

SENATE FILE

371

BY KIBBIE

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

A BILL FOR

1 An Act to reinstate the provision for payment of debt service aid  
2 by the department of management to portions of reorganized  
3 school districts which have incurred a higher tax rate for  
4 bonded indebtedness as a result of reorganization.

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

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SF 371

1 Section 1. Section 275.31, unnumbered paragraphs 1 and 2,  
2 Code 1991, are amended to read as follows:

3 If necessary to equalize the division and distribution, the  
4 board or boards may provide for the levy of additional taxes,  
5 which shall be sufficient to satisfy the mandatory levy  
6 required in section 76.2 or other liabilities of the  
7 districts, upon the property of a corporation or part of a  
8 corporation and for the distribution of the tax revenues so as  
9 to effect equalization. When the board or boards are  
10 considering the equalization levy, the division and  
11 distribution shall not impair the security for outstanding  
12 obligations of each affected corporation. Any owner of bonds  
13 of an affected corporation may bring suit in equity for  
14 adjustment of the division and distribution in compliance with  
15 this section. If the property tax levy for the amount  
16 estimated and certified to apply on principal and interest on  
17 lawful bonded indebtedness for a newly formed community school  
18 district is greater than the property tax levy for the amount  
19 estimated and certified to apply on principal and interest in  
20 the year preceding the reorganization or dissolution for a  
21 school district that is a party to the reorganization or  
22 dissolution, that had a certified enrollment of less than six  
23 hundred for the year prior to the reorganization or  
24 ~~dissolution, and that approved the reorganization or~~  
25 ~~dissolution prior to July 1, 1989,~~ the board of the newly  
26 formed district shall inform the department of management.  
27 The department of management shall pay debt service aid to the  
28 newly formed district in an amount that ~~reduces~~ will reduce  
29 the rate of the property tax levy for lawful bonded  
30 indebtedness in the portion of the newly formed district where  
31 the new rate is higher, to the rate that was levied in that  
32 portion of the district during the year preceding the  
33 reorganization or dissolution.

34 For the school year beginning July 1, 1987, and succeeding  
35 school years, there is appropriated from the general fund of

1 the state to the department of management an amount sufficient  
2 to pay the debt service aid under this section. Debt service  
3 aid shall be paid in the manner provided in sections  
4 442.26 and 257.16.

5 EXPLANATION

6 This bill removes the cap on payment of debt service aid by  
7 the department of management to portions of reorganized school  
8 districts which have incurred a tax rate for bonded  
9 indebtedness that is higher than prior to reorganization.

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