,
8 Code 1987, are amended to read as follows:

9 The board may, ~~with approval of sixty percent of the~~
10 ~~voters, voting in a regular or special election in the school~~
11 ~~district,~~ make extended time contracts not to exceed twenty
12 years in duration for rental of buildings to supplement
13 existing schoolhouse facilities; and where if it is deemed
14 advisable for buildings to be constructed or placed on real
15 estate owned by the school district, ~~such~~ the contracts may
16 include lease-purchase option agreements, ~~such~~ contracts, with
17 the amounts to be paid out of the schoolhouse fund using
18 revenues from the capital projects and equipment levy.

19 Before entering into a rental or lease-purchase option
20 contract, ~~authorized by the electors,~~ the board shall first
21 adopt plans and specifications for a building ~~or buildings~~
22 which it considers suitable for the intended use and also
23 adopt a form of rental or lease-purchase option contract. The
24 board shall then invite bids ~~thereon~~ on the project, by
25 advertisement published once each week for two consecutive
26 weeks, in a newspaper published in the county in which the
27 building ~~or buildings are~~ is to be located, and the rental or
28 lease-purchase option contract shall be awarded to the lowest
29 responsible bidder, but the board may reject any and all bids
30 and advertise for new bids.

31 Sec. 15. Section 278.1, unnumbered paragraph 4, Code 1987,
32 is amended by striking the unnumbered paragraph.

33 Sec. 16. Section 279.25, Code 1987, is amended to read as
34 follows:

35 279.25 LEASE ARRANGEMENTS.

1 The board of directors of a local school district ~~for which~~
2 ~~a schoolhouse tax has been voted pursuant to section 278.1,~~
3 ~~subsection 7,~~ may enter into a rental or lease arrangement,
4 ~~consistent with the purposes for which the schoolhouse tax has~~
5 ~~been voted,~~ for a period not exceeding ten years and not
6 ~~exceeding the period for which the schoolhouse tax has been~~
7 ~~authorized by the voters~~ using revenues from the capital
8 projects and equipment levy.

9 Sec. 17. Section 279.41, Code 1987, is amended to read as
10 follows:

11 279.41 SCHOOLHOUSES AND SITES SOLD --FUNDS.

12 Any fund received from the condemnation, sale, or other
13 disposition for public purposes of schoolhouses, school sites
14 or both schoolhouses and school sites may be deposited in the
15 schoolhouse capital projects fund and may without a vote of
16 the electorate be used for the purchase of school sites or the
17 erection or repair of schoolhouses or both as ordered by the
18 board of directors of such the school district, ~~provided,~~
19 ~~however,~~ that. However, the board shall comply with section
20 297.7.

21 Sec. 18. Section 279.42, Code 1987, is amended to read as
22 follows:

23 279.42 GIFTS TO SCHOOLS.

24 The board of directors of any school district which
25 receives funds through gifts, devises and bequests may utilize
26 the same funds, unless limited by the terms of the grant, in
27 the general or schoolhouse capital projects fund expenditures.

28 Sec. 19. Section 279.43, subsection 1, Code 1987, is
29 amended to read as follows:

30 1. The board of directors may pay the actual cost of
31 removal or encapsulation of asbestos existing in its school
32 buildings from any funds in the general fund of the district,
33 funds received from the schoolhouse tax authorized under
34 section 278.1, subsection 7, funds from the tax levy certified
35 under section 297.5 capital projects and equipment levy, or

1 moneys obtained through a federal asbestos loan program, to be
2 repaid from any of the funds specified in this subsection.

3 Sec. 20. Section 283A.9, Code 1987, is amended to read as
4 follows:

5 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

6 School districts ~~are authorized to~~ may purchase, erect, or
7 otherwise acquire a building for use as a school lunch
8 facility, and to equip ~~such~~ a building for ~~such~~ that use, and
9 pay for ~~same~~ the acquisition or equipping from unencumbered
10 funds on hand in the ~~schoolhouse fund derived from taxes voted~~
11 ~~under authority of section 278.17, subsection 97, or 275.32~~
12 capital projects fund, subject to the terms of this section,
13 or may pay for ~~same~~ the facility or equipment from the
14 proceeds of the sale of school property sold under section
15 297.22, or from surplus remaining in the ~~schoolhouse~~ capital
16 projects fund after retirement of a bond issue, ~~or from a tax~~
17 ~~voted for said purposes.~~

18 Sec. 21. Section 291.13, Code 1987, is amended to read as
19 follows:

20 291.13 GENERAL AND SCHOOLHOUSE CAPITAL PROJECTS FUNDS.

21 The money collected by a ~~tax~~ the capital projects and
22 equipment levy authorized by the ~~electors board~~ or the
23 proceeds of the sale of bonds authorized by law or the
24 proceeds of a tax estimated and certified by the board for the
25 purpose of paying interest and principal on lawful bonded
26 indebtedness ~~or for the purchase of sites as authorized by~~
27 ~~law~~, shall be called the ~~schoolhouse~~ capital projects fund
28 and, except when authorized by the electors, may be used only
29 for the purpose for which originally authorized or certified.
30 All other moneys received for any other purpose shall be
31 called the general fund. The treasurer shall keep a separate
32 account with each fund, paying no order that fails to state
33 the fund upon which it is drawn and the specific use to which
34 it is to be applied.

35 Sec. 22. Section 291.15, Code 1987, is amended to read as

1 follows:

2 291.15 ANNUAL REPORT.

3 The treasurer shall make an annual report to the board at
4 its regular meeting, which shall show the amount of the
5 general fund and the renewable capital projects fund held
6 over, received, paid out, and on hand, the several funds to be
7 separately stated, and the treasurer shall immediately file a
8 copy of this report with the director of the department of
9 education and a copy with the county treasurer.

10 Sec. 23. Section 296.6, Code 1987, is amended to read as
11 follows:

12 296.6 BONDS.

13 If the vote in favor of the issuance of such bonds is equal
14 to at least sixty-percent a majority of the total vote cast
15 for and against said the proposition at said the election, the
16 board of directors shall issue the same and make provision for
17 payment thereof.

18 Sec. 24. Section 296.7, Code 1987, is amended to read as
19 follows:

20 296.7 INDEBTEDNESS FOR INSURANCE AUTHORIZED -- TAX LEVY.

21 A school district or merged area school corporation is
22 authorized to contract indebtedness and to issue general
23 obligation bonds or enter into insurance agreements obligating
24 the school district or corporation to make payments beyond its
25 current budget year to procure or provide for a policy of
26 insurance, a self-insurance program, or a local government
27 risk pool to protect the school district or corporation from
28 core liability, loss of property, or any other risk associated
29 with the operation of the school district or corporation.
30 Taxes for the payment of the principal, premium, or interest
31 on such a bond, the payment of such an insurance policy, the
32 payment of the costs of such a self-insurance program, the
33 payment of the costs of such a local government risk pool, and
34 the payment of any amounts payable under any such insurance
35 agreement may be levied in excess of any tax limitation

1 imposed by statute. For a school district, a tax levied under
2 this section shall be included in the liability levy under
3 section 298.3. Such a self-insurance program or local
4 government risk pool is not insurance and is not subject to
5 regulation under chapters 505 through 523C. However, those
6 self-insurance plans regulated pursuant to section 509A.14
7 shall remain subject to the requirements of section 509A.14
8 and rules adopted pursuant to that section.

9 Sec. 25. Section 297.22, unnumbered paragraph 2, Code
10 1987, is amended to read as follows:

11 Proceeds from the sale, lease or disposition of real
12 property shall be placed in the schoolhouse capital projects
13 fund and proceeds from the sale, lease or disposition of
14 property other than real property shall be placed in the
15 general fund.

16 Sec. 26. NEW SECTION. 297.35 CONTINUATION OF LOAN
17 AGREEMENT.

18 A loan agreement between a school district and a bank,
19 investment banker, trust company, insurance company, or
20 insurance group that was made under section 297.36 prior to
21 July 1, 1987, in order to make immediately available proceeds
22 of the schoolhouse tax approved by the voters prior to July 1,
23 1987 shall continue in effect for the duration of the loan
24 agreement.

25 Sec. 27. Section 297.36, Code 1987, is amended to read as
26 follows:

27 297.36 LOAN AGREEMENTS.

28 In order to make immediately available proceeds of the
29 ~~schoolhouse tax which has been approved by the voters as~~
30 ~~provided in section 276.17, subsection 7~~ capital projects and
31 equipment levy authorized in section 298.2, the board of
32 directors may, with or without notice, borrow money and enter
33 into loan agreements of not to exceed ten years in duration in
34 anticipation of the collection of the tax with a bank,
35 investment banker, trust company, insurance company, or

1 insurance group.

2 By resolution, the board shall provide for an annual levy
3 which is within the limits of the tax approved-by-the-voters
4 authorized in section 298.2 to pay for the amount of the
5 principal and interest due each year until maturity. The
6 board shall file a certified copy of the resolution with the
7 auditor of each county in which the district is located. The
8 filing of the resolution with the auditor shall-make makes it
9 the duty of the auditor to annually levy the amount certified
10 for collection until funds are realized to repay the loan and
11 interest on the loan in full.

12 The loan must mature within the ten-year period of-time
13 ~~authorized-by-the-voters~~ and shall bear interest at a rate
14 which does not exceed the limits provided under chapter 74A.
15 A loan agreement entered into pursuant to this section shall
16 be in a form as the board of directors shall by resolution
17 provide and the loan shall be payable as to both principal and
18 interest from the proceeds of the annual levy of the voted-tax
19 ~~pursuant-to-section-278-17-subsection-7~~ capital projects and
20 equipment levy, or so much thereof as will be sufficient to
21 pay the loan and interest on the loan.

22 The proceeds of a loan must be deposited in a fund which is
23 separate from other district funds. Warrants paid from this
24 fund must be for purposes authorized by-the-voters-as-provided
25 ~~in-section-278-17-subsection-7~~ for the capital projects and
26 equipment levy.

27 This section does not limit the authority of the board of
28 directors to levy the full amount of the voted-tax capital
29 projects and equipment levy, but if and to whatever extent the
30 tax is levied in any year in excess of the amount of principal
31 and interest falling due in that year under a loan agreement,
32 the first available proceeds, to an amount sufficient to meet
33 the installments of principal and interest under the loan
34 agreement shall be paid into the sinking fund for the loan
35 before the taxes are otherwise made available to the school

1 corporation for other school purposes, and the amount required
2 to be annually set aside to pay principal of and interest on
3 the money borrowed under the loan agreement ~~shall constitute~~
4 constitutes a first charge upon the proceeds of the ~~special~~
5 ~~voted-tax~~ capital projects and equipment levy, which tax shall
6 be pledged to pay the loan and the interest on the loan.

7 This section is supplemental and in addition to existing
8 statutory authority to finance the purposes specified in
9 section ~~278.27-subsection-7~~ 298.2, and for the borrowing of
10 money and execution of loan agreements in connection with that
11 section ~~and-subsection~~, and is not subject to any other law.
12 The fact that a school corporation may have previously
13 borrowed money and entered into loan agreements under
14 authority of this section does not prevent the school
15 corporation from borrowing additional money and entering into
16 further loan agreements if the aggregate of the amount payable
17 under all of the loan agreements does not exceed the proceeds
18 of the ~~voted-tax~~ capital projects and equipment levy.

19 Sec. 28. NEW SECTION. 298.2 CAPITAL PROJECTS AND
20 EQUIPMENT LEVY.

21 The board of directors of a school district may certify for
22 levy by March 15 of a school year, a tax on all taxable
23 property in the school district for a capital projects and
24 equipment levy. The amount certified shall not exceed one
25 dollar and eight cents per thousand dollars of assessed
26 valuation in the district. The rate levied pursuant to a loan
27 agreement continued under section 297.35 shall be subtracted
28 from the levy limitation of this section.

29 The revenue from the tax shall be placed in the schoolhouse
30 fund and expended only for the following purposes:

31 1. The purchase and improvement of grounds.

32 "Purchase of grounds" includes: Legal costs relating to
33 the property acquisition, costs of surveys of the property,
34 costs of relocation assistance under state and federal law,
35 and other costs incidental to the property acquisition.

1 "Improvement of grounds" includes: Grading, landscaping,
2 seeding, and planting of shrubs and trees; constructing
3 sidewalks, roadways, retaining walls, sewers and storm drains,
4 and installing hydrants; surfacing and soil treatment of
5 athletic fields and tennis courts; furnishing and installing
6 flagpoles, gateways, fences, and underground storage tanks
7 which are not parts of building service systems; demolition
8 work; and special assessments against the school district for
9 capital improvements such as streets, curbs, and drains.

10 2. The construction of schoolhouses or buildings and
11 opening roads to schoolhouses or buildings.

12 3. The purchase of buildings or equipment for buildings or
13 schoolhouses, including the purchase of educational technology
14 equipment.

15 4. The payment of debts contracted for the erection or
16 construction of schoolhouses or buildings, not including
17 interest on bonds.

18 5. Procuring or acquisition of libraries.

19 6. The purchase of school textbooks if under chapter 301
20 the school district is loaning the textbooks to pupils at no
21 charge.

22 7. Repairing, remodeling, reconstructing, improving, or
23 expanding the schoolhouse or buildings.

24 For the purpose of this section, "repairing" means to
25 restore an existing structure or thing to its original
26 condition, as near as may be, after decay, waste, injury, or
27 partial destruction, but does not include maintenance or
28 customary repainting; and "reconstruction" means to rebuild or
29 to restore as an entity a thing which was lost or destroyed.

30 8. The rental of facilities under chapter 28E.

31 9. Purchase of transportation equipment for transporting
32 students if the district has fewer than three pupils per
33 square mile and the regular school routes consist of a single
34 round trip per child per day.

35 10. Lease-purchase option agreements for school buildings.

1 11. Public educational and recreational purposes
2 authorized in chapter 300.

3 12. Community education purposes authorized in chapter
4 275.

5 Interest earned on money in the schoolhouse fund may be
6 expended for a purpose listed in this section.

7 Sec. 29. NEW SECTION. 298.3 LIABILITY LEVY.

8 The board of directors of a school district may certify for
9 levy by March 15 of a school year, a tax on all taxable
10 property in the school for a liability levy. The revenue from
11 the tax levied in this section shall be placed in the general
12 fund of the school district and expended only for the
13 following purposes:

14 1. To pay the cost of unemployment benefits as provided in
15 section 93.31.

16 2. To pay the costs of tort liability insurance and the
17 costs of a judgment or settlement relating to tort liability
18 together with interest accruing on the judgment or settlement
19 to the expected date of payment under sections 613A.7 and
20 613A.10.

21 3. To pay the costs of insurance agreements under section
22 298.7.

23 Sec. 30. Section 298.15, Code 1987, is amended to read as
24 follows:

25 298.15 JUDGMENT TAX.

26 If the proper fund is not sufficient, then, unless its
27 board has provided by the issuance of bonds for raising the
28 amount necessary to pay such a judgment, the voters thereof
29 ~~shall at their regular election vote a sufficient tax for the~~
30 purpose cost of the judgment shall be included in the
31 liability levy as provided in section 613A.10.

32 Sec. 31. Section 298.12, unnumbered paragraph 1, Code
33 1987, is amended to read as follows:

34 The board of each school corporation shall, when estimating
35 and certifying the amount of money required for general

1 purposes, estimate and certify to the board of supervisors of
2 the proper county for the ~~schoolhouse~~ capital projects fund
3 the amount required to pay interest due or that may become due
4 for the fiscal year beginning July 1, thereafter, upon lawful
5 bonded indebtedness, and in addition thereto ~~such~~ the amount
6 as the board may deem necessary to apply on the principal.

7 Sec. 32. Section 298.18, unnumbered paragraph 5, Code
8 1987, is amended to read as follows:

9 Notice of the election shall be given by the county
10 commissioner of elections according to section 49.53. The
11 election shall be held on a date not less than four nor more
12 than twenty days after the last publication of the notice. At
13 ~~such~~ the election the ballot used for the submission of said
14 the proposition shall be in substantially the form for
15 submitting special questions at general elections. The county
16 commissioner of elections shall conduct the election pursuant
17 to ~~the provisions of~~ chapters 39 to 53 and certify the results
18 to the board of directors. ~~Such~~ the proposition shall not be
19 deemed carried or adopted unless the vote in favor of ~~such~~ the
20 proposition is equal to at least ~~sixty-percent~~ a majority of
21 the total vote cast for and against ~~said~~ the proposition at
22 ~~said~~ the election. Whenever ~~such~~ a proposition has been
23 approved by the voters of a school corporation as ~~heretofore~~
24 provided in this section, no further approval of the voters of
25 ~~such~~ the school corporation shall be required as a result of
26 any subsequent change in the boundaries of ~~such~~ the school
27 corporation.

28 Sec. 33. Section 300.2, Code 1987, is amended by striking
29 the section and inserting in lieu thereof the following:

30 300.2 FUNDING FOR RECREATIONAL PURPOSES.
31 Moneys received from the capital projects and equipment
32 levy may be expended for the purposes listed in section 300.1.

33 Sec. 34. Section 442.4, subsection 3, unnumbered paragraph
34 1 and paragraph a, Code 1987, are amended to read as follows:

35 For the school year beginning July 1, 1986 1987, and each

1 subsequent school year, budget enrollment means the sum of the
2 following:

3 a. Twenty-five percent of the basic enrollment for the
4 school formula year beginning-July-1, 1979. However, if the
5 basic enrollment of a school district for a budget year is
6 more than fifteen percent higher than the basic enrollment of
7 the district for the base year, the school district's basic
8 enrollment for the budget year shall be used thereafter for
9 the calculation required under this paragraph in lieu of using
10 the basic enrollment for the ~~school~~ year beginning-July-1,
11 1979.

12 For the purpose of this subsection, the listed budget years
13 shall use the listed formula years:

14 (1) For the budget year beginning July 1, 1987, the
15 formula year used for determining budget enrollment is the
16 budget year beginning July 1, 1979.

17 (2) For the budget year beginning July 1, 1988, the
18 formula year used for determining budget enrollment is the
19 budget year beginning July 1, 1981.

20 (3) For each succeeding budget year, the formula year used
21 for determining budget enrollment shall be advanced two years
22 until for the budget year beginning July 1, 1991, the formula
23 year for determining budget enrollment is the budget year
24 beginning July 1, 1987.

25 Sec. 35. Section 442.4, subsection 5, Code 1987, is
26 amended to read as follows:

27 5. For the school year beginning July 1, 1984 and each
28 succeeding school year, in an amount equal to the district
29 cost per pupil for the budget year minus the amount included
30 in the district cost per pupil for the budget year to
31 compensate for the cost of special education support services
32 for a school district for the budget year times the budget
33 enrollment of the school district for the budget year is less
34 than one hundred two percent times an amount equal to the
35 district cost per pupil for the base year minus the amount

1 included in the district cost per pupil for the base year to
2 compensate for the cost of special education support services
3 for a school district for the base year times the budget
4 enrollment for the school district for the base year, the
5 department of management shall increase the budget enrollment
6 for the school district for the budget year to a number which
7 will provide that one hundred two percent amount. For the
8 school year beginning July 1, 1988 and each of the next three
9 school years, the one hundred two percent amount shall be
10 reduced by five-tenths of one percent, until for the school
11 year beginning July 1, 1991 and each succeeding school year,
12 the guarantee amount for the budget year is one hundred
13 percent times an amount equal to the district cost per pupil
14 for the base year minus the amount included in the district
15 cost per pupil for the base year to compensate for the cost of
16 special education support services for a school district for
17 the base year times the budget enrollment for the school
18 district for the base year.

19 Sec. 36. Section 442.5, subsection 1, paragraph a, Code
20 1987, is amended to read as follows:

21 a. "Miscellaneous income" means all receipts deposited to
22 the general fund of a school district which are not obtained
23 from state aid provided under section 442.1 or from property
24 tax authorized under section 442.2 or 442.9. Miscellaneous
25 income includes property tax levied under ~~the provisions of~~
26 ~~section 613A-77~~ 298.3 to fund the costs of tort liability
27 insurance for the school district.

28 Sec. 37. Section 442.5, subsection 1, paragraph b, Code
29 1987, is amended by striking the paragraph and inserting in
30 lieu thereof the following:

31 b. "Expenditures" means the total amounts paid out of the
32 general fund of a school district, exclusive of revenues
33 obtained from the liability levy.

34 Sec. 38. Section 442.13, subsection 7, Code 1987, is
35 amended to read as follows:

1 7. The committee may authorize a district to spend a
 2 reasonable and specified amount from its unexpended cash
 3 balance for the purpose or purposes of furnishing, equipping,
 4 and contributing to the construction of a new building or
 5 structure for which the voters of the district have approved a
 6 bond issue as provided by law ~~or a tax as provided in chapter~~
 7 278, and for major building repairs as defined in section
 8 ~~297-5~~ 298.2. No other expenditure, including but not limited
 9 to expenditures for salaries or recurring costs, ~~shall be~~ is
 10 authorized under this subsection. Expenditures authorized
 11 under this subsection shall not be included in allowable
 12 growth or district cost, and the portion of the unexpended
 13 cash balance which is authorized to be spent shall be regarded
 14 as if it were miscellaneous income. Any part of such the
 15 amount which is not actually spent for the authorized purpose
 16 ~~shall revert~~ reverts to its former status as part of the
 17 unexpended cash balance.

18 Sec. 39. NEW SECTION. 442.30A ADDITIONAL ALLOWABLE
 19 GROWTH FOR CERTAIN PROGRAMS.

20 A school district may use additional allowable growth to
 21 finance approved programs for gifted and talented children,
 22 dropout and dropout prevention programs, and school
 23 improvement programs under chapter 260A subject to the limits
 24 of this section. The total additional allowable growth for
 25 approved programs under this section shall not exceed four and
 26 two-tenths percent of the district cost per pupil of the
 27 school district for the budget year multiplied by the budget
 28 enrollment of the school district for the budget year, except
 29 that the additional allowable growth used for any one of the
 30 three programs shall not exceed three and fifteen hundredths
 31 percent of the maximum four and two-tenths percent limit.

32 Sec. 40. Section 442.31, unnumbered paragraph 1, Code
 33 1987, is amended to read as follows:

34 ~~For the school year beginning July 27, 1981 and succeeding~~
 35 ~~school years, boards~~ Boards of school districts, individually

1 or jointly with the boards of other school districts,
2 requesting to use additional allowable growth for gifted and
3 talented children programs, may annually submit program plans
4 for gifted and talented children programs and budget costs,
5 including requests for additional allowable growth for funding
6 the programs, to the department of education and to the
7 applicable gifted and talented children advisory council, if
8 an advisory council has been established, as provided in this
9 chapter. ~~A district shall not identify more than three~~
10 ~~percent of its budget enrollment for the budget year as gifted~~
11 ~~and talented if the district is requesting to use additional~~
12 ~~allowable growth to finance the program.~~

13 Sec. 41. Section 442.35, Code 1987, is amended to read as
14 follows:

15 442.35 FUNDING.

16 The budget of an approved gifted and talented children
17 program for a school district, after subtracting funds
18 received from other sources for that purpose, shall be funded
19 annually on a basis of one-fourth or more from the district
20 cost of the school district and up to three-fourths by an
21 increase in allowable growth as defined in section 442.7,
22 subject to the allowable growth limits in section 442.30A.
23 Annually, the director of the department of management shall
24 establish a modified allowable growth for each such district
25 equal to the difference between the approved budget for the
26 gifted and talented children program for that district and the
27 sum of the amount funded from the district cost of the school
28 district plus funds received from other sources.

29 Sec. 42. Section 442.51, unnumbered paragraph 2, Code
30 1987, is amended to read as follows:

31 Program plans shall identify the parts of the plan that
32 will be implemented first upon approval of the application.
33 ~~If a district is requesting to use additional allowable growth~~
34 ~~to finance the program, it shall not identify more than five~~
35 ~~percent of its budget enrollment for the budget year as~~

1 returning-dropouts-and-potential-dropouts-

2 Sec. 43. Section 442.54, Code 1987, is amended to read as
3 follows:

4 442.54 FUNDING FOR PROGRAMS FOR RETURNING DROPOUTS AND
5 DROPOUT PREVENTION.

6 The budget of an approved program for returning dropouts
7 and dropout prevention for a school district, after
8 subtracting funds received from other sources for that
9 purpose, shall be funded annually on a basis of one-fourth or
10 more from the district cost of the school district and up to
11 three-fourths by an increase in allowable growth as defined in
12 section 442.7, subject to the allowable growth limits in
13 section 442.30A. Annually, the department of management shall
14 establish a modified allowable growth for each such district
15 equal to the difference between the approved budget for the
16 program for returning dropouts and dropout prevention for that
17 district and the sum of the amount funded from the district
18 cost of the school district plus funds received from other
19 sources.

20 Sec. 44. Section 453.14, unnumbered paragraph 2, Code
21 1987, is amended to read as follows:

22 Earnings and interest from investments authorized by this
23 section shall be used either to retire the bonded indebtedness
24 or to be credited to the ~~schoolhouse~~ capital projects fund for
25 the purpose of financing the construction or equipping of the
26 school building for which the bonds were sold.

27 Sec. 45. Section 613A.7, Code 1987, is amended to read as
28 follows:

29 613A.7 INSURANCE.

30 The governing body of any municipality may purchase a
31 policy of liability insurance insuring against all or any part
32 of liability which might be incurred by such municipality or
33 its officers, employees and agents under the provisions of
34 section 613A.2 and section 613A.8 and may similarly purchase
35 insurance covering torts specified in section 613A.4. The

1 governing body of any municipality may adopt a self-insurance
2 program, including but not limited to the investigation and
3 defense of claims, the establishment of a reserve fund for
4 claims, the payment of claims, and the administration and
5 management of the self-insurance program, to cover all or any
6 part of the liability. The governing body of any municipality
7 may join and pay funds into a local government risk pool to
8 protect itself against any or all liability. The governing
9 body of any municipality may enter into insurance agreements
10 obligating the municipality to make payments beyond its
11 current budget year to provide or procure such policies of
12 insurance, self-insurance program, or local government risk
13 pool. The premium costs of such insurance, the costs of such
14 a self-insurance program, the costs of a local government risk
15 pool, and the amounts payable under any such insurance
16 agreements may be paid out of the general fund or any
17 available funds or may be levied in excess of any tax
18 limitation imposed by statute. For school districts, the
19 costs shall be included in the liability levy as provided in
20 section 296.7. Any independent or autonomous board or
21 commission in the municipality having authority to disburse
22 funds for a particular municipal function without approval of
23 the governing body may similarly enter into insurance
24 agreements, procure liability insurance, adopt a self-
25 insurance program, or join a local government risk pool within
26 the field of its operation. The procurement of such insurance
27 constitutes a waiver of the defense of governmental immunity
28 as to those exceptions listed in section 613A.4 to the extent
29 stated in such policy but shall have no further effect on the
30 liability of the municipality beyond the scope of this
31 chapter, but if a municipality adopts a self-insurance program
32 or joins and pays funds into a local government risk pool such
33 action does not constitute a waiver of the defense of
34 governmental immunity as to the exceptions listed in section
35 613A.4. The existence of any insurance which covers in whole

1 or in part any judgment or award which may be rendered in
2 favor of the plaintiff, or lack of any such insurance, shall
3 not be material in the trial of any action brought against the
4 governing body of any municipality, or its officers, employees
5 or agents and any reference to such insurance, or lack of
6 same, shall be grounds for a mistrial. A self-insurance
7 program or local government risk pool is not insurance and is
8 not subject to regulation under chapters 505 through 523C.

9 Sec. 46. Section 613A.10, Code 1987, is amended to read as
10 follows:

11 613A.10 TAX TO PAY JUDGMENT OR SETTLEMENT.

12 When a final judgment is entered against or a settlement is
13 made by a municipality for a claim within the scope of section
14 613A.2 or 613A.8, payment shall be made and the same remedies
15 shall apply in the case of nonpayment as in the case of other
16 judgments against the municipality. If said a judgment or
17 settlement is unpaid at the time of the adoption of the annual
18 budget, it the municipality shall budget an amount sufficient
19 to pay the judgment or settlement together with interest
20 accruing thereon on it to the expected date of payment. Such
21 A tax may be levied in excess of any limitation imposed by
22 statute. For school districts the costs of a judgment or
23 settlement under this section shall be included in the
24 liability levy pursuant to section 298.3.

25 Sec. 47. Sections 297.5, 298.7, 298.9 and 298.17, Code
26 1987, are repealed.

27 Sec. 48. This Act takes effect on October 1, 1987.

28 EXPLANATION

29 This bill:

30 1. Establishes a capital projects and equipment levy with
31 a limit of \$1.08 per \$1,000 of assessed valuation that can be
32 used for the purposes listed for the site levy, the school-
33 house levy, the lease-purchase levy, and the educational and
34 recreational levy. In addition, the funds may be expended for
35 the purchase of school transportation equipment in sparsely

1 populated districts, educational technology equipment, and
2 textbooks if the textbooks are loaned at no charge to the
3 students. The levy can be instituted by board action.

4 2. Deletes the library use levy.

5 3. Combines the tort liability levy and the unemployment
6 compensation levy into a single unlimited liability levy.

7 4. Combines the additional allowable growth for programs
8 for gifted and talented children, dropout prevention, and
9 school improvement into a single additional allowable growth
10 figure comparable to the present maximum amount for the three
11 but restricts the use of more than seventy-five percent of the
12 total amount on any one program.

13 5. Retains the enrichment, cash reserve, and debt service
14 levies as they presently are.

15 6. Provides for majority approval of school bond issues.

16 7. Provides a method for advancing the base year used in
17 determining budget enrollment beginning July 1, 1988.

18 8. Reduces the 102 percent budget guarantee to 100 percent
19 over a four-year period beginning July 1, 1988.

20 The bill also provides for loan agreements for up to ten
21 years for the anticipation of the collection of the capital
22 projects and equipment levy and continues loan agreements for
23 anticipating the collection of the schoolhouse levy.

24 The bill takes effect October 1, 1987.

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SENATE FILE 360

S-3169

1 Amend Senate File 360 as follows:

2 1. Page 1, by striking lines 1 through 13.

3 2. Page 4, by striking lines 9 through 11 and
4 inserting the following:

5 "The board may, with approval of sixty percent of
6 the voters, voting in a regular or special election in
7 the school district, make extended time contracts not
8 to exceed twenty".

9 3. Page 7, by striking lines 10 through 17.

10 4. Page 12, by striking lines 11 and 12 and
11 inserting the following: "the tax levied in this
12 section shall be placed in a fund which shall be
13 called the liability fund and expended only for the".

14 5. Page 13, by striking lines 7 through 27.

15 6. Title page, line 2, by striking the words
16 "liability levy, for" and inserting the following:
17 "liability levy".

18 7. Title page, by striking line 3 and inserting
19 the following: "for additional".

20 8. By renumbering as necessary.

S-3169

Filed March 16, 1987

B. W/D 3/23/87 (p. 848)

BY COMMITTEE ON WAYS AND MEANS
CHARLES BRUNER, Chairperson

SENATE FILE 360

S-3174

1 Amend amendment, S-3169 to Senate File 360 as
2 follows:

3 1. Page 1, by striking lines 3 through 8.

S-3174

Filed March 16, 1987

Placed o/c 3/23 (p. 848)

BY EDGAR H. HOLDEN
JIM RIORDAN

SENATE FILE 360

S-3180

1 Amend Senate File 360 as follows:

- 2 1. Page 4, line 17, by striking the word
3 "schoolhouse" and inserting the following:
4 "~~schoolhouse~~ capital projects".
5 2. Page 10, line 29, by striking the word
6 "schoolhouse" and inserting the following: "capital
7 projects".
8 3. Page 12, line 5, by striking the word
9 "schoolhouse" and inserting the following: "capital
10 projects".
11 4. Page 16, lines 25 and 26, by striking the
12 words "four and two-tenths" and inserting the
13 following: "three and fifteen-hundredths".
14 5. Page 16, line 30, by striking the words "three
15 and fifteen hundredths" and inserting the following:
16 "seventy-five".
17 6. Page 16, line 31, by striking the words "four
18 and two-tenths" and inserting the following: "three
19 and fifteen-hundredths".

S-3180

Filed March 17, 1987

BY LARRY MURPHY
WALLY E. HORN
CHARLES BRUNER

SENATE FILE 360

-3211

1 Amend Senate File 360 as follows:

- 2 1. Page 4, lines 7 and 8, by striking the words
- 3 and figures "paragraphs 2 and 3, Code 1987, are" and
- 4 inserting the following: "paragraph 2, Code 1987,
- 5 is".
- 6 2. Page 4, by striking lines 9 through 11 and in-
- 7 serting the following: "The board may, with approval
- 8 of sixty percent of the voters, voting in a regular or
- 9 special election in the school district, make extended
- 10 time contracts not to exceed twenty".
- 11 3. Page 4, line 18, by striking the words
- 12 "capital projects and equipment" and inserting the
- 13 following: "voted".
- 14 4. By striking page 4, line 19, through page 5,
- 15 line 8.
- 16 5. Page 6, line 17, by inserting after the word
- 17 "purposes." the following: "Funds expended by a
- 18 school district for new construction of a school lunch
- 19 facility must first be approved by the voters of the
- 20 district."
- 21 6. Page 8, line 32, by striking the words "or
- 22 without notice" and inserting the following: "or
- 23 without-notice the approval of the voters at a regular
- 24 school election using the procedure specified in
- 25 section 278.2".
- 26 7. Page 10, lines 17 and 18, by striking the
- 27 words "proceeds of" and inserting the following:
- 28 "proceeds-of amount approved by the voters for
- 29 anticipation of collection of the tax from".
- 30 8. Page 11, by striking lines 10 and 11 and
- 31 inserting the following:
- 32 "2. Opening roads to schoolhouses or buildings."
- 33 9. Page 11, line 12, by striking the words
- 34 "buildings or".
- 35 10. Page 11, by striking lines 15 through 17.
- 36 11. Page 11, line 18, by inserting after the word
- 37 "libraries" the following: "but not library
- 38 buildings".
- 39 12. Page 11, lines 22 and 23, by striking the
- 40 words "improving, or expanding" and inserting the
- 41 following: "or improving".
- 42 13. Page 11, line 30, by inserting after the
- 43 figure "28E." the following: "Annually, the board
- 44 must reapprove the rental."
- 45 14. Page 11, by striking line 35.
- 46 15. Page 20, line 25, by inserting after the word
- 47 "Sections" the following: "279.26,".

S-3211

Filed March 20, 1987

BY EDGAR H. HOLDEN
JACK W. HESTER

SENATE FILE 360

S-3209

1 Amend Senate File 360 as follows:

2 1. Page 1, line 25, by inserting after the word
3 "benefits" the following: "paid outside the general
4 fund limits".

5 2. Page 6, by striking line 20 and inserting the
6 following:

7 "291.13 GENERAL AND-SCHOOLHOUSE, CAPITAL PROJECTS,
8 AND LIABILITY FUNDS."

9 3. Page 6, line 29, by inserting after the word
10 "certified." the following: "The money collected by
11 the liability levy authorized by the board shall be
12 called the liability fund and may be used only for the
13 purposes for which it is authorized or certified."

14 4. Page 7, by striking line 5 and inserting the
15 following: "general fund and-the-schoolhouse, the
16 capital projects fund, and the liability fund held".

17 5. Page 12, line 11, by striking the word
18 "general" and inserting the following: "liability".

19 6. Page 15, by striking lines 24 through 27 and
20 inserting the following: "tax authorized under
21 section 442.2 or 442.9. Miscellaneous-income-includes
22 property-tax-levied-under-the-provisions-of-section
23 613A-77-to-fund-the-costs-of-tort-liability-insurance
24 for-the-school-district."

25 7. Page 15, by striking lines 32 and 33 and
26 inserting the following: "general fund of a school
27 district."

28 8. Page 19, line 19, by inserting after the word
29 "costs" the following: "in excess of any tax
30 limitation imposed by statute".

31 9. Page 20, line 23, by inserting after the word
32 "section" the following: "in excess of any limitation
33 imposed by statute".

S-3209

Filed March 20, 1987

BY EDGAR H. HOLDEN
LARRY MURPHY

SENATE FILE 360

S-3254

1 Amend Senate File 360 as follows:

2 1. Page 1, by inserting after line 13 the
3 following:

4 "Sec. ____ . NEW SECTION. 76.2A SCHOOL DISTRICT
5 LEVIES.

6 Notwithstanding the procedure contained in section
7 76.2 for assessing an annual levy for the payment of
8 principal and interest on bonds, the board of
9 directors of each school district shall determine the
10 annual amount required to pay the principal and
11 interest on bonds within the period approved. It
12 shall determine, on the basis of the percent of the
13 population of the school district residing in the
14 unincorporated area of the county and the percent that
15 resides in each city located wholly or partially
16 within the school district compared to the total
17 population of the school district, the percent of the
18 total cost to be paid by each constituent unit. The
19 county auditor shall transmit to each affected county
20 board of supervisors and city council the portion of
21 the principal and interest to be paid by each. The
22 unincorporated part of each county shall be considered
23 as a separate unit. Annually each county board of
24 supervisors shall review the amount to be paid from
25 the unincorporated portion of the county and
26 appropriate its share from the county rural services
27 fund budget. Annually each city council shall review
28 the amount to be paid from the city and appropriate
29 its share from the city general fund budget. Each
30 city and county shall contribute its share on an
31 equitable basis by population. With approval of a
32 city council, the county treasurer may withhold the
33 city's portion of the taxes collected for a city to
34 meet the city's contribution for payments under this
35 section and deliver a receipt to the city clerk for
36 the amount withheld."

37 2. Page 13, by inserting after line 32, the
38 following:

39 "Sec. ____ . Section 331.424, subsection 2, Code
40 1987, is amended by adding the following new lettered
41 paragraph:

42 NEW LETTERED PARAGRAPH. c. For payments of
43 principal and interest on bonds of school districts
44 under section 76.2A.

45 Sec. ____ . Section 384.12, Code 1987, is amended by
46 adding the following new subsection:

47 NEW SUBSECTION. 20. A tax sufficient to make
48 payments of principal and interest on bonds of school
49 districts under section 76.2A."

50 3. By numbering and renumbering sections as
1 necessary.

SENATE FILE 360

S-3242

1 Amend Senate File 360 as follows:

2 1. Page 5, by striking lines 34 and 35 and
3 inserting the following: "~~section-278-1, -subsection-7~~
4 capital projects and equipment levy, funds from the
5 tax levy certified under section 297.5, or".

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

8 "Sec. ____ . Section 297.5, unnumbered paragraph 1,
9 Code 1987, is amended to read as follows:

10 The directors in a high school district maintaining
11 a program kindergarten through grade twelve may, by
12 March 15 of each year certify an amount not exceeding
13 twenty-seven cents per thousand dollars of assessed
14 value to the board of supervisors, who shall levy the
15 amount so certified, and the tax so levied shall be
16 placed in the schoolhouse capital projects fund to be
17 used for the purchase and improvement of sites, or for
18 major building repairs for transportation equipment
19 for transporting students if the district has fewer
20 than three pupils per square mile and the regular
21 school routes consist of a single round trip per child
22 per day, or for educational technology equipment
23 including telecommunications equipment and computer
24 equipment. Any funds expended by a school district
25 for new construction of school buildings or school
26 administration buildings must first be approved by the
27 voters of the district."

28 3. Page 10, lines 24 and 25, by striking the
29 words "one dollar and eight" and inserting the
30 following: "eighty-one".

31 4. Page 10, by inserting after line 28 the
32 following:

33 "Within thirty days following the decision of a
34 board to certify a capital projects and equipment
35 levy, if a petition signed by at least twenty percent
36 of the qualified electors residing within the district
37 is received by the board, then the proposal shall be
38 placed on the ballot at a regular or special election,
39 as determined by the board. If an election is
40 required, the proposition to certify the levy shall be
41 approved with a simple majority vote. The proposition
42 may include a provision for approval of the levy for a
43 specified number of years not to exceed ten."

S-3242

Filed March 24, 1987

BY RICHARD VARE
LARRY MURPHY

SENATE FILE 360

S-3230

1 Amend the amendment, S-3169, to Senate File 360 as
2 follows:

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

5 "_____. Page 1, line 26, by striking the word
6 "levy" and inserting the following: "budget".

7 _____ . Page 2, line 13, by striking the word "levy"
8 and inserting the following: "budget".

9 _____ . Page 3, line 24, by striking the word "levy"
10 and inserting the following: "budget".

11 2. Page 1, by inserting after line 8 the
12 following:

13 "_____. Page 5, line 8, by striking the word "levy"
14 and inserting the following: "budget".

15 _____ . Page 5, line 35, by striking the word
16 "levy" and inserting the following: "budget".

17 _____ . Page 6, line 22, by striking the word "levy"
18 and inserting the following: "budget".

19 3. Page 1, by inserting after line 9 the
20 following:

21 "_____. Page 7, by striking line 35, and inserting
22 the following: "agreement may be levied or budgeted
23 in excess of any tax or budget limitation."

24 _____ . Page 8, line 1, by striking the words "a tax
25 levied" and inserting the following: "an amount
26 budgeted".

27 _____ . By striking page 8, line 25, through page
28 10, line 18.

29 _____ . Page 10, line 20, by striking the word
30 "LEVY" and inserting the following: "BUDGET".

31 _____ . Page 10, by striking lines 21 through 28 and
32 inserting the following:

33 "The board of directors of a school district shall
34 adopt a budget for the purposes specified in this
35 section and transmit the budget to the appropriate
36 county board of supervisors and city councils pursuant
37 to section 298.4. The amount of the budget shall not
38 exceed the revenue that would be received if a tax
39 levy of one dollar and eight cents per thousand
40 dollars of assessed valuation were levied on all of
41 the property in the school district. The amount paid
42 pursuant to a loan agreement continued under section
43 297.35 shall be subtracted when determining the total
44 budget allowed under this section."

45 _____ . Page 10, line 29, by striking the words
46 "from the tax" and inserting the following: "received
47 from the cities and county for the capital projects
48 and equipment budget".

49 _____ . Page 12, line 7, by striking the word "LEVY"
50 and inserting the following: "BUDGET".

S-3230 pg. 2

1 4. Page 1, by striking lines 10 through 13 and
2 inserting the following:
3 "_____. Page 12, by striking lines 8 through 11,
4 and inserting the following:
5 "The board of directors of a school district shall
6 adopt a budget for the purposes specified in this
7 section and transmit the budget to the appropriate
8 county board of supervisors and city councils pursuant
9 to section 298.4. The revenue received from the
10 cities and county for the liability budget shall be
11 placed in the general".

12 _____. Page 12, by inserting after line 22 the
13 following:

14 "Sec. _____. NEW SECTION. 298.4 LEVIES BY COUNTIES
15 AND CITIES.

16 The board of directors of each school district
17 shall determine the total amount to be raised for the
18 sum of its liability budget and its capital projects
19 and equipment budget under this chapter. It shall
20 determine, on the basis of the percent of the
21 population of the school district residing in the
22 unincorporated area of the county and the percent that
23 resides in each city located wholly or partially
24 within the school district compared to the total
25 population of the school district, the percent of the
26 total cost to be paid by each constituent unit. The
27 county auditor shall transmit a listing of the portion
28 of its budget estimate in dollars to each affected
29 county board of supervisors and city council. The
30 unincorporated part of each county shall be considered
31 as a separate unit. Annually each county board of
32 supervisors shall review the budget estimate for the
33 unincorporated portion of the county and appropriate
34 for school district purposes its share in the county
35 rural services fund budget. Annually each city
36 council shall review the budget estimate for the city
37 and appropriate for school district purposes its share
38 in the city general fund budget. Each city and county
39 shall contribute its share on an equitable basis by
40 population. With approval of a city council, the
41 county treasurer may withhold the city's portion of
42 the taxes collected for a city to meet the city's
43 contribution for school district purposes under this
44 section and deliver a receipt to the city clerk for
45 the amount withheld."

46 _____. Page 12, line 31, by striking the word
47 "levy" and inserting the following: "budget".

48 5. Page 1, by inserting after line 14 the
49 following:

50 "_____. Page 13, line 32, by striking the word

March 24, 1987

S-3230 pg. 3

- 1 "levy" and inserting the following: "budget".
2 _____. Page 13, by inserting after line 32 the
3 following:
4 "Sec. _____. Section 331.424, subsection 2, Code
5 1987, is amended by adding the following new lettered
6 paragraph:
7 NEW LETTERED PARAGRAPH. c. For capital projects
8 and equipment and liability purposes of school
9 districts under chapter 298.
10 Sec. _____. Section 384.12, Code 1987, is amended by
11 adding the following new subsection:
12 NEW SUBSECTION. 20. A tax sufficient to pay for
13 the capital projects and equipment and liability
14 purposes of school districts."
15 _____. Page 15, line 25, by striking the word
16 "under" and inserting the following: "under".
17 _____. Page 15, line 26, by striking the word and
18 figures "section 613A-7, 298.3" and inserting the
19 following: "~~section-613A-7, or amount budgeted~~".
20 _____. Page 15, line 33, by striking the word
21 "levy" and inserting the following: "budget".
22 _____. Page 19, line 17, by striking the word
23 "levy" and inserting the following: "budget".
24 _____. Page 20, line 24, by striking the word
25 "levy" and inserting the following: "budget".
26 _____. Page 20, line 25, by inserting after the
27 figure "297.5" the following: ", 297.36".
28 6. Page 1, by striking lines 15 through 19 and
29 inserting the following:
30 "_____. Title page, by striking lines 2 and 3 and
31 inserting the following: "capital projects and
32 equipment budget, for a liability budget, for
33 additional".
34 _____. Title page, line 6, by striking the words
35 "execution and"."

S-3230

Filed March 23, 1987

BY RAY TAYLOR

SENATE FILE 360

3233

1 Amend Senate File 360 as follows:

2 1. Page 1, line 26, by striking the word "levy"
3 and inserting the following: "budget".

4 2. Page 2, line 13, by striking the word "levy"
5 and inserting the following: "budget".

6 3. Page 3, line 24, by striking the word "levy"
7 and inserting the following: "budget".

8 4. Page 5, line 8, by striking the word "levy"
9 and inserting the following: "budget".

10 5. Page 5, line 35, by striking the word "levy"
11 and inserting the following: "budget".

12 6. Page 6, line 22, by striking the word "levy"
13 and inserting the following: "budget".

14 7. Page 7, by striking line 35, and inserting the
15 following: "agreement may be levied or budgeted in
16 excess of any tax or budget limitation."

17 8. Page 8, line 1, by striking the words "a tax
18 levied" and inserting the following: "an amount
19 budgeted".

20 9. By striking page 8, line 25, through page 10,
21 line 18.

22 10. Page 10, line 20, by striking the word "LEVY"
23 and inserting the following: "BUDGET".

24 11. Page 10, by striking lines 21 through 28 and
25 inserting the following:

26 "The board of directors of a school district shall
27 adopt a budget for the purposes specified in this
28 section and transmit the budget to the appropriate
29 county board of supervisors and city councils pursuant
30 to section 298.4. The amount of the budget shall not
31 exceed the revenue that would be received if a tax
32 levy of one dollar and eight cents per thousand
33 dollars of assessed valuation were levied on all of
34 the property in the school district. The amount paid
35 pursuant to a loan agreement continued under section
36 297.35 shall be subtracted when determining the total
37 budget allowed under this section."

38 12. Page 10, line 29, by striking the words "from
39 the tax" and inserting the following: "received from
40 the cities and county for the capital projects and
41 equipment budget".

42 13. Page 12, line 7, by striking the word "LEVY"
43 and inserting the following: "BUDGET".

44 14. Page 12, by striking lines 8 through 11, and
45 inserting the following:

46 "The board of directors of a school district shall
47 adopt a budget for the purposes specified in this
48 section and transmit the budget to the appropriate
49 county board of supervisors and city councils pursuant
50 to section 298.4. The revenue received from the

S-3233 pg. 2

1 cities and county for the liability budget shall be
2 placed in the general".

3 15. Page 12, by inserting after line 22 the
4 following:

5 "Sec. ____ . NEW SECTION. 298.4 LEVIES BY COUNTIES
6 AND CITIES.

7 The board of directors of each school district
8 shall determine the total amount to be raised for the
9 sum of its liability budget and its capital projects
10 and equipment budget under this chapter. It shall
11 determine, on the basis of the percent of the
12 population of the school district residing in the
13 unincorporated area of the county and the percent that
14 resides in each city located wholly or partially
15 within the school district compared to the total
16 population of the school district, the percent of the
17 total cost to be paid by each constituent unit. The
18 county auditor shall transmit a listing of the portion
19 of its budget estimate in dollars to each affected
20 county board of supervisors and city council. The
21 unincorporated part of each county shall be considered
22 as a separate unit. Annually each county board of
23 supervisors shall review the budget estimate for the
24 unincorporated portion of the county and appropriate
25 for school district purposes its share in the county
26 rural services fund budget. Annually each city
27 council shall review the budget estimate for the city
28 and appropriate for school district purposes its share
29 in the city general fund budget. Each city and county
30 shall contribute its share on an equitable basis by
31 population. With approval of a city council, the
32 county treasurer may withhold the city's portion of
33 the taxes collected for a city to meet the city's
34 contribution for school district purposes under this
35 section and deliver a receipt to the city clerk for
36 the amount withheld."

37 16. Page 12, line 31, by striking the word "levy"
38 and inserting the following: "budget".

39 17. Page 13, line 32, by striking the word "levy"
40 and inserting the following: "budget".

41 18. Page 13, by inserting after line 32 the
42 following:

43 "Sec. ____ . Section 331.424, subsection 2, Code
44 1987, is amended by adding the following new lettered
45 paragraph:

46 NEW LETTERED PARAGRAPH. c. For capital projects
47 and equipment and liability purposes of school
48 districts under chapter 298.

49 Sec. ____ . Section 384.12, Code 1987, is amended by
50 adding the following new subsection:

3233 pg. 3

- 1 NEW SUBSECTION. 20. A tax sufficient to pay for
- 2 the capital projects and equipment and liability
- 3 purposes of school districts."
- 4 19. Page 15, line 25, by striking the word
- 5 "under" and inserting the following: "under".
- 6 20. Page 15, line 26, by striking the word and
- 7 figures "section 6~~3A-77~~ 298.3" and inserting the
- 8 following: "section-6~~3A-77~~ or amount budgeted".
- 9 21. Page 15, line 33, by striking the word "levy"
- 10 and inserting the following: "budget".
- 11 22. Page 19, line 19, by striking the word "levy"
- 12 and inserting the following: "budget".
- 13 23. Page 20, line 24, by striking the word "levy"
- 14 and inserting the following: "budget".
- 15 24. Page 20, line 25, by inserting after the
- 16 figure "297.5" the following: ", 297.36".
- 17 25. Title page, by striking line 2 and inserting
- 18 the following: "capital projects and equipment
- 19 budget, for a liability budget, for".
- 20 26. Title page, line 6, by striking the words
- 21 "execution and".

S-3233

Filed March 23, 1987

BY RAY TAYLOR

SENATE FILE 360

S-3241

1 Amend the amendment, S-3169, to Senate File 360 as
2 follows:
3 1. Page 1, by striking line 2 and inserting the
4 following:
5 "____. Page 1, line 11, by inserting after the
6 word "corporation" the following: "only".
7 _____. Page 1, line 13, by inserting after the word
8 "election" the following: "if the vote of the board
9 of directors on the question of whether to issue the
10 bonds was unanimous".
11 _____. Page 7, line 14, by striking the words
12 "sixty-percent a majority" and inserting the
13 following: "sixty percent".
14 _____. Page 7, line 17, by inserting after the word
15 "thereof." the following: "However, if the vote of
16 the board of directors in favor of calling the
17 election after the receipt of the petition was
18 unanimous, the vote in favor of the issuance must only
19 equal at least a majority of the total vote cast for
20 and against the proposition at the election."
21 _____. Page 13, line 20, by striking the words
22 "sixty-percent a majority" and inserting the
23 following: "sixty percent".
24 _____. Page 13, line 22, by inserting after the
25 word "election." the following: "However, if the vote
26 of the board of directors on the proposition of
27 calling a special election to exceed the limit on the
28 amount estimated and certified to apply on principal
29 and interest was unanimous, the vote in favor of the
30 proposition must only equal at least a majority of the
31 total vote cast for and against the proposition at the
32 election."

S-3241

Filed March 24, 1987

BY LARRY MURPHY
WALLY E. HORN

STATE OF IOWA

FISCAL NOTE to

LSB No. 1595S.3
Staff ID. TLJ

Q. BY SENATOR TAYLOR SENATE FILE 360

In compliance with a written request received March 30, 1986, a fiscal note for SENATE FILE 360 REVISED 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 360 changes several provisions relating to school finance. It consolidates three of the schoolhouse fund levies, combines the tort liability and unemployment compensation levies, and combines the additional allowable growth programs. The proposal also makes changes in the declining enrollment provisions of the school foundation formula.

Section 1 establishes the capital projects and equipment levy. Under current law, a school district may levy up to a total of \$1.08 per \$1,000 of assessed valuation under the site levy, the schoolhouse levy, and the playground levy, and \$1.35 per \$1,000 of assessed valuation under the lease-purchase levy.

The proposed capital projects and equipment levy may be used for all purposes under the separate current law levies. Additionally, it may be used for transportation costs and textbooks under certain conditions, and educational technology equipment. The maximum levy that may be imposed is \$1.08 per \$1,000 of assessed valuation minus the rate for the continuation of any existing levies. The levy may be instituted by board action. The proposal also deletes the library levy.

Fiscal Effect:

School districts levied a tax under the separate schoolhouse fund levies for the 1986-87 school year as follows:

	Fiscal Year 1987 (in thousands)		
	# of Districts using	Total Levy	Current Maximum
<u>LEVY</u>			
Playground	16	\$ 972	\$ 9,700
School House	218	27,850	50,200
Site	318	15,662	20,100
Lease-purchase	1	8	100,000
TOTAL	NA	\$ 44,492	\$ 180,500

Since only one school district currently levies for the lease-purchase levy, for all practical purposes the levy consolidation would not change the current maximum amounts which could be levied. Since the proposal would expand the use of the levies and allow the district board to make the levy decision, it may be reasonable to expect that the total amount levied would increase.

Section 2 establishes the liability levy. Under current law, a school district may levy taxes outside its general fund levy limits under the unemployment compensation levy to pay the costs of unemployment benefits, and under the liability levy for insurance. The proposal would combine the two

STATE OF IOWA
FISCAL NOTE

LSB No. 1595S.3
 Staff ID. TLJ

FN pg. 2

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levies into a single unlimited liability levy.

Fiscal Effect:

School districts currently levy for tort liability and unemployment compensation as follows:

<u>LEVY</u>	<u>Fiscal Year 1987</u> (in thousands)	
	<u># of Districts using</u>	<u>Total Levy</u>
Tort	343	\$ 5,664
Unemployment	137	1,179
TOTAL	NA	\$ 6,843

Since school districts already have the authority to levy taxes to cover all costs associated with tort liability and unemployment compensation, the total amount levied under the proposal should not depart significantly from current law.

Section 3 combines the additional allowable growth programs for gifted and talented children, dropout prevention, and school improvement into a single additional allowable growth program. Under current law, the maximum total budget is 4.2 percent of the district's budget, and the maximum allowable growth is 3.15 percent for the three programs.

The proposal would increase the maximum additional allowable growth to 4.2 percent. The proposal also limits the amount that may be used on any one of the three programs to 75 percent of the maximum amount.

Assumptions:

1. Total taxable valuations for 1985 were \$74.34 billion and will increase 1.5 percent per year through 1987.
2. The September 1986 certified enrollment was 482,208 and will decline one percent each year thereafter.
3. The allowable growth rate for the 1987-88 school year is 3.469 percent and will be 2.0 percent for the 1988-89 school year.

Fiscal Effect:

Under current law, if all 436 school districts were to levy for the maximum additional allowable growth available for the three programs, total allowable growth for the 1988-89 school year would be \$42.9 million. Under the proposal, the maximum additional allowable growth would be \$57.2 million, or an increase of \$14.3 million.

However, it is unrealistic to expect that all school districts will elect to pursue such programs under the proposal. School districts with approved

STATE OF IOWA
FISCAL NOTE

LSB No. 1595S.3
Staff ID. TLJ

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additional allowable growth programs for the 1987-88 school year are as follows:

	Fiscal Year 1988 (in thousands)		
	# of Districts using	Total Budgets	Total Allowable Growth
<u>LEVY</u>			
Talented & Gifted	217	\$ 8,312	\$ 6,118
School Improvement	121	5,422	4,057
Dropout Prevention	16	8,257	3,247
TOTAL	<u>NA</u>	<u>\$ 21,991</u>	<u>\$ 13,422</u>

Only 30 percent of the total maximum additional allowable growth for the three programs is currently being utilized. Based on the current approved programs, the proposed 4.2% maximum allowable growth would increase the additional property tax askings by approximately \$4.5 million.

Section 4 changes the methods of calculating a school district's budget enrollment. Under current law, the September 1978 certified enrollment count is used to calculate 25 percent of the budget enrollment, and the district is guaranteed 102 percent of its previous year's budget. The proposal moves the base year for calculating 25 percent of the budget enrollment to 1980 for the 1988-89 school year, and increases it by two years every year thereafter until the base year used is 1986. The proposal also reduces the budget guarantee to 101.5 percent of the previous year's budget for the 1988-89 school year. It further reduces the guarantee by one-half percent per year until the budget guarantee equals 100 percent of the previous year's budget.

Assumptions:

1. Assumptions #1 through #3 in section 3.
2. The December 1986 special education weighting was 37,867 and will remain constant through the 1988-89 school year.
3. The September 1986 supplemental weighting was 1,409 and will remain constant through the 1988-89 school year.

Fiscal Effect:

	Fiscal Year 1988 (in millions)			Fiscal Year 1989 (in millions)		
	Current Law	Proposed Law	Increase (Decrease)	Current Law	Proposed Law	Increase (Decrease)
<u>EXPENDITURES</u>						
State Aid	\$ 810.2	\$ 810.2	\$ 0	\$ 836.3	\$ 830.9	\$ (5.4)
TOTAL	<u>\$ 810.2</u>	<u>\$ 810.2</u>	<u>\$ 0</u>	<u>\$ 836.3</u>	<u>\$ 830.9</u>	<u>\$ (5.4)</u>

April 2, 1987

STATE OF IOWA

FISCAL NOTE

LSB No. 1595S.3

Staff ID. TLJ

FN pg. 4

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Sources: Department of Education
Department of Management

(LSB 1595S.3, TLJ)

Denius Proity

Fiscal Director

Legislative Fiscal Bureau

Date: 3/31/87

Filed by the Sec. of the Senate April 1, 1987

STATE OF IOWA

FISCAL NOTE TO
SENATE FILE 360

LSB No. 1595S
Staff ID. TLJ

BY SENATOR MURPHY

In compliance with a written request received March 10, 1987, a fiscal note for **SENATE FILE 360** 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 360 changes several provisions relating to school finance. It consolidates three of the schoolhouse fund levies, combines the tort liability and unemployment compensation levies, and combines the additional allowable growth programs. The proposal also makes changes in the declining enrollment provisions of the school foundation formula.

Section 1 establishes the capital projects and equipment levy. Under current law, a school district may levy up to a total of \$1.08 per \$1,000 of assessed valuation under the site levy, the schoolhouse levy, and the playground levy, and \$1.35 per \$1,000 of assessed valuation under the lease-purchase levy.

The proposed capital projects and equipment levy may be used for all purposes under the separate current law levies. Additionally, it may be used for transportation costs and textbooks under certain conditions, and educational technology equipment. The maximum levy that may be imposed is \$1.08 per \$1,000 of assessed valuation minus the rate for the continuation of any existing levies. The levy may be instituted by board action. The proposal also deletes the library levy.

Fiscal Effect:

School districts levied a tax under the separate schoolhouse fund levies for the 1986-87 school year as follows:

	Fiscal Year 1987 (in thousands)		
	# of Districts using	Total Levy	Current Maximum
<u>LEVY</u>			
Playground	16	\$ 972	\$ 9,700
School House	218	27,850	50,200
Site	318	15,662	20,100
Lease-purchase	1	8	100,000
TOTAL	<u>na</u>	<u>\$ 44,492</u>	<u>\$ 180,500</u>

Since only one school district currently levies for the lease-purchase levy, for all practical purposes the levy consolidation would not change the current maximum amounts which could be levied. Since the proposal would expand the use of the levies and allow the district board to make the levy decision, it may be reasonable to expect that the total amount levied would increase.

Section 2 establishes the liability levy. Under current law, a school district may levy taxes outside its general fund levy limits under the unemployment compensation levy to pay the costs of unemployment benefits, and under the liability levy for insurance. The proposal would combine the two levies into a single unlimited liability levy.

STATE OF IOWA
FISCAL NOTE

LSB No. 1595S
 Staff ID. TLJ

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Fiscal Effect:

School districts currently levy for tort liability and unemployment compensation as follows:

LEVY	Fiscal Year 1987 (in thousands)	
	# of Districts using	Total Levy
Tort	343	\$ 5,664
Unemployment	137	1,179
TOTAL	<u>na</u>	<u>\$ 6,843</u>

Since school districts already have the authority to levy taxes to cover all costs associated with tort liability and unemployment compensation, the total amount levied under the proposal should not depart significantly from current law.

Section 3 combines the additional allowable growth programs for gifted and talented children, dropout prevention, and school improvement into a single additional allowable growth program. Under current law, the maximum total budget is 4.2 percent of the district's budget, and the maximum allowable growth is 3.15 percent for the three programs.

The proposal would increase the maximum additional allowable growth to 4.2 percent. The proposal also limits the amount that may be used on any one of the three programs to 75 percent of the maximum amount.

Fiscal Effect:

School districts with approved additional allowable growth programs for the 1987-88 school year are as follows:

LEVY	Fiscal Year 1988 (in thousands)		
	# of Districts using	Total Levy	Current Maximum
Talented & Gifted	217	\$ 8,312	\$ 6,118
School Improvement	121	5,422	4,057
Dropout Prevention	16	8,257	3,247
TOTAL	<u>na</u>	<u>\$ 21,991</u>	<u>\$ 13,422</u>

The proposed consolidation of the allowable growth programs would increase the maximum authorized budgets by 5.6 percent.

STATE OF IOWA
FISCAL NOTE

LSB No. 1595S
Staff ID. TLJ

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Section 4 changes the methods of calculating a school district's budget enrollment. Under current law, the September 1978 certified enrollment count is used to calculate 25 percent of the budget enrollment, and the district is guaranteed 102 percent of its previous year's budget. The proposal moves the base year for calculating 25 percent of the budget enrollment to 1980 for the 1988-89 school year, and increases it by two years every year thereafter until the base year used is 1986. The proposal also reduces the budget guarantee to 100 percent of the previous year's budget.

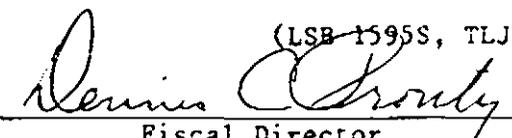
Assumptions:

1. Total taxable valuations for 1985 were \$74.34 billion and will increase 1.5 percent per year through 1987.
2. The September 1986 certified enrollment was 482,208 and will decline one percent each year thereafter.
3. The allowable growth rate for the 1987-88 school year is 3.469 percent and will be 2.0 percent for the 1988-89 school year.
4. The December 1986 special education weighting was 37,867 and will remain constant through the 1988-89 school year.
5. The September 1986 supplemental weighting was 1,409 and will remain constant through the 1988-89 school year.

Fiscal Effect:

	Fiscal Year 1988 (in millions)			Fiscal Year 1989 (in millions)		
	Current Law	Proposed Law	Increase (Decrease)	Current Law	Proposed Law	Increase (Decrease)
<u>EXPENDITURES</u>						
State Aid	\$ 810.2	\$ 810.2	\$ 0	\$ 836.3	\$ 830.9	\$ (5.4)
TOTAL	\$ 810.2	\$ 810.2	\$ 0	\$ 836.3	\$ 830.9	\$ (5.4)

Sources: Department of Education
Department of Management

(LSB 1595S, TLJ)

 Fiscal Director
 Legislative Fiscal Bureau
 Date: 3/23/87

Filed by the Sec. of the Senate March 24, 1987

SSB #5
Education
SF360

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
EDUCATION BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the levying of property taxes for school
2 purposes, providing for a capital projects and equipment levy,
3 a liability levy, and for additional allowable growth for
4 school districts, for the execution and continuation of loan
5 agreements for anticipating the collection of certain levies,
6 and providing an effective date.

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

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1 Section 1. Section 96.31, Code 1987, is amended to read as
2 follows:

3 96.31 TAX FOR BENEFITS.

4 Political subdivisions may levy a tax outside their general
5 fund levy limits to pay the cost of unemployment benefits.

6 For school districts the cost of unemployment benefits shall
7 be included in the liability levy pursuant to section 298.3.

8 Sec. 2. Section 260A.2, unnumbered paragraph 4, Code 1987,
9 is amended by striking the unnumbered paragraph.

10 Sec. 3. Section 260A.3, unnumbered paragraph 1, Code 1987,
11 is amended to read as follows:

12 A project that has been approved by the department of
13 education shall be funded one-fourth or more from the district
14 cost of the school district and up to three-fourths by an
15 increase in allowable growth as defined in section 442.7,
16 subject to the allowable growth limits in section 442.30A, or
17 by an educational excellence incentive award granted by the
18 department of education under section 260A.4, or both.

19 Sec. 4. Section 274.37, unnumbered paragraph 2, Code 1987,
20 is amended to read as follows:

21 The boards in the respective districts, the boundaries of
22 which have been changed under this section, complete in all
23 respects, except for the passage of time prior to the
24 effective date of the change, and when ~~at~~ the right of appeal
25 of the change has expired, may enter into joint contracts for
26 the construction of buildings for the benefit of the
27 corporations whose boundaries have been changed, using funds
28 accumulated under ~~section-278-i7-subsection-7~~ the capital
29 projects and equipment levy. The district in which the
30 building is to be located may use any funds authorized in
31 accordance with chapter 75. ~~Nothing-in-this-section-shall-be~~
32 ~~construed-to~~ This section does not permit the changed
33 districts to expend any funds jointly which they are not
34 entitled to expend acting individually.

35 Sec. 5. Section 275.12, subsection 5, Code 1987, is

1 amended by striking the subsection.

2 Sec. 6. Section 275.20, Code 1987, is amended to read as
3 follows:

4 275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

5 The voters shall vote separately in each existing school
6 district affected and voters residing in the entire existing
7 district are eligible to vote ~~both~~ upon the proposition to
8 create a new school corporation ~~and-the-proposition-to-levy~~
9 ~~the-schoolhouse-tax-under-section-278-17-subsection-77-if-the~~
10 ~~petition-included-a-provision-for-a-vote-to-levy-the~~
11 ~~schoolhouse-tax.~~ If a proposition receives a majority of the
12 votes cast in each of at least seventy-five percent of the
13 districts, and also a majority of the total number of votes
14 cast in all of the districts, the proposition is carried.

15 Sec. 7. Section 275.32, Code 1987, is amended to read as
16 follows:

17 275.32 SCHOOL BUILDINGS -- TAX LEVY.

18 The board of ~~any~~ a school corporation shall establish
19 attendance centers and provide suitable buildings for each
20 school in the district, and may at the regular or a special
21 meeting call a special election to submit to the qualified
22 electors of the district the question of ~~voting-a-tax-or~~
23 ~~authorizing the board to issue bonds7-or-both7~~ for any or all
24 of the following purposes:

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

27 2. To build or purchase a superintendent's or teacher's
28 house or houses.

29 3. To repair or improve ~~any~~ a school building or grounds,
30 or superintendent's or teacher's house or houses, ~~when-the~~
31 ~~cost-will-exceed-five-thousand-dollars.~~

32 ~~All-moneys~~ Moneys received for ~~such~~ the purposes listed in
33 this subsection shall be placed in the schoolhouse fund of
34 ~~said~~ the corporation and shall be used only for the purpose
35 for which voted.

1 Sec. 8. Section 276.11, Code 1987, is amended by striking
2 the section and inserting in lieu thereof the following:

3 276.11 FUNDING OF COMMUNITY EDUCATION.

4 Moneys received from the capital projects and equipment
5 levy may be expended for community education purposes.

6 Sec. 9. Section 277.2, Code 1987, is amended to read as
7 follows:

8 277.2 SPECIAL ELECTION.

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

17 Sec. 10. Section 278.1, subsection 7, Code 1987, is
18 amended by striking the subsection.

19 Sec. 11. Section 278.1, unnumbered paragraphs 2 and 3,
20 Code 1987, are amended to read as follows:

21 The board may~~7-with-approval-of-sixty-percent-of-the~~
22 ~~voters7-voting-in-a-regular-or-special-election-in-the-school~~
23 ~~district7~~ make extended time contracts not to exceed twenty
24 years in duration for rental of buildings to supplement
25 existing schoolhouse facilities; and ~~where~~ if it is deemed
26 advisable for buildings to be constructed or placed on real
27 estate owned by the school district, ~~such~~ the contracts may
28 include lease-purchase option ~~agreements7-such~~ contracts, with
29 the amounts to be paid out of the schoolhouse fund.

30 Before entering into a rental or lease-purchase option
31 contract, ~~authorized-by-the-electors7~~ the board shall first
32 adopt plans and specifications for a building ~~or-buildings~~
33 which it considers suitable for the intended use and also
34 adopt a form of rental or lease-purchase option contract. The
35 board shall then invite bids thereon on the project, by

1 advertisement published once each week for two consecutive
2 weeks, in a newspaper published in the county in which the
3 building ~~or buildings are~~ is to be located, and the rental or
4 lease-purchase option contract shall be awarded to the lowest
5 responsible bidder, but the board may reject any and all bids
6 and advertise for new bids.

7 Sec. 12. Section 278.1, unnumbered paragraph 4, Code 1987,
8 is amended by striking the unnumbered paragraph.

9 Sec. 13. Section 279.26, Code 1987, is amended to read as
10 follows:

11 279.26 LEASE ARRANGEMENTS.

12 The board of directors of a local school district ~~for which~~
13 ~~a schoolhouse tax has been voted pursuant to section 278-17~~
14 ~~subsection 77~~ may enter into a rental or lease arrangement,
15 ~~consistent with the purposes for which the schoolhouse tax has~~
16 ~~been voted,~~ for a period not exceeding ten years ~~and not~~
17 ~~exceeding the period for which the schoolhouse tax has been~~
18 ~~authorized by the voters~~ using revenues from the capital
19 projects and equipment levy.

20 Sec. 14. Section 279.43, subsection 1, Code 1987, is
21 amended to read as follows:

22 1. The board of directors may pay the actual cost of
23 removal or encapsulation of asbestos existing in its school
24 buildings from any funds in the general fund of the district,
25 funds received from the ~~schoolhouse tax authorized under~~
26 ~~section 278-17-subsection 77-funds from the tax-levy-certified~~
27 ~~under section 297-5~~ capital projects and equipment levy, or
28 moneys obtained through a federal asbestos loan program, to be
29 repaid from any of the funds specified in this subsection.

30 Sec. 15. Section 283A.9, Code 1987, is amended to read as
31 follows:

32 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

33 School districts ~~are authorized to~~ may purchase, erect, or
34 otherwise acquire a building for use as a school lunch
35 facility, and to equip ~~such~~ a building for ~~such~~ that use, and

1 pay for same the acquisition or equipping from unencumbered
2 funds on hand in the ~~schoolhouse-fund-derived-from-taxes-voted~~
3 ~~under-authority-of-section-278-17-subsection-7-or-275-32~~
4 capital projects and equipment levy, subject to the terms of
5 this section, or may pay for same the facility or equipment
6 from the proceeds of the sale of school property sold under
7 section 297.22, or from surplus remaining in the schoolhouse
8 fund after retirement of a bond issue ~~7-or-from-a-tax-voted-for~~
9 ~~said-purposes.~~

10 Sec. 16. NEW SECTION. 297.35 CONTINUATION OF LOAN
11 AGREEMENT.

12 A loan agreement between a school district and a bank,
13 investment banker, trust company, insurance company, or
14 insurance group that was made under section 297.36 prior to
15 July 1, 1987, in order to make immediately available proceeds
16 of the schoolhouse tax approved by the voters prior to July 1,
17 1987 shall continue in effect for the duration of the loan
18 agreement.

19 Sec. 17. Section 297.36, Code 1987, is amended to read as
20 follows:

21 297.36 LOAN AGREEMENTS.

22 In order to make immediately available proceeds of the
23 ~~schoolhouse-tax-which-has-been-approved-by-the-voters-as~~
24 ~~provided-in-section-278-17-subsection-7~~ capital projects and
25 equipment levy authorized in section 298.2, the board of
26 directors may, with or without notice, borrow money and enter
27 into loan agreements of not to exceed ten years in duration in
28 anticipation of the collection of the tax with a bank,
29 investment banker, trust company, insurance company, or
30 insurance group.

31 By resolution, the board shall provide for an annual levy
32 which is within the limits of the tax ~~approved-by-the-voters~~
33 authorized in section 298.2 to pay for the amount of the
34 principal and interest due each year until maturity. The
35 board shall file a certified copy of the resolution with the

1 auditor of each county in which the district is located. The
2 filing of the resolution with the auditor ~~shall make~~ makes it
3 the duty of the auditor to annually levy the amount certified
4 for collection until funds are realized to repay the loan and
5 interest on the loan in full.

6 The loan must mature within the ten-year period ~~of time~~
7 ~~authorized by the voters~~ and shall bear interest at a rate
8 which does not exceed the limits ~~provided~~ under chapter 74A.
9 A loan agreement entered into pursuant to this section shall
10 be in a form as the board of directors shall by resolution
11 provide and the loan shall be payable as to both principal and
12 interest from the proceeds of the annual levy of the ~~voted tax~~
13 ~~pursuant to section 278-17-subsection 7~~ capital projects and
14 equipment levy, or so much thereof as will be sufficient to
15 pay the loan and interest on the loan.

16 The proceeds of a loan must be deposited in a fund which is
17 separate from other district funds. Warrants paid from this
18 fund must be for purposes authorized ~~by the voters as provided~~
19 ~~in section 278-17-subsection 7~~ for the capital projects and
20 equipment levy.

21 This section does not limit the authority of the board of
22 directors to levy the full amount of the ~~voted tax~~ capital
23 projects and equipment levy, but if and to whatever extent the
24 tax is levied in any year in excess of the amount of principal
25 and interest falling due in that year under a loan agreement,
26 the first available proceeds, to an amount sufficient to meet
27 maturing installments of principal and interest under the loan
28 agreement, shall be paid into the sinking fund for the loan
29 before the taxes are otherwise made available to the school
30 corporation for other school purposes, and the amount required
31 to be annually set aside to pay principal of and interest on
32 the money borrowed under the loan agreement ~~shall constitute~~
33 constitutes a first charge upon the proceeds of the ~~special~~
34 ~~voted tax~~ capital projects and equipment levy, which tax shall
35 be pledged to pay the loan and the interest on the loan.

1 This section is supplemental and in addition to existing
2 statutory authority to finance the purposes specified in
3 section ~~278-17-subsection-7~~ 298.2, and for the borrowing of
4 money and execution of loan agreements in connection with that
5 section ~~and-subsection~~, and is not subject to any other law.
6 The fact that a school corporation may have previously
7 borrowed money and entered into loan agreements under
8 authority of this section does not prevent the school
9 corporation from borrowing additional money and entering into
10 further loan agreements if the aggregate of the amount payable
11 under all of the loan agreements does not exceed the proceeds
12 of the ~~voted-tax~~ capital projects and equipment levy.

13 Sec. 18. NEW SECTION. 298.2 CAPITAL PROJECTS AND
14 EQUIPMENT LEVY.

15 The board of directors of a school district may certify for
16 levy by March 15 of a school year, a tax on all taxable
17 property in the school district for a capital projects and
18 equipment levy. The amount certified shall not exceed one
19 dollar and eight cents per thousand dollars of assessed
20 valuation in the district. The rate levied pursuant to a loan
21 agreement continued under section 297.35 shall be subtracted
22 from the levy limitations of this section.

23 The revenue from the tax shall be placed in the schoolhouse
24 fund and expended only for the following purposes:

25 1. The purchase and improvement of grounds.

26 "Purchase of grounds" includes: Legal costs relating to
27 the property acquisition, costs of surveys of the property,
28 costs of relocation assistance under state and federal law,
29 and other costs incidental to the property acquisition.

30 "Improvement of grounds" includes: Grading, landscaping,
31 seeding, and planting of shrubs and trees; constructing
32 sidewalks, roadways, retaining walls, sewers and storm drains,
33 and installing hydrants; surfacing and soil treatment of
34 athletic fields and tennis courts; furnishing and installing
35 flagpoles, gateways, fences, and underground storage tanks

1 which are not parts of building service systems; demolition
2 work; and special assessments against the school district for
3 capital improvements such as streets, curbs, and drains.

4 2. The construction of schoolhouses or buildings and
5 opening roads to schoolhouses or buildings.

6 3. The purchase of buildings or equipment for buildings or
7 schoolhouses, including the purchase of computer equipment.

8 4. The payment of debts contracted for the erection or
9 construction of schoolhouses or buildings, not including
10 interest on bonds.

11 5. Procuring or acquisition of libraries.

12 6. The purchase of school textbooks.

13 7. Repairing, remodeling, reconstructing, improving, or
14 expanding the schoolhouse or buildings.

15 For the purpose of this section, "repairing" means to
16 restore an existing structure or thing to its original
17 condition, as near as may be, after decay, waste, injury, or
18 partial destruction, but does not include maintenance or
19 customary repainting; and "reconstruction" means to rebuild or
20 to restore as an entity a thing which was lost or destroyed.

21 8. The rental of facilities under chapter 28E.

22 9. Purchase of transportation equipment for transporting
23 students.

24 10. Lease-purchase option agreements for school buildings.

25 11. Public educational and recreational purposes
26 authorized in chapter 300.

27 12. Community education purposes authorized in chapter
28 276.

29 Interest earned on money in the schoolhouse fund may be
30 expended for a purpose listed in this section.

31 Sec. 19. NEW SECTION. 298.3 LIABILITY LEVY.

32 The board of directors of a school district may certify for
33 levy by March 15 of a school year, a tax on all taxable
34 property in the school for a liability levy. The revenue from
35 the tax levied in this section shall be placed in the general

1 fund of the school district and expended only for the
2 following purposes:

3 1. To pay the cost of unemployment benefits as provided in
4 section 96.31.

5 2. To pay the costs of tort liability insurance and the
6 costs of a judgment or settlement relating to tort liability
7 together with interest accruing on the judgment or settlement
8 to the expected date of payment under sections 613A.7 and
9 613A.10.

10 Sec. 20. Section 300.2, Code 1987, is amended by striking
11 the section and inserting in lieu thereof the following:

12 300.2 FUNDING FOR RECREATIONAL PURPOSES.

13 Moneys received from the capital projects and equipment
14 levy may be expended for the purposes listed in section 300.1.

15 Sec. 21. Section 442.5, subsection 1, paragraph a, Code
16 1987, is amended to read as follows:

17 a. "Miscellaneous income" means all receipts deposited to
18 the general fund of a school district which are not obtained
19 from state aid provided under section 442.1 or from property
20 tax authorized under section 442.2 or 442.9. Miscellaneous
21 income includes property tax levied under ~~the provisions of~~
22 section ~~613A.7~~, 298.3 to fund the costs of tort liability
23 insurance for the school district.

24 Sec. 22. Section 442.5, subsection 1, paragraph b,
25 subparagraph (1), Code 1987, is amended by striking the sub-
26 paragraph and inserting in lieu thereof the following:

27 (1) Employee contributions to a retirement system under
28 section 298.3.

29 Sec. 23. Section 442.5, subsection 1, paragraph b, Code
30 1987, is amended by adding the following new subparagraph:

31 NEW SUBPARAGRAPH. (5) Unemployment under section 96.31.

32 Sec. 24. Section 442.13, subsection 7, Code 1987, is
33 amended to read as follows:

34 7. The committee may authorize a district to spend a
35 reasonable and specified amount from its unexpended cash

1 balance for the purpose or purposes of furnishing, equipping,
2 and contributing to the construction of a new building or
3 structure for which the voters of the district have approved a
4 bond issue as provided by law ~~or a tax as provided in chapter~~
5 ~~278,~~ and for major building repairs as defined in section
6 ~~297-5~~ 298.2. No other expenditure, including but not limited
7 to expenditures for salaries or recurring costs, ~~shall be~~ is
8 authorized under this subsection. Expenditures authorized
9 under this subsection shall not be included in allowable
10 growth or district cost, and the portion of the unexpended
11 cash balance which is authorized to be spent shall be regarded
12 as if it were miscellaneous income. Any part of ~~such~~ the
13 amount which is not actually spent for the authorized purpose
14 ~~shall revert~~ reverts to its former status as part of the
15 unexpended cash balance.

16 Sec. 25. NEW SECTION. 442.30A ADDITIONAL ALLOWABLE
17 GROWTH FOR CERTAIN PROGRAMS.

18 A school district may use additional allowable growth to
19 finance approved programs for gifted and talented children,
20 dropout and dropout prevention programs, and school
21 improvement programs under chapter 260A subject to the limits
22 of this section. The total additional allowable growth for
23 approved programs under this section shall not exceed four and
24 two-tenths percent of the district cost per pupil of the
25 school district for the budget year multiplied by the budget
26 enrollment of the school district for the budget year, except
27 that the total additional allowable growth may exceed that
28 limit by an amount equal to the difference between five
29 thousand dollars and one percent of the district cost per
30 pupil of the school district for the budget year multiplied by
31 the budget enrollment of the school district for the budget
32 year if the one percent amount is less than five thousand
33 dollars.

34 Sec. 26. Section 442.31, unnumbered paragraph 1, Code
35 1987, is amended to read as follows:

1 For-the-school-year-beginning-July-17-1981-and-succeeding
2 school-years, boards Boards of school districts, individually
3 or jointly with the boards of other school districts,
4 requesting to use additional allowable growth for gifted and
5 talented children programs, may annually submit program plans
6 for gifted and talented children programs and budget costs,
7 including requests for additional allowable growth for funding
8 the programs, to the department of education and to the
9 applicable gifted and talented children advisory council, if
10 an advisory council has been established, as provided in this
11 chapter. ~~A-district-shall-not-identify-more-than-three~~
12 ~~percent-of-its-budget-enrollment-for-the-budget-year-as-gifted~~
13 ~~and-talented-if-the-district-is-requesting-to-use-additional~~
14 ~~allowable-growth-to-finance-the-program.~~

15 Sec. 27. Section 442.35, Code 1987, is amended to read as
16 follows:

17 442.35 FUNDING.

18 The budget of an approved gifted and talented children
19 program for a school district, after subtracting funds
20 received from other sources for that purpose, shall be funded
21 annually on a basis of one-fourth or more from the district
22 cost of the school district and up to three-fourths by an
23 increase in allowable growth as defined in section 442.7,
24 subject to the allowable growth limits in section 442.30A.
25 Annually, the director of the department of management shall
26 establish a modified allowable growth for each such district
27 equal to the difference between the approved budget for the
28 gifted and talented children program for that district and the
29 sum of the amount funded from the district cost of the school
30 district plus funds received from other sources.

31 Sec. 28. Section 442.51, unnumbered paragraph 2, Code
32 1987, is amended to read as follows:

33 Program plans shall identify the parts of the plan that
34 will be implemented first upon approval of the application.
35 ~~If-a-district-is-requesting-to-use-additional-allowable-growth~~

~~1 to finance the program, it shall not identify more than five~~
~~2 percent of its budget enrollment for the budget year as~~
~~3 returning dropouts and potential dropouts.~~

4 Sec. 29. Section 442.54, Code 1987, is amended to read as
5 follows:

6 442.54 FUNDING FOR PROGRAMS FOR RETURNING DROPOUTS AND
7 DROPOUT PREVENTION.

8 The budget of an approved program for returning dropouts
9 and dropout prevention for a school district, after
10 subtracting funds received from other sources for that
11 purpose, shall be funded annually on a basis of one-fourth or
12 more from the district cost of the school district and up to
13 three-fourths by an increase in allowable growth as defined in
14 section 442.7, subject to the allowable growth limits in
15 section 442.30A. Annually, the director of the department of
16 management shall establish a modified allowable growth for
17 each such district equal to the difference between the
18 approved budget for the program for returning dropouts and
19 dropout prevention for that district and the sum of the amount
20 funded from the district cost of the school district plus
21 funds received from other sources.

22 Sec. 30. Section 613A.7, Code 1987, is amended to read as
23 follows:

24 613A.7 INSURANCE.

25 The governing body of any municipality may purchase a
26 policy of liability insurance insuring against all or any part
27 of liability which might be incurred by such municipality or
28 its officers, employees and agents under the provisions of
29 section 613A.2 and section 613A.8 and may similarly purchase
30 insurance covering torts specified in section 613A.4. The
31 governing body of any municipality may adopt a self-insurance
32 program, including but not limited to the investigation and
33 defense of claims, the establishment of a reserve fund for
34 claims, the payment of claims, and the administration and
35 management of the self-insurance program, to cover all or any

1 part of the liability. The governing body of any municipality
2 may join and pay funds into a local government risk pool to
3 protect itself against any or all liability. The governing
4 body of any municipality may enter into insurance agreements
5 obligating the municipality to make payments beyond its
6 current budget year to provide or procure such policies of
7 insurance, self-insurance program, or local government risk
8 pool. The premium costs of such insurance, the costs of such
9 a self-insurance program, the costs of a local government risk
10 pool, and the amounts payable under any such insurance
11 agreements may be paid out of the general fund or any
12 available funds or may be levied in excess of any tax
13 limitation imposed by statute. For school districts, the
14 costs may be included in the liability levy pursuant to
15 section 298.3. Any independent or autonomous board or
16 commission in the municipality having authority to disburse
17 funds for a particular municipal function without approval of
18 the governing body may similarly enter into insurance
19 agreements, procure liability insurance, adopt a self-
20 insurance program, or join a local government risk pool within
21 the field of its operation. The procurement of such insurance
22 constitutes a waiver of the defense of governmental immunity
23 as to those exceptions listed in section 613A.4 to the extent
24 stated in such policy but shall have no further effect on the
25 liability of the municipality beyond the scope of this
26 chapter, but if a municipality adopts a self-insurance program
27 or joins and pays funds into a local government risk pool such
28 action does not constitute a waiver of the defense of
29 governmental immunity as to the exceptions listed in section
30 613A.4. The existence of any insurance which covers in whole
31 or in part any judgment or award which may be rendered in
32 favor of the plaintiff, or lack of any such insurance, shall
33 not be material in the trial of any action brought against the
34 governing body of any municipality, or its officers, employees
35 or agents and any reference to such insurance, or lack of

1 same, shall be grounds for a mistrial. A self-insurance
2 program or local government risk pool is not insurance and is
3 not subject to regulation under chapters 505 through 523C.

4 Sec. 31. Section 613A.10, Code 1987, is amended to read as
5 follows:

6 613A.10 TAX TO PAY JUDGMENT OR SETTLEMENT.

7 When a final judgment is entered against or a settlement is
8 made by a municipality for a claim within the scope of section
9 613A.2 or 613A.8, payment shall be made and the same remedies
10 ~~shall~~ apply in the case of nonpayment as in the case of other
11 judgments against the municipality. If ~~said~~ a judgment or
12 settlement is unpaid at the time of the adoption of the annual
13 budget, ~~it~~ the municipality shall budget an amount sufficient
14 to pay the judgment or settlement together with interest
15 accruing thereon on it to the expected date of payment. ~~Such~~
16 A tax may be levied in excess of any limitation imposed by
17 statute. For school districts the costs of a judgment or
18 settlement under this section shall be included in the
19 liability levy pursuant to section 298.3.

20 Sec. 32. Sections 297.5, 298.7, and 298.9, Code 1987, are
21 repealed.

22 Sec. 33. This Act takes effect October 1, 1987.

23 EXPLANATION

24 This bill:

25 1. Establishes a capital projects and equipment levy with
26 a limit of \$1.08 per \$1,000 of assessed valuation that can be
27 used for the purposes listed for the site levy, the school-
28 house levy, the lease-purchase levy, and the educational and
29 recreational levy. In addition, the funds may be expended for
30 the purchase of school transportation equipment, computers,
31 and textbooks. The levy can be instituted by board action.

32 2. Deletes the library use levy.

33 3. Combines the tort liability levy and the unemployment
34 compensation levy into a single unlimited liability levy.

35 4. Combines the additional allowable growth for programs

1 for gifted and talented children, dropout prevention, and
2 school improvement into a single additional allowable growth
3 figure comparable to the present maximum amount for the three.

4 5. Retains the enrichment, cash reserve, and debt service
5 levies as they presently are.

6 The bill also provides for loan agreements for up to ten
7 years for the anticipation of the collection of the capital
8 projects and equipment levy and continues loan agreements for
9 anticipating the collection of the schoolhouse levy.

10 The bill takes effect October 1, 1987.

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