

Redfern
Rehberg
Connolly
Symoniac
Redwine

SSB-1195
Education

Succeeded by
SENATE FILE SE/HF 425
BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY CHAIR-
PERSON REDFERN)

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

A BILL FOR

1 An Act relating to state school aid for budget years commencing
2 with the budget year beginning July 1, 1999, and making
3 appropriations and including effective and applicability date
4 provisions.

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

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1 Section 1. Section 257.1, subsection 2, unnumbered
2 paragraph 2, Code 1999, is amended to read as follows:

3 For the budget year commencing July 1, ~~1996~~ 1999, and for
4 each succeeding budget year the regular program foundation
5 base per pupil is ~~eighty-seven-and-five-tenths~~ eighty-eight
6 percent of the regular program state cost per pupil, ~~except~~
7 ~~that-the-regular-program-foundation-base-per-pupil-for-the~~
8 ~~portion-of-weighted-enrollment-that-is-additional-enrollment~~
9 ~~because-of-special-education-is-seventy-nine-percent-of-the~~
10 ~~regular-program-state-cost-per-pupil~~. For the budget year
11 commencing July 1, ~~1991~~ 1999, and for each succeeding budget
12 year the special education support services foundation base is
13 ~~seventy-nine~~ eighty-eight percent of the special education
14 support services state cost per pupil. The combined
15 foundation base is the sum of the regular program foundation
16 base and the special education support services foundation
17 base.

18 Sec. 2. Section 257.3, subsection 1, unnumbered paragraph
19 1, Code 1999, is amended to read as follows:

20 AMOUNT OF TAX. ~~Except-as-provided-in-subsections-2-and-3,~~
21 ~~a~~ A school district shall cause to be levied each year, for
22 the school general fund, a foundation property tax equal to
23 five dollars and ~~forty~~ seventy cents per thousand dollars of
24 assessed valuation on all taxable property in the district.
25 The county auditor shall spread the foundation levy over all
26 taxable property in the district.

27 Sec. 3. Section 257.3, subsections 2 and 3, Code 1999, are
28 amended by striking the subsections.

29 Sec. 4. Section 257.3, subsection 4, Code 1999, is amended
30 to read as follows:

31 4. RAILWAY CORPORATIONS. For purposes of section 257.1,
32 the "amount per pupil of foundation property tax" does not
33 include the tax levied under subsection ~~17-27-or-3~~ on the
34 property of a railway corporation, or on its trustee if the
35 corporation has been declared bankrupt or is in bankruptcy

1 proceedings.

2 Sec. 5. Section 257.8, Code 1999, is amended by adding the
3 following new subsections:

4 NEW SUBSECTION. 2A. Notwithstanding the calculation in
5 subsection 2, the department of management shall calculate the
6 regular program allowable growth for the budget year beginning
7 July 1, 1999, for a school district which had funded a gifted
8 and talented program pursuant to section 257.46, Code 1999,
9 for the budget year beginning July 1, 1998, by multiplying the
10 state percent of growth for the budget year by the regular
11 program state cost per pupil for the base year, and add to the
12 resulting product thirty-eight dollars.

13 NEW SUBSECTION. 2B. a. A school district which had not
14 funded a gifted and talented program pursuant to section
15 257.46, Code 1999, for the budget year beginning July 1, 1998,
16 shall calculate the regular program allowable growth for the
17 budget year beginning July 1, 1999, pursuant to subsection 2.

18 b. The board of directors of a school district which had
19 not funded a gifted and talented program pursuant to section
20 257.46, Code 1999, for the budget year beginning July 1, 1998,
21 but seeks funding for such a program under subsection 2A for
22 the budget year beginning July 1, 2000, may adopt a resolution
23 requesting such funding and submit the resolution and a
24 proposed gifted and talented program plan and budget to the
25 department of education by October 1, 1999. The department
26 shall review and retain the proposed program plan and budget
27 and shall forward to the school budget review committee a
28 recommendation for modifying the district's regular program
29 cost per pupil.

30 c. A school district determining allowable growth pursuant
31 to section 257.8, subsection 2, may apply to the school budget
32 review committee for modified allowable growth pursuant to
33 section 257.31, subsection 5, for the school budget year
34 beginning July 1, 1999, and succeeding budget years.

35 NEW SUBSECTION. 2C. a. A school district which

1 calculated allowable growth for the budget year beginning July
2 1, 1999, pursuant to the provisions of subsection 2A, shall
3 calculate allowable growth pursuant to the provisions of
4 subsection 2 for the school budget year beginning July 1,
5 2000, and succeeding budget years, utilizing a regular program
6 state cost per pupil figure which incorporates the thirty-
7 eight dollar increase in regular program allowable growth
8 calculated for the budget year beginning July 1, 1999.

9 b. A school district which calculated allowable growth for
10 the budget year beginning July 1, 1999, pursuant to the
11 provisions of subsection 2B, shall calculate allowable growth
12 pursuant to the provisions of subsection 2 for the school
13 budget year beginning July 1, 2000, and succeeding budget
14 years, utilizing a regular program state cost per pupil figure
15 which does not incorporate the thirty-eight dollar increase in
16 regular program allowable growth calculated for the budget
17 year beginning July 1, 1999. However, if such school district
18 received additional funding for the gifted and talented
19 program for the budget year beginning July 1, 2000, under
20 subsection 2B, paragraph "b", the school district shall
21 calculate allowable growth for subsequent budget years in the
22 manner provided for school districts under paragraph "a" of
23 this subsection.

24 NEW SUBSECTION. 4. For budget years beginning in July 1,
25 2000, and subsequent budget years, references to the terms
26 "allowable growth", "regular program state cost per pupil",
27 and "regular program district cost per pupil" shall mean those
28 terms as calculated for those school districts that calculated
29 or did not calculate regular program allowable growth for the
30 school budget year beginning July 1, 1999, with the additional
31 thirty-eight dollars, as applicable.

32 Sec. 6. Section 257.10, subsection 5, Code 1999, is
33 amended to read as follows:

34 5. COMBINED DISTRICT COST PER PUPIL. The combined
35 district cost per pupil for a school district is the sum of

1 the regular program district cost per pupil and the special
 2 education support services district cost per pupil. Combined
 3 district cost per pupil does not include additional allowable
 4 growth added for school districts that have a negative balance
 5 of funds raised for special education instruction programs,
 6 additional allowable growth granted by the school budget
 7 review committee for a single school year, or additional
 8 allowable growth added for programs for dropout prevention and
 9 for-programs-for-gifted-and-talented-children.

10 Sec. 7. NEW SECTION. 257.14A ON-TIME FUNDING FOR SPECIAL
 11 EDUCATION.

12 Commencing with the budget year beginning July 1, 1999, if
 13 a school district's additional enrollment because of special
 14 education determined by the district on December 1 in the
 15 budget year is greater than its additional enrollment because
 16 of special education determined by the district on December 1
 17 in the base year, the school district is entitled to on-time
 18 funding from the state in an amount equal to its district cost
 19 per pupil for the budget year multiplied by the district's
 20 increase in additional enrollment because of special
 21 education. The additional funding shall be miscellaneous
 22 income.

23 For the purpose of this section, a school district's
 24 additional enrollment because of special education is
 25 determined by multiplying the weighting for each category of
 26 child under section 256B.9 times the number of children in
 27 each category totaled for all categories minus the total
 28 number of children in all categories.

29 If a district receives additional funding under this
 30 section for a budget year, the department of management shall
 31 determine the amount of the additional funding which would
 32 have been generated by local property tax revenues in
 33 proportion to the amount of funding actually received pursuant
 34 to this section, if the additional enrollment because of
 35 special education in the budget year had been used for that

1 budget year in determining combined district cost, shall
2 reduce, but not by more than the amount of the additional
3 funding, the district's total state school aids available
4 under this chapter for the next following budget year by the
5 amount so determined, and shall increase the district's
6 additional property tax levy for the next following budget
7 year by the amount necessary to compensate for the reduction
8 in state aid, so that the local property tax for the next
9 following year will be increased only by the amount which
10 would have been increased in the budget year if the additional
11 enrollment because of special education in the budget year
12 could have been used to establish the levy.

13 There is appropriated each year from the general fund of
14 the state the amount required to pay on-time funding
15 authorized under this section, which shall be paid to school
16 districts in the same manner as other state aids are paid
17 under section 257.16.

18 Sec. 8. Section 257.15, Code 1999, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 2A. PROPERTY TAX ADJUSTMENT AID PHASEOUT.
21 Notwithstanding the computation of property tax adjustment aid
22 under subsection 2, for the following budget years the amount
23 of property tax adjustment aid under subsection 2 for a school
24 district shall not exceed the following percent of the school
25 district's property tax adjustment aid received in the budget
26 year beginning July 1, 1998:

27 a. For the budget year beginning July 1, 1999, sixty-six
28 and two-thirds percent.

29 b. For the budget year beginning July 1, 2000, thirty-
30 three and one-third percent.

31 c. For the budget year beginning July 1, 2001, zero
32 percent.

33 Sec. 9. Section 257.20, subsection 1, Code 1999, is
34 amended to read as follows:

35 1. In order to determine the amount of instructional

1 support state aid and the amount of local funding for the
2 instructional support program for a district, the department
3 of management shall divide the total assessed valuation in the
4 state by the total budget enrollment for the budget year in
5 the state to determine a state assessed valuation per pupil
6 and shall divide the assessed valuation in each district by
7 the district's budget enrollment for the budget year to
8 determine the district assessed valuation per pupil. The
9 department of management shall multiply the ratio of the
10 state's valuation per pupil to the district's valuation per
11 pupil by twenty-five twenty hundredths and subtract that
12 result from one to determine the portion of the instructional
13 support program budget that is local funding. The remaining
14 portion of the budget shall be funded by instructional support
15 state aid. However, for the budget year beginning July 1,
16 1992, only, the amount of state aid is three and one-quarter
17 percent less than the amount computed under this paragraph for
18 that budget year.

19 Sec. 10. Section 257.20, subsection 2, paragraphs a and b,
20 Code 1999, are amended by striking the paragraphs.

21 Sec. 11. NEW SECTION. 285.7 TRANSPORTATION ASSISTANCE
22 FUND.

23 1. There shall be established within the department of
24 education a transportation assistance fund, to provide
25 additional transportation funding assistance to school
26 districts incurring transportation costs which exceed the
27 statewide average transportation cost figure.

28 2. To be eligible for transportation assistance pursuant
29 to this section, a school district's average transportation
30 cost per pupil shall exceed one hundred fifty percent of the
31 state average transportation cost per pupil. A school
32 district shall annually determine and certify the district's
33 average transportation cost per pupil to the school budget
34 review committee as provided in section 257.31, subsection 17,
35 paragraphs "b" and "c". The school budget review committee

1 shall certify to the department of management a list of all
2 school districts exceeding the state average transportation
3 cost per pupil, as determined by the school budget review
4 committee pursuant to section 257.31, subsection 17, paragraph
5 "c", and the amount by which each school district exceeds the
6 state average transportation cost amount.

7 3. There is appropriated for the fiscal year beginning
8 July 1, 1999, and ending June 30, 2000, from the general fund
9 of the state to the department of education, two million five
10 hundred thousand dollars for distribution as additional
11 transportation funding pursuant to this section. There is
12 appropriated annually for the fiscal year beginning July 1,
13 2000, and succeeding fiscal years, from the general fund of
14 the state to the department of education, an amount not
15 exceeding four million dollars for distribution as additional
16 transportation funding assistance pursuant to this section.

17 Notwithstanding section 8.33, funds appropriated in this
18 subsection which remain unexpended or unobligated on June 30
19 of the fiscal year for which the funds were appropriated shall
20 not revert but shall remain available for expenditure for the
21 purposes of this section in subsequent fiscal years. The
22 amount appropriated for a fiscal year shall equal that amount
23 which, after taking into account funds transferred to the
24 school budget review committee in accordance with section
25 321.34, subsection 22, and any remaining balance of unexpended
26 funds appropriated under this subsection for the prior fiscal
27 year which did not revert, shall be sufficient to provide the
28 additional transportation funding pursuant to this section,
29 not to exceed the amount appropriated.

30 4. The department of management shall distribute
31 transportation assistance funding to eligible school districts
32 in an amount up to, but not exceeding, a maximum of fifty
33 cents of transportation assistance for each dollar by which a
34 school district's average transportation cost per pupil
35 exceeds the state average transportation cost per pupil

1 amount, as determined in subsection 2. If the amount
 2 appropriated under this section is insufficient to pay the
 3 amount of transportation assistance to which all eligible
 4 school districts are otherwise entitled, the department shall
 5 prorate the amount of transportation assistance funding
 6 provided to each eligible school district. A school district
 7 receiving transportation assistance funding pursuant to this
 8 section may apply to the school budget review committee for
 9 transportation assistance aid pursuant to section 257.31,
 10 subsection 17. The school budget review committee shall take
 11 into account amounts received pursuant to this section in
 12 determining whether, or by what amount, to grant a request.

13 Sec. 12. Section 425A.3, subsection 1, Code 1999, is
 14 amended to read as follows:

15 1. The family farm tax credit fund shall be apportioned
 16 each year in the manner provided in this chapter so as to give
 17 a credit against the tax on each eligible tract of
 18 agricultural land within the several school districts of the
 19 state in which the levy for the general school fund exceeds
 20 five dollars and forty seventy cents per thousand dollars of
 21 assessed value. The amount of the credit on each eligible
 22 tract of agricultural land shall be the amount the tax levied
 23 for the general school fund exceeds the amount of tax which
 24 would be levied on each eligible tract of agricultural land
 25 were the levy for the general school fund five dollars and
 26 forty seventy cents per thousand dollars of assessed value for
 27 the previous year. However, in the case of a deficiency in
 28 the family farm tax credit fund to pay the credits in full,
 29 the credit on each eligible tract of agricultural land in the
 30 state shall be proportionate and applied as provided in this
 31 chapter.

32 Sec. 13. Section 425A.5, Code 1999, is amended to read as
 33 follows:

34 425A.5 COMPUTATION BY COUNTY AUDITOR.

35 The family farm tax credit allowed each year shall be

1 computed as follows: On or before March 1, the county auditor
2 shall list by school districts all tracts of agricultural land
3 which are entitled to credit, the taxable value for the
4 previous year, the budget from each school district for the
5 previous year, and the tax rate determined for the general
6 fund of the school district in the manner prescribed in
7 section 444.3 for the previous year, and if the tax rate is in
8 excess of five dollars and forty seventy cents per thousand
9 dollars of assessed value, the auditor shall multiply the tax
10 levy which is in excess of five dollars and forty seventy
11 cents per thousand dollars of assessed value by the total
12 taxable value of the agricultural land entitled to credit in
13 the school district, and on or before March 1, certify the
14 total amount of credit and the total number of acres entitled
15 to the credit to the department of revenue and finance.

16 Sec. 14. Section 426.3, Code 1999, is amended to read as
17 follows:

18 426.3 WHERE CREDIT GIVEN.

19 The agricultural land credit fund shall be apportioned each
20 year in the manner hereinafter provided in this chapter so as
21 to give a credit against the tax on each tract of agricultural
22 lands within the several school districts of the state in
23 which the levy for the general school fund exceeds five
24 dollars and forty seventy cents per thousand dollars of
25 assessed value, ~~the.~~ The amount of such credit on each tract
26 of such lands shall be the amount the tax levied for the
27 general school fund exceeds the amount of tax which would be
28 levied on said the tract of such lands were the levy for the
29 general school fund five dollars and forty seventy cents per
30 thousand dollars of assessed value for the previous year,
31 except. However, in the case of a deficiency in the
32 agricultural land credits fund to pay said credits in full, in
33 which case the credit on each eligible tract of such lands in
34 the state shall be proportionate and shall be applied as
35 hereinafter provided in this chapter.

1 Sec. 15. Section 426.6, unnumbered paragraph 1, Code 1999,
2 is amended to read as follows:

3 The agricultural land tax credit allowed each year shall be
4 computed as follows: On or before the first of June the
5 county auditor shall list by school districts all tracts of
6 agricultural lands which they are entitled to credit, together
7 with the taxable value for the previous year, together with
8 the budget from each school district for the previous year,
9 and the tax rate determined for the general fund of the
10 district in the manner prescribed in section 444.3 for the
11 previous year, and if such the tax rate is in excess of five
12 dollars and forty seventy cents per thousand dollars of
13 assessed value, the auditor shall multiply the tax levy which
14 is in excess of five dollars and forty seventy cents per
15 thousand dollars of assessed value by the total taxable value
16 of the agricultural lands entitled to credit in the district,
17 and on or before the first of June certify the amount to the
18 department of revenue and finance.

19 Sec. 16. 1989 Iowa Acts, chapter 135, section 135, is
20 repealed effective July 1, 1999. Legislative review of the
21 provisions of chapter 257 shall occur every five years, with
22 the first such review to begin no later than July 1, 2004.

23 Sec. 17. Sections 257.42 through 257.49, Code 1999, are
24 repealed.

25 Sec. 18. EFFECTIVE DATE.

26 1. Sections 1 through 11 and 17 of this Act, being deemed
27 of immediate importance, take effect upon enactment for the
28 computation of state school aid for school budget years
29 beginning on or after July 1, 1999.

30 2. Sections 12 through 15 of this Act take effect January
31 1, 2000, for the computation of the family farm tax credit and
32 agricultural land tax credit for property taxes due and
33 payable in fiscal years beginning on or after July 1, 2000.

34 EXPLANATION

35 This bill provides certain changes relating to the state

1 school aid formula. The bill provides for an increase in the
2 regular program foundation base, and the special education
3 support services foundation base, from the current level of
4 87.5 percent of the regular program state cost per pupil, and
5 79 percent for the special education support services state
6 cost per pupil, respectively, to 88 percent. The bill also
7 provides for an increase in the foundation property tax from
8 the current level of \$5.40 per \$1,000 of assessed valuation on
9 all taxable property in a school district to \$5.70 per \$1,000
10 of assessed valuation on all taxable property in a school
11 district. The bill provides several conforming changes to
12 other Code provisions which reference the level of the
13 foundation property tax.

14 The bill also provides for an increase of \$38 in the level
15 of the regular program allowable growth for the budget year
16 beginning July 1, 1999, for those school districts that funded
17 the gifted and talented program in the budget year beginning
18 July 1, 1998, with additional property taxes. The bill
19 deletes the provision in Code section 257.10 which provides
20 that combined district cost per pupil does not include
21 additional allowable growth for gifted and talented children.
22 When combined with the additional funding added to the
23 allowable growth amount for the budget year beginning July 1,
24 1999, this has the effect of providing for the funding of
25 gifted and talented programs through the state foundation
26 program. The bill repeals Code sections 257.42 through
27 257.49, which had previously applied to gifted and talented
28 programs and their funding and which are no longer needed.

29 The bill additionally provides for on-time funding for
30 increased special education enrollment. The bill provides
31 that if a school district's additional enrollment because of
32 special education determined by the district on December 1 in
33 the budget year is greater than its additional enrollment
34 because of special education determined by the district on
35 December 1 in the base year, the school district is entitled

1 to on-time funding from the state in an amount equal to its
 2 district cost per pupil for the budget year multiplied by the
 3 district's increase additional enrollment because of special
 4 education. The bill provides for an annual appropriation from
 5 the general fund of the state in an amount sufficient to pay
 6 the on-time funding amount.

7 The bill further provides for a gradual phase-out of the
 8 property tax adjustment aid provision contained in Code
 9 section 257.15. The bill provides that the adjustment aid
 10 will be reduced in one-third increments over a three-year
 11 period, until for the budget year beginning July 1, 2001, no
 12 property tax adjustment aid pursuant to Code section 257.15
 13 would be received.

14 The bill provides that the amount of instructional support
 15 state aid provided to school districts will correspond to the
 16 ratio of 20 percent state aid to 80 percent local funding, and
 17 additionally deletes the existing funding "cap" limiting
 18 instructional support state funding to the level for the
 19 budget year commencing July 1, 1992.

20 The bill additionally provides that a transportation
 21 assistance fund will be established within the department of
 22 education, to provide additional transportation funding
 23 assistance to school districts incurring transportation costs
 24 which exceed the statewide average transportation cost figure.
 25 To be eligible, a school district's average transportation
 26 cost per pupil must exceed 150 percent of the state average
 27 transportation cost per pupil, as determined in Code section
 28 257.31, subsection 17, paragraphs "b" and "c". The school
 29 budget review committee will certify to the department of
 30 management a list of all school districts exceeding the state
 31 average transportation cost per pupil, and the amount of the
 32 excess. The bill provides for an appropriation, for the
 33 fiscal year beginning July 1, 1999, and ending June 30, 2000,
 34 of \$2.5 million to provide the additional transportation
 35 assistance. The bill provides for an annual appropriation for

1 succeeding fiscal years from the general fund of the state to
2 the department of education of up to \$4 million annually. The
3 funds appropriated and not expended shall not revert. The
4 bill provides that the amount appropriated for a fiscal year
5 will equal that amount which, after taking into account funds
6 transferred to the school budget review committee in
7 accordance with Code section 321.34, subsection 22, and any
8 remaining balance of unexpended funds appropriated for the
9 prior fiscal year, will equal the amount sufficient to provide
10 the transportation assistance up to \$4 million. The
11 department of management will distribute the transportation
12 assistance funding to eligible school districts in an amount
13 equal to, but not exceeding, 50 cents of transportation
14 assistance for each \$1.00 by which a school district's average
15 transportation cost per pupil exceeds the state average
16 transportation cost per pupil amount, on a pro-rated basis if
17 necessary. The bill provides that a school district receiving
18 transportation assistance funding may apply to the school
19 budget review committee for transportation assistance aid
20 pursuant to Code section 257.31, subsection 17.

21 The bill also provides for the repeal of 1989 Iowa Acts,
22 chapter 135, section 135, effective July 1, 1999, which
23 established the "sunset" date of July 1, 2001, for Code
24 chapter 257 -- the school foundation aid program. The bill
25 provides that legislative review of the provisions of Code
26 chapter 257 will occur every five years.

27 Code sections of the bill take effect upon enactment for
28 the computation of state school aid for school budget years
29 beginning on or after July 1, 1999.

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3/16/99 Referred to W. & mem

FILED MAR 15 1999

SENATE FILE 425
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SSB 1195)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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SF 425

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11 commencing July 1, ~~1991~~ 1999, and for each succeeding budget
12 year the special education support services foundation base is
13 ~~seventy-nine~~ eighty-eight percent of the special education
14 support services state cost per pupil. The combined
15 foundation base is the sum of the regular program foundation
16 base and the special education support services foundation
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22 the school general fund, a foundation property tax equal to
23 five dollars and ~~forty~~ seventy cents per thousand dollars of
24 assessed valuation on all taxable property in the district.
25 The county auditor shall spread the foundation levy over all
26 taxable property in the district.

27 Sec. 3. Section 257.3, subsections 2 and 3, Code 1999, are
28 amended by striking the subsections.

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30 to read as follows:

31 4. RAILWAY CORPORATIONS. For purposes of section 257.1,
32 the "amount per pupil of foundation property tax" does not
33 include the tax levied under subsection ~~1, 2, or 3~~ on the
34 property of a railway corporation, or on its trustee if the
35 corporation has been declared bankrupt or is in bankruptcy

1 proceedings.

2 Sec. 5. Section 257.8, Code 1999, is amended by adding the
3 following new subsections:

4 NEW SUBSECTION. 2A. Notwithstanding the calculation in
5 subsection 2, the department of management shall calculate the
6 regular program allowable growth for the budget year beginning
7 July 1, 1999, for a school district which had funded a gifted
8 and talented program pursuant to section 257.46, Code 1999,
9 for the budget year beginning July 1, 1998, by multiplying the
10 state percent of growth for the budget year by the regular
11 program state cost per pupil for the base year, and add to the
12 resulting product thirty-eight dollars.

13 NEW SUBSECTION. 2B. a. A school district which had not
14 funded a gifted and talented program pursuant to section
15 257.46, Code 1999, for the budget year beginning July 1, 1998,
16 shall calculate the regular program allowable growth for the
17 budget year beginning July 1, 1999, pursuant to subsection 2.

18 b. The board of directors of a school district which had
19 not funded a gifted and talented program pursuant to section
20 257.46, Code 1999, for the budget year beginning July 1, 1998,
21 but seeks funding for such a program under subsection 2A for
22 the budget year beginning July 1, 2000, may adopt a resolution
23 requesting such funding and submit the resolution and a
24 proposed gifted and talented program plan and budget to the
25 department of education by October 1, 1999. The department
26 shall review and retain the proposed program plan and budget
27 and shall forward to the school budget review committee a
28 recommendation for modifying the district's regular program
29 cost per pupil.

30 c. A school district determining allowable growth pursuant
31 to section 257.8, subsection 2, may apply to the school budget
32 review committee for modified allowable growth pursuant to
33 section 257.31, subsection 5, for the school budget year
34 beginning July 1, 1999, and succeeding budget years.

35 NEW SUBSECTION. 2C. a. A school district which

1 calculated allowable growth for the budget year beginning July
2 1, 1999, pursuant to the provisions of subsection 2A, shall
3 calculate allowable growth pursuant to the provisions of
4 subsection 2 for the school budget year beginning July 1,
5 2000, and succeeding budget years, utilizing a regular program
6 state cost per pupil figure which incorporates the thirty-
7 eight dollar increase in regular program allowable growth
8 calculated for the budget year beginning July 1, 1999.

9 b. A school district which calculated allowable growth for
10 the budget year beginning July 1, 1999, pursuant to the
11 provisions of subsection 2B, shall calculate allowable growth
12 pursuant to the provisions of subsection 2 for the school
13 budget year beginning July 1, 2000, and succeeding budget
14 years, utilizing a regular program state cost per pupil figure
15 which does not incorporate the thirty-eight dollar increase in
16 regular program allowable growth calculated for the budget
17 year beginning July 1, 1999. However, if such school district
18 received additional funding for the gifted and talented
19 program for the budget year beginning July 1, 2000, under
20 subsection 2B, paragraph "b", the school district shall
21 calculate allowable growth for subsequent budget years in the
22 manner provided for school districts under paragraph "a" of
23 this subsection.

24 NEW SUBSECTION. 4. For budget years beginning July 1,
25 2000, and subsequent budget years, references to the terms
26 "allowable growth", "regular program state cost per pupil",
27 and "regular program district cost per pupil" shall mean those
28 terms as calculated for those school districts that calculated
29 or did not calculate regular program allowable growth for the
30 school budget year beginning July 1, 1999, with the additional
31 thirty-eight dollars, as applicable.

32 Sec. 6. Section 257.10, subsection 5, Code 1999, is
33 amended to read as follows:

34 5. COMBINED DISTRICT COST PER PUPIL. The combined
35 district cost per pupil for a school district is the sum of

1 the regular program district cost per pupil and the special
2 education support services district cost per pupil. Combined
3 district cost per pupil does not include additional allowable
4 growth added for school districts that have a negative balance
5 of funds raised for special education instruction programs,
6 additional allowable growth granted by the school budget
7 review committee for a single school year, or additional
8 allowable growth added for programs for dropout prevention and
9 for-programs-for-gifted-and-talented-children.

10 Sec. 7. NEW SECTION. 257.14A ON-TIME FUNDING FOR SPECIAL
11 EDUCATION.

12 Commencing with the budget year beginning July 1, 1999, if
13 a school district's additional enrollment because of special
14 education determined by the district on December 1 in the
15 budget year is greater than its additional enrollment because
16 of special education determined by the district on December 1
17 in the base year, the school district is entitled to on-time
18 funding from the state in an amount equal to its district cost
19 per pupil for the budget year multiplied by the district's
20 increase in additional enrollment because of special
21 education. The additional funding shall be miscellaneous
22 income.

23 For the purpose of this section, a school district's
24 additional enrollment because of special education is
25 determined by multiplying the weighting for each category of
26 child under section 256B.9 times the number of children in
27 each category totaled for all categories minus the total
28 number of children in all categories.

29 If a district receives additional funding under this
30 section for a budget year, the department of management shall
31 determine the amount of the additional funding which would
32 have been generated by local property tax revenues in
33 proportion to the amount of funding actually received pursuant
34 to this section, if the additional enrollment because of
35 special education in the budget year had been used for that

1 budget year in determining combined district cost, shall
2 reduce, but not by more than the amount of the additional
3 funding, the district's total state school aids available
4 under this chapter for the next following budget year by the
5 amount so determined, and shall increase the district's
6 additional property tax levy for the next following budget
7 year by the amount necessary to compensate for the reduction
8 in state aid, so that the local property tax for the next
9 following year will be increased only by the amount which
10 would have been increased in the budget year if the additional
11 enrollment because of special education in the budget year
12 could have been used to establish the levy.

13 There is appropriated each year from the general fund of
14 the state to the department of education the amount required
15 to pay on-time funding authorized under this section, up to a
16 maximum of thirteen million dollars annually, which shall be
17 paid to school districts in the same manner as other state
18 aids are paid under section 257.16. If the amount
19 appropriated is insufficient to provide the full amount of on-
20 time funding, the payments to school districts shall be
21 prorated such that each school district shall receive an
22 amount of on-time funding equal to the percentage that the on-
23 time funding to be provided to the school district bears to
24 the total amount of on-time funding to be provided to all
25 school districts.

26 Sec. 8. Section 257.15, Code 1999, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 2A. PROPERTY TAX ADJUSTMENT AID PHASEOUT.
29 Notwithstanding the computation of property tax adjustment aid
30 under subsection 2, for the following budget years the amount
31 of property tax adjustment aid under subsection 2 for a school
32 district shall not exceed the following percent of the school
33 district's property tax adjustment aid received in the budget
34 year beginning July 1, 1998:

35 a. For the budget year beginning July 1, 1999, sixty-six

1 and two-thirds percent.

2 b. For the budget year beginning July 1, 2000, thirty-
3 three and one-third percent.

4 c. For the budget year beginning July 1, 2001, zero
5 percent.

6 Sec. 9. Section 257.20, subsection 1, Code 1999, is
7 amended to read as follows:

8 1. a. In order to determine the amount of instructional
9 support state aid and the amount of local funding for the
10 instructional support program for a district, the department
11 of management shall divide the total assessed valuation in the
12 state by the total budget enrollment for the budget year in
13 the state to determine a state assessed valuation per pupil
14 and shall divide the assessed valuation in each district by
15 the district's budget enrollment for the budget year to
16 determine the district assessed valuation per pupil. The
17 department of management shall multiply the ratio of the
18 state's valuation per pupil to the district's valuation per
19 pupil by twenty-five twenty hundredths and subtract that
20 result from one to determine the portion of the instructional
21 support program budget that is local funding. The remaining
22 portion of the budget shall be funded by instructional support
23 state aid. However, for the budget year beginning July 1,
24 1992, only, the amount of state aid is three and one-quarter
25 percent less than the amount computed under this paragraph for
26 that budget year.

27 b. A school district which is participating in the
28 instructional support program on the effective date of this
29 Act will be subject to the seventy-five percent local funding
30 maximum determined pursuant to section 257.20, Code 1999,
31 unless the school district, pursuant to section 257.18, either
32 adopts a resolution to increase the amount of the local
33 funding if the remaining amount of the term does not exceed
34 five years, or submits the question for election if the
35 remaining amount of the term does not exceed ten years. If

1 the question of increasing the amount of the local funding is
2 submitted for election, the question at election shall regard
3 increasing the level of local funding from the existing level
4 up to eighty percent, rather than with regard to the existing
5 level of local funding.

6 Sec. 10. Section 257.20, subsection 2, paragraphs a and b,
7 Code 1999, are amended by striking the paragraphs.

8 Sec. 11. NEW SECTION. 285.7 TRANSPORTATION ASSISTANCE
9 FUND.

10 1. There shall be established within the department of
11 education a transportation assistance fund, to provide
12 additional transportation funding assistance to school
13 districts incurring transportation costs which exceed the
14 statewide average transportation cost figure.

15 2. To be eligible for transportation assistance pursuant
16 to this section, a school district's average transportation
17 cost per pupil shall exceed one hundred fifty percent of the
18 state average transportation cost per pupil. A school
19 district shall annually determine and certify the district's
20 average transportation cost per pupil to the school budget
21 review committee as provided in section 257.31, subsection 17,
22 paragraphs "b" and "c". The school budget review committee
23 shall certify to the department of management a list of all
24 school districts exceeding the state average transportation
25 cost per pupil, as determined by the school budget review
26 committee pursuant to section 257.31, subsection 17, paragraph
27 "c", and the amount by which each school district exceeds the
28 state average transportation cost amount.

29 3. There is appropriated for the fiscal year beginning
30 July 1, 1999, and ending June 30, 2000, from the general fund
31 of the state to the department of education, two million five
32 hundred thousand dollars for distribution as additional
33 transportation funding pursuant to this section. There is
34 appropriated annually for the fiscal year beginning July 1,
35 2000, and succeeding fiscal years, from the general fund of

1 the state to the department of education, an amount not
2 exceeding four million dollars for distribution as additional
3 transportation funding assistance pursuant to this section.

4 Notwithstanding section 8.33, funds appropriated in this
5 subsection which remain unexpended or unobligated on June 30
6 of the fiscal year for which the funds were appropriated shall
7 not revert but shall remain available for expenditure for the
8 purposes of this section in subsequent fiscal years. The
9 amount appropriated for a fiscal year shall equal that amount
10 which, after taking into account funds transferred to the
11 school budget review committee in accordance with section
12 321.34, subsection 22, and any remaining balance of unexpended
13 funds appropriated under this subsection for the prior fiscal
14 year which did not revert, shall be sufficient to provide the
15 additional transportation funding pursuant to this section,
16 not to exceed the amount appropriated.

17 4. The department of management shall distribute
18 transportation assistance funding to eligible school districts
19 in an amount up to, but not exceeding, a maximum of fifty
20 cents of transportation assistance for each dollar by which a
21 school district's average transportation cost per pupil
22 exceeds the state average transportation cost per pupil
23 amount, as determined in subsection 2. If the amount
24 appropriated under this section is insufficient to pay the
25 amount of transportation assistance to which all eligible
26 school districts are otherwise entitled, the department shall
27 prorate the amount of transportation assistance funding
28 provided to each eligible school district. A school district
29 receiving transportation assistance funding pursuant to this
30 section may apply to the school budget review committee for
31 transportation assistance aid pursuant to section 257.31,
32 subsection 17. The school budget review committee shall take
33 into account amounts received pursuant to this section in
34 determining whether, or by what amount, to grant a request.

35 Sec. 12. Section 425A.3, subsection 1, Code 1999, is

1 amended to read as follows:

2 1. The family farm tax credit fund shall be apportioned
3 each year in the manner provided in this chapter so as to give
4 a credit against the tax on each eligible tract of
5 agricultural land within the several school districts of the
6 state in which the levy for the general school fund exceeds
7 five dollars and forty seventy cents per thousand dollars of
8 assessed value. The amount of the credit on each eligible
9 tract of agricultural land shall be the amount the tax levied
10 for the general school fund exceeds the amount of tax which
11 would be levied on each eligible tract of agricultural land
12 were the levy for the general school fund five dollars and
13 forty seventy cents per thousand dollars of assessed value for
14 the previous year. However, in the case of a deficiency in
15 the family farm tax credit fund to pay the credits in full,
16 the credit on each eligible tract of agricultural land in the
17 state shall be proportionate and applied as provided in this
18 chapter.

19 Sec. 13. Section 425A.5, Code 1999, is amended to read as
20 follows:

21 425A.5 COMPUTATION BY COUNTY AUDITOR.

22 The family farm tax credit allowed each year shall be
23 computed as follows: On or before March 1, the county auditor
24 shall list by school districts all tracts of agricultural land
25 which are entitled to credit, the taxable value for the
26 previous year, the budget from each school district for the
27 previous year, and the tax rate determined for the general
28 fund of the school district in the manner prescribed in
29 section 444.3 for the previous year, and if the tax rate is in
30 excess of five dollars and forty seventy cents per thousand
31 dollars of assessed value, the auditor shall multiply the tax
32 levy which is in excess of five dollars and forty seventy
33 cents per thousand dollars of assessed value by the total
34 taxable value of the agricultural land entitled to credit in
35 the school district, and on or before March 1, certify the

1 total amount of credit and the total number of acres entitled
2 to the credit to the department of revenue and finance.

3 Sec. 14. Section 426.3, Code 1999, is amended to read as
4 follows:

5 426.3 WHERE CREDIT GIVEN.

6 The agricultural land credit fund shall be apportioned each
7 year in the manner hereinafter provided in this chapter so as
8 to give a credit against the tax on each tract of agricultural
9 lands within the several school districts of the state in
10 which the levy for the general school fund exceeds five
11 dollars and forty seventy cents per thousand dollars of
12 assessed value~~;~~the. The amount of ~~such~~ credit on each tract
13 of such lands shall be the amount the tax levied for the
14 general school fund exceeds the amount of tax which would be
15 levied on ~~said~~ the tract of such lands were the levy for the
16 general school fund five dollars and forty seventy cents per
17 thousand dollars of assessed value for the previous year~~;~~
18 except. However, in the case of a deficiency in the
19 agricultural land credits fund to pay said credits in full, in
20 which case the credit on each eligible tract of such lands in
21 the state shall be proportionate and shall be applied as
22 hereinafter provided in this chapter.

23 Sec. 15. Section 426.6, unnumbered paragraph 1, Code 1999,
24 is amended to read as follows:

25 The agricultural land tax credit allowed each year shall be
26 computed as follows: On or before the first of June the
27 county auditor shall list by school districts all tracts of
28 agricultural lands which they are entitled to credit, together
29 with the taxable value for the previous year, together with
30 the budget from each school district for the previous year,
31 and the tax rate determined for the general fund of the
32 district in the manner prescribed in section 444.3 for the
33 previous year, and if such the tax rate is in excess of five
34 dollars and forty seventy cents per thousand dollars of
35 assessed value, the auditor shall multiply the tax levy which

1 is in excess of five dollars and forty seventy cents per
2 thousand dollars of assessed value by the total taxable value
3 of the agricultural lands entitled to credit in the district,
4 and on or before the first of June certify the amount to the
5 department of revenue and finance.

6 Sec. 16. 1989 Iowa Acts, chapter 135, section 135, is
7 repealed effective July 1, 1999. Legislative review of the
8 provisions of chapter 257 shall occur every five years, with
9 the first such review to begin no later than July 1, 2004.

10 Sec. 17. Sections 257.42 through 257.49, Code 1999, are
11 repealed.

12 Sec. 18. EFFECTIVE DATE.

13 1. Sections 1 through 11 and 17 of this Act, being deemed
14 of immediate importance, take effect upon enactment for the
15 computation of state school aid for school budget years
16 beginning on or after July 1, 1999.

17 2. Sections 12 through 15 of this Act take effect January
18 1, 2000, for the computation of the family farm tax credit and
19 agricultural land tax credit for property taxes due and
20 payable in fiscal years beginning on or after July 1, 2000.

21 EXPLANATION

22 This bill provides certain changes relating to the state
23 school aid formula. The bill provides for an increase in the
24 regular program foundation base, and the special education
25 support services foundation base, from the current level of
26 87.5 percent of the regular program state cost per pupil, and
27 79 percent for the special education support services state
28 cost per pupil, respectively, to 88 percent. The bill also
29 provides for an increase in the foundation property tax from
30 the current level of \$5.40 per \$1,000 of assessed valuation on
31 all taxable property in a school district to \$5.70 per \$1,000
32 of assessed valuation on all taxable property in a school
33 district. The bill provides several conforming changes to
34 other Code provisions which reference the level of the
35 foundation property tax.

1 The bill also provides for an increase of \$38 in the level
2 of the regular program allowable growth for the budget year
3 beginning July 1, 1999, for those school districts that funded
4 the gifted and talented program in the budget year beginning
5 July 1, 1998, with additional property taxes. The bill
6 deletes the provision in Code section 257.10 which provides
7 that combined district cost per pupil does not include
8 additional allowable growth for gifted and talented children.
9 When combined with the additional funding added to the
10 allowable growth amount for the budget year beginning July 1,
11 1999, this has the effect of providing for the funding of
12 gifted and talented programs through the state foundation
13 program. The bill repeals Code sections 257.42 through
14 257.49, which had previously applied to gifted and talented
15 programs and their funding and which are no longer needed.

16 The bill additionally provides for on-time funding for
17 increased special education enrollment. The bill provides
18 that if a school district's additional enrollment because of
19 special education determined by the district on December 1 in
20 the budget year is greater than its additional enrollment
21 because of special education determined by the district on
22 December 1 in the base year, the school district is entitled
23 to on-time funding from the state in an amount equal to its
24 district cost per pupil for the budget year multiplied by the
25 district's increased additional enrollment because of special
26 education. The bill provides for an annual appropriation from
27 the general fund of the state in an amount sufficient to pay
28 the on-time funding amount up to a maximum of \$13 million
29 annually.

30 The bill further provides for a gradual phase-out of the
31 property tax adjustment aid provision contained in Code
32 section 257.15. The bill provides that the adjustment aid
33 will be reduced in one-third increments over a three-year
34 period, until for the budget year beginning July 1, 2001, no
35 property tax adjustment aid pursuant to Code section 257.15

1 would be received.

2 The bill provides that the amount of instructional support
3 state aid provided to school districts will correspond to the
4 ratio of 20 percent state aid to 80 percent local funding, and
5 additionally deletes the existing funding "cap" limiting
6 instructional support state funding to the level for the
7 budget year commencing July 1, 1992. The bill provides that
8 the existing 25 percent state and 75 percent local funding
9 limits will remain in place for a school district already
10 participating in the instructional support program, unless the
11 school district board adopts a resolution to increase the
12 local funding component or submit the question of an increase
13 at an election pursuant to the provisions of Code section
14 257.18.

15 The bill additionally provides that a transportation
16 assistance fund will be established within the department of
17 education, to provide additional transportation funding
18 assistance to school districts incurring transportation costs
19 which exceed the statewide average transportation cost figure.
20 To be eligible, a school district's average transportation
21 cost per pupil must exceed 150 percent of the state average
22 transportation cost per pupil, as determined in Code section
23 257.31, subsection 17, paragraphs "b" and "c". The school
24 budget review committee will certify to the department of
25 management a list of all school districts exceeding the state
26 average transportation cost per pupil, and the amount of the
27 excess. The bill provides for an appropriation, for the
28 fiscal year beginning July 1, 1999, and ending June 30, 2000,
29 of \$2.5 million to provide the additional transportation
30 assistance. The bill provides for an annual appropriation for
31 succeeding fiscal years from the general fund of the state to
32 the department of education of up to \$4 million annually. The
33 funds appropriated and not expended shall not revert. The
34 bill provides that the amount appropriated for a fiscal year
35 will equal that amount which, after taking into account funds

1 transferred to the school budget review committee in
2 accordance with Code section 321.34, subsection 22, and any
3 remaining balance of unexpended funds appropriated for the
4 prior fiscal year, will equal the amount sufficient to provide
5 the transportation assistance up to \$4 million. The
6 department of management will distribute the transportation
7 assistance funding to eligible school districts in an amount
8 equal to, but not exceeding, 50 cents of transportation
9 assistance for each \$1.00 by which a school district's average
10 transportation cost per pupil exceeds the state average
11 transportation cost per pupil amount, on a pro-rated basis if
12 necessary. The bill provides that a school district receiving
13 transportation assistance funding may apply to the school
14 budget review committee for transportation assistance aid
15 pursuant to Code section 257.31, subsection 17.

16 The bill also provides for the repeal of 1989 Iowa Acts,
17 chapter 135, section 135, effective July 1, 1999, which
18 established the "sunset" date of July 1, 2001, for Code
19 chapter 257 -- the school foundation aid program. The bill
20 provides that legislative review of the provisions of Code
21 chapter 257 will occur every five years.

22 Code sections of the bill take effect upon enactment for
23 the computation of state school aid for school budget years
24 beginning on or after July 1, 1999.

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