

FINAL REPORT

IMPROVING SCHOOL FACILITIES
STUDY COMMITTEE



Presented to the
LEGISLATIVE COUNCIL
and the
IOWA GENERAL ASSEMBLY
January 2000

Prepared by the
LEGISLATIVE SERVICE BUREAU



FINAL REPORT

Improving School Facilities Study Committee

January 2000

MEMBERS

Senator JoAnn Johnson,
Co-chairperson
Senator Jeff Angelo
Senator Mike Gronstal
Senator John Judge
Senator Steve King

Representative Chuck Gipp,
Co-chairperson
Representative Betty Grundberg
Representative Dennis Parmenter
Representative Henry Rayhons
Representative Steven Warnstadt

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Attachments:

- Proposed bill on physical plant and equipment levy revenues
- Proposed bill on urban renewal areas
- Proposed bill on tobacco settlement revenues
- Proposed bill to study reorganization and sharing incentives

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AUTHORIZATION AND CHARGE

The Legislative Council established the Improving School Facilities Study Committee and authorized two meeting days for the Committee to study and make recommendations concerning financing mechanisms for K-12 school buildings, including approaches for construction, improvements, and renovations.



I. Administrative Information.

The Committee met on Monday, October 11, 1999, and elected Temporary Co-chairpersons Senator JoAnn Johnson and Representative Chuck Gipp as Permanent Co-chairpersons. The Committee also met on Monday, October 18, 1999. During that meeting, members agreed to submit a request to the Legislative Council for an additional meeting date. The Council approved the request at its December 8 meeting. On the third and final meeting date, Monday, November 29, 1999, the members met for Committee discussion and approved recommendations.

II. October 11, 1999, Meeting.

A. Presenters. Presenters for the first meeting date of the Committee included the following:

- Chris Pipho, Consultant, Education Commission of the States.
- Guy Ghan, Consultant on Issues of Reorganization.
- Wayne Burk, Ret. Superintendent of Allamakee Community School District.
- Roy Marshall, State Fire Marshal.
- Lee Tack, Director, Division of Financial and Information Services, Department of Education.
- C. Milton Wilson, School Plant Facilities Consultant, Department of Education.
- Ken Stone, Professor of Economics, Iowa State University.

B. A National Perspective on School Facilities Policy Questions. Chris Pipho explained to the Committee the policy questions that should be considered by a state when assessing and determining the desired level of state involvement in maintenance and construction of school facilities. First, a state should consider conducting an assessment of the current condition of school facilities and whether maintenance of school buildings is up to date across the state. Second, a state should consider current and projected demographics. Third, a state should evaluate the condition of the electrical infrastructure of the schools for "technology-readiness." Fourth, Mr. Pipho recommended a review of state and local fiscal issues, such as the relative success school districts have had passing bond issues; whether there are disparities in fiscal capacity among school districts; and what financing approaches fit best with a state's tradition of financing school facilities. Mr. Pipho stated that when considering these issues, educational adequacy is key. He ended by saying that states should move slowly and study further the issue of financing school facilities because of the projected societal, demographic, and technological changes, and the opportunities and challenges offered by these changes.

C. School District Structuring. Guy Ghan reviewed for the Committee the history of school reorganization in Iowa. He identified three primary incentives for reorganization during the last school reorganization movement: 1) the state raised minimum education standards; 2) the state gave financial incentives for whole-grade sharing; and 3) the state



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added financial incentives for school districts to share superintendents. This last incentive, he said, probably had the greatest impact. In 1984-1985, there were 438 school districts and 437 high schools. In 1999-2000, there are 375 school districts with 351 high schools. The 24 school districts without a high school are engaged in partnerships with other districts through whole-grade sharing. He offered three suggestions for the state and school districts considering merger. First, look at the condition of buildings when considering school mergers. Second, provide property tax incentives related to payment of bonds issued by a district prior to merger. Third, provide property tax incentives for planned bond issues after a merger. He listed restrictions that should be combined with these suggestions.

D. Bond Passage Difficulties. Wayne Burk gave insights into the problems incurred in the passage of bond issues. He then discussed the recently enacted local option sales tax for school districts. Mr. Burk provided the Committee with three suggestions to assist school districts: reduce the percentage from 60 percent to 50 percent for passage of bond issues; allow the school board to impose under the physical plant and equipment levy (PPEL), in addition to the present 33 cent/\$1,000 levy, a 50 cent/\$1,000 levy subject to a reverse referendum; and establish a state fund using state surplus money which will be used to provide low- or no-interest loans to school districts subject to their payback of the loans, like any bond issuance.

E. Fire Safety Issues. State Fire Marshal Roy Marshall discussed his office's findings on fire safety violations, observing that all schools have some fire code violations, but some are not as serious or as costly to correct. The percentage of schools with serious, long-standing, and expensive-to-remedy fire code violations he estimates will have decreased from 10 percent to between 5 and 6 percent during FY 1999-2000 because some schools were closed and others repaired. Efforts in this decrease were aided considerably by a federal grant administered by the Department of Education. He commented that the length of time given a district to remedy violations depended upon the extensiveness of the repairs needed. If the repairs are not completed within the time frame required, the school district is ordered to close the building.

F. Department of Education Facilities Review. C. Milton Wilson provided information that dated the age of buildings and additions of the state's school districts. He indicated that the school replacement costs for all district-owned buildings total \$5.84 billion, based upon the school district insurance amount for those buildings. Also provided were the results of bond elections held within the last 10 years. Other data provided by Mr. Wilson included a listing of the total federal moneys available for life safety grants (35 percent) and construction grants for innovative projects (65 percent); the history of the elections for the local option sales tax for school districts; and the number of districts utilizing the physical plant and equipment levy (PPEL) revenues expected to be generated from the levy for the 1999-2000 school budget year.

G. Revenue and Levy Information. Lee Tack stated that the amount of property tax, state revenues, and federal revenues spent on education in Iowa, according to the annual



Improving School Facilities Study Committee

"Condition of Education" report, totals approximately \$3 billion annually. According to Dr. Tack, 224 school districts are garnering between \$45 and \$70 million by utilizing the PPEL. However, if the maximum levy were in place in every school district, he estimates that \$140 million would be generated. Dr. Tack theorized that school districts are hesitant to incur debt or increase taxes for a new building without a vote of the electorate. Furthermore, the state has put more pressure on property tax relief than on increases, and funding new school buildings would cause property taxes to increase in a district.

H. Local Option Sales Tax for School Infrastructure Purposes. Dr. Kenneth Stone presented to the Committee his arguments against use of the local option sales tax, as it is currently in statute, as a revenue source for local school districts. Professor Stone suggested that the local option sales tax for schools would achieve a measure of equity if the law is amended to require each county to impose the tax, with sales tax revenue distributed to each school district in the amount of the statewide average per pupil that is collected. Any excess revenue would be deposited in some type of capital reserve account.

I. Recommendation Proposal. Senator Gronstal moved that the Committee recommend that the General Assembly appropriate \$150 million over five years for state infrastructure assistance to local school districts. Chairperson Gipp ruled that the motion was out of order. He stated that it would be premature to consider such a motion as this was only the first of the Committee's two required meetings. Senator Gronstal moved to suspend the rules to consider the motion. Senator Judge seconded the motion. After very brief discussion, the motion to suspend was defeated.

III. October 18, 1999, Meeting.

A. Presenters. Presenters for the second meeting of the Committee included the following:

- Terry Whitney, Senior Policy Specialist with the National Conference of State Legislatures (NCSL).
- Dave Shreve, Committee Director, National Conference of State Legislatures.
- Veronica Stalker, Superintendent, Waukee Community School District.
- Warren Jenkins, Chief Deputy Auditor of State.
- Max Phillips, Business Education Alliance.
- Ann Rosenthal, School Facilities Engineer.
- Monica Stone, Executive Officer for the Building Energy Management Section and the Energy Bureau, Energy Bank, Department of Natural Resources (DNR).

B. National Trends Regarding School Facilities. Terry Whitney provided a comprehensive overview of the condition of other states' school facilities and programs for funding school facilities. Mr. Whitney said that the factors contributing to the school facility crisis are competing budget priorities, soaring student enrollment, unfunded federal mandates,



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school district shifting of capital maintenance funds to operations, outdated school financing formulas, poor budgeting decisions by local administrators, and the absence of state requirements for maintenance budgeting by school districts. Mr. Whitney also identified state-level strategies and options for state policymakers to consider as they formulate policy on funding school facilities. He noted that issues encountered by schools grappling with the problem of funding school facilities construction include a rising trend in some states of the state taking control of local school districts, an increased acceptance of the imposition of property tax limitations, and increasing federal and state mandates eroding local control and local discretion in decision making. Finally, Mr. Whitney noted that schools of the future will be designed to be flexible in use in order to more adequately serve as the center of a community.

C. Federal School Facilities Funding Issues. David Shreve described the various bills that have been proposed by members of the 106th Congress, highlighting those that are still active. He noted that Senator Harkin may succeed in getting a demonstration program established. Mr. Shreve predicted that there will be federal legislation on funding school facilities, most likely involving tax credits. He observed that there are problems associated with using tax credits for some districts, particularly in low valuation districts which are already at their statutory debt limit cap and cannot incur any more indebtedness.

D. School Facilities Problem From Waukee's Perspective. Waukee Superintendent Veronica Stalker shared with the Committee the two main areas of difficulty in funding school facilities from her district's perspective: the local option sales tax (LOST) for school infrastructure purposes and tax increment financing. Dr. Stalker expressed concerns about the inequities that may be created between districts with a small retail base and those with a large retail base. Because of these concerns, she said, the state will have to consider amending the LOST legislation to require some type of equalization formula among all schools collecting the tax. Dr. Stalker also described to the Committee the fiscal constraints encountered by a school district when there is an urban renewal area located in the district and projects in the area are being financed with revenues collected from a property tax increment. Tax increment financing is detrimental to school districts, she said, and school districts really have no say in the establishment of an urban renewal area that uses tax increment financing. Dr. Stalker recommended closing the loophole in the law that allows an urban renewal area to be amended to add property to the area.

Dr. Stalker was accompanied by David Wilkerson, Assistant Superintendent, and Kathy Nibb, Business Manager, both with the Waukee Community School District. Mr. Wilkerson described the renovation projects Waukee has undertaken in recent years. Dr. Stalker suggested that the Legislature consider increasing the levy rates to take into account inflation. In the meantime, she said, school districts need to consider partnerships as a way to stretch tax dollars.



Improving School Facilities Study Committee

E. State Auditor's Plans. Chief Deputy Auditor Warren Jenkins reviewed the State Auditor's Iowa Infrastructure 2000 Plan first proposed in February 1993. The plan contemplated cooperative efforts between state and local government and provided incentives for cooperation to take place. Mr. Jenkins noted that the Legislature responded to the infrastructure debate by creating in 1995 the Rebuild Iowa Infrastructure Fund (RIIF), which will result in significant improvements in the state's vertical infrastructure. Mr. Jenkins also reviewed the State Auditor's Iowa Foundation Plan for School Infrastructure, issued in 1996, which would divert 20 percent of the annual increase in state school foundation aid to supplement local funding of school infrastructure.

F. Business Education Alliance. Max Phillips appeared before the Committee to represent the Business Education Alliance, which is an alliance of business and industry supportive of education and is responsible for the ongoing operation of the Downtown School in Des Moines. He provided a history of the collaboration efforts made on behalf of the Downtown School. But as successful as these efforts have been, he cautioned that business cannot be expected to rescue schools any more than the state can be expected to fully fund school infrastructure needs. It is important, he said, for businesses to continue to fund innovative ideas. He recommended that the General Assembly consider carefully any mandates, such as those that require reporting to the state, because to meet that mandate, a school district is forced to allocate resources away from teaching and learning.

G. Energy Performance Contracting. Ann Rosenthal described energy performance contracting as a financing method that allows an institution to improve its buildings through the replacement of systems, such as heating, cooling, or lighting, with more efficient equipment, controls, and maintenance. The contractor assumes 100 percent of the risks, and the entity receiving the services pays the contractor with energy savings. The concept can only be used for equipment replacement, not for equipment in new construction.

H. Iowa Energy Bank. Monica Stone described the DNR's Energy Bureau and the Iowa Energy Bank Program. The program, she said, helps Iowa's public and private schools, colleges, and universities cut their energy costs and acts as a clearinghouse and facilitator, not a financier. However, the DNR does offer a program that allows schools to borrow money for energy projects intended to result in energy savings. She noted that the bureau has available a model contract for use in procuring an energy performance contractor.

IV. November 29, 1999, Meeting.

Committee Discussion. Committee members engaged in a general discussion following parameters suggested by Co-chairperson Gipp -- that the Committee consider the extent of the school facilities problem and its causes, possible solutions, and how to prevent a reoccurrence of the problem when formulating recommendations. The co-chairpersons



Improving School Facilities Study Committee

invited the members to contribute recommendations for the consideration of the Committee. The Study Committee discussed but rejected the following proposals:

Local Option Revenue Limit. Co-chairperson Johnson's proposed committee bill, LSB 5152XI, limiting the amount of revenue a county can retain under the local option sales tax for school infrastructure purposes to a statewide average equal to the total tax revenue that would be generated by a 1 percent school sales tax if imposed by all 99 counties divided by the actual enrollment for school districts in the state.

State Infrastructure Appropriation. Senator Gronstal's recommendation that the General Assembly appropriate \$10 million in the first year, and add \$10 million each year for five years until \$50 million is appropriated for distribution to school districts that are using the PPEL or the local sales tax for school infrastructure purposes. The districts would use the moneys received for school infrastructure purposes or to reduce bonded indebtedness incurred for school infrastructure purposes. Distribution of the appropriation would be adjusted for property tax rich and poor districts, and provide districts with an average of \$20 per student in the first year, and \$100 per student in the last year. Steadily increasing appropriation amounts would permit schools to plan for the use of the moneys.

Equalization. Representative Warnstadt's recommendation that the state appropriate \$25 million a year for four years to equalize on a portion of the local effort for PPEL. Districts would need to have at least the regular PPEL in place, which last year would have included all but one district.

Extraordinary Appropriation. Representative Warnstadt's recommendation that the state designate an extraordinary appropriation of up to \$25 million a year or the equivalent of 1 percent allowable growth for the next four years to be used for construction, expansion, major repairs and renovations, life/safety measures at school buildings, or interest buy-down for existing projects.

Federal Matching. Representative Warnstadt's recommendation that the state provide a \$2-to-\$1 match, up to \$20 million, for federal construction grants allocated to school districts for life/safety projects.

V. Recommendations.

The Committee discussed and adopted the following proposals:

A. Urban Renewal Areas. Co-chairperson Johnson's proposed Committee bill, LSB 5148XI, which requires that an urban renewal area be composed of contiguous territory and be compact in size.

B. PPEL Revenues. Co-chairperson Johnson's proposed committee bill, LSB 5147XI, which provides that the revenues from a physical plant and equipment levy (PPEL), imposed in an urban renewal area that is utilizing tax increment financing, shall be paid not to the municipality implementing the urban renewal plan, but to the school district imposing the PPEL. However, under an amendment offered by Senator Gronstal and



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passed by the Committee, revenues from the imposition of a PPEL in an urban renewal area may be paid to a municipality rather than the school district if the revenues are needed for the payment of bonded indebtedness incurred before the effective date of the bill by the municipality to finance the urban renewal project.

C. DNR Energy Bank. Co-chairperson Gipp's recommendation that the DNR shall be more aggressive about informing school districts of the existence and the benefits of the Energy Bank Program.

D. Tobacco Settlement Revenues. Co-chairperson Gipp's proposed committee bill, LSB 5149XI, which appropriates \$20 million annually for a 10-year period from the Tobacco Settlement Fund and provides for the establishment of a school infrastructure block grant program to provide all school districts in the state with financial resources to address and remedy fire and personal safety needs, provide for school infrastructure improvements, and furnish property tax relief.

E. Reorganization and Sharing Incentives. Senator Angelo's proposed committee bill, LSB 5153XI, which directs the Department of Education to conduct a feasibility study of reorganization and sharing incentives for school districts, and report to the chairperson and ranking members of the Joint Appropriations Subcommittee on Education during the 2000 Session of the 78th General Assembly. Representative Grundberg's amendment that the report also be submitted to the Senate and House standing education committees was unanimously approved.

F. State Bond Bank. Representative Warnstadt's recommendation, as amended by Representative Grundberg, that the General Assembly examine the establishment of a state bond bank for the pooling of bonds to enable school districts to obtain reduced interest rates on bonds. There was discussion of the Iowa Finance Authority as the possible administrator of such a program because the Iowa Finance Authority is already administering similar programs for purposes other than school infrastructure.

G. Joint Venture Feasibility. After some discussion and a rewrite to remove mandate language, Representative Warnstadt's recommendation that the General Assembly examine ways to encourage state agencies and school districts to consider the feasibility of joint ventures.

H. Building Plan Clearinghouse. Representative Warnstadt's recommendation that the department be required to maintain a school building plan clearinghouse to provide prospective schools with ready-made architectural plans.

I. Local Option Sales Tax. Co-chairperson Johnson's recommendation that the General Assembly examine the disparities created by the use of the local option sales tax for school infrastructure purposes and the disparity in property tax values by class of property in order to provide more equitable funding for school infrastructure.



VI. Written Materials Filed With the Legislative Service Bureau.

The following materials were distributed during the meetings and a copy is on file with the Legislative Service Bureau:

- A. Background Memorandum submitted by the Legislative Service Bureau.
- B. Summary of remarks - Mr. Chris Pipho.
- C. Outline of presentation - Mr. Guy Ghan.
- D. Summary of remarks - Mr. Wayne H. Burk.
- E. Summary of remarks - State Fire Marshal Roy Marshall.
- F. Documents relating to financing of school facilities - Mr. C. Milton Wilson.
- G. Summary of remarks - Professor Kenneth Stone.
- H. Terry Whitney provided the following articles and materials:
 - 1. "School Capital Outlay: What to Do?", by David A. Sneed, Chief of Architectural Services, School Building Authority of West Virginia.
 - 2. "Public School Finance Programs of the United States and Canada: 1993-94 - Volume 1," published by the American Education Finance Association and the Center for the Study of the States.
 - 3. "How Old Are America's Public Schools?", an issue brief published by the National Center for Education Statistics.
 - 4. "School Construction Expenditures Top \$18 Billion," a news release by the U.S. Department of Commerce.
 - 5. "Rundown Schools: Whose Responsibility?", State Legislatures, September 1997, pp. 14 - 19.
- I. David Shreve's handout included a chart titled "Federal School Facilities Assistance Proposals Before the 106th Congress," a newsletter published by NCSL related to federal school construction proposals, NCSL's official policy on school facilities, U.S. Department of Education press releases regarding the Clinton administration's education agenda, and copies of letters NCSL sent to members of Congress regarding federal assistance for school construction efforts.
- J. Veronica Stalker provided a map of the Waukee Community School District and factsheets providing a history of tax increment financing, describing the impact of Clive's residential TIF, describing Waukee's elementary renovations for 1998-99, and providing Waukee's student enrollment counts since 1990.
- K. Ann Rosenthal's handout included a summary of her presentation and a chart indicating performance contracting outcomes.



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L. Monica Stone's handouts included a factsheet titled "Energy Success Case Study 6: Dexfield Community School District," and information describing the Iowa Energy Bank Program.

M. Milton Wilson's handout titled "Iowa Demonstration Construction Grant Program Construction Funds." Mr. Wilson, a school plant facilities consultant for the Department of Education, supplied this handout in response to a request he received from the Committee during his appearance at the Committee's first meeting.

N. Tables supplied by the Legislative Fiscal Bureau providing information on 1999-2000 School Year Property Valuations, PPEL Taxes, and Debt Service Taxes, sorted by property value per pupil and by school district name. The information was provided in response to a request made during the Committee's first meeting.

O. Bill draft LSB 5152XI - a bill for An Act relating to the distribution of tax revenues from the local option sales and services tax for school infrastructure purposes collected in a county and providing an effective and applicability date provision.

P. "Property Valuation, PPEL Taxes, and Debt Service Taxes" - provided by Mike Lipsman, Legislative Fiscal Bureau.

VII. Attachments.

A. Bill draft LSB 5147XI - a bill for An Act relating to collection of the physical plant and equipment property tax levy in certain urban renewal areas and providing an applicability date.

B. Bill draft LSB 5148XI - a bill for An Act relating to the inclusion of territory in urban renewal areas.

C. Bill draft LSB 5149XI - a bill for An Act providing for the establishment of a school infrastructure block grant program and making an appropriation.

D. Bill draft LSB 5153XI - a bill for An Act directing the Department of Education to conduct a feasibility study of reorganization and sharing incentives for school districts.

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SENATE/HOUSE FILE _____
BY (RECOMMENDED BY IMPROVING SCHOOL
FACILITIES STUDY COMMITTEE)

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

A BILL FOR

1 An Act relating to collection of the physical plant and equipment
2 property tax levy in certain urban renewal areas and providing
3 an applicability date.

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

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1 Section 1. Section 403.19, subsection 2, Code 1999, is
2 amended to read as follows:

3 2. That portion of the taxes each year in excess of such
4 amount shall be allocated to and when collected be paid into a
5 special fund of the municipality to pay the principal of and
6 interest on loans, moneys advanced to, or indebtedness,
7 whether funded, refunded, assumed, or otherwise, including
8 bonds issued under the authority of section 403.9, subsection
9 1, incurred by the municipality to finance or refinance, in
10 whole or in part, an urban renewal project within the area,
11 and to provide assistance for low and moderate income family
12 housing as provided in section 403.22, except that taxes for
13 the regular and voter-approved physical plant and equipment
14 levy of a school district imposed pursuant to section 298.2
15 and taxes for the payment of bonds and interest of each taxing
16 district must be collected against all taxable property within
17 the taxing district without limitation by the provisions of
18 this subsection. However, taxes for the physical plant and
19 equipment levy shall be paid to the municipality if the
20 municipality certifies to the county auditor that such levy is
21 necessary to pay the principal and interest on indebtedness
22 incurred by the municipality to finance an urban renewal
23 project. Unless and until the total assessed valuation of the
24 taxable property in an urban renewal area exceeds the total
25 assessed value of the taxable property in such area as shown
26 by the last equalized assessment roll referred to in
27 subsection 1, all of the taxes levied and collected upon the
28 taxable property in the urban renewal area shall be paid into
29 the funds for the respective taxing districts as taxes by or
30 for the taxing districts in the same manner as all other
31 property taxes. When such loans, advances, indebtedness, and
32 bonds, if any, and interest thereon, have been paid, all
33 moneys thereafter received from taxes upon the taxable
34 property in such urban renewal area shall be paid into the
35 funds for the respective taxing districts in the same manner

1 as taxes on all other property.

2 Sec. 2. APPLICABILITY DATE. This Act applies to property
3 taxes due and owing on or after July 1, 2000.

4 EXPLANATION

5 This bill provides that the revenues from a school district
6 physical plant and equipment levy (PPEL) imposed in an urban
7 renewal area that is utilizing tax increment financing shall
8 not be paid to the municipality implementing the urban renewal
9 plan, but will be paid to the school district imposing the
10 PPEL unless the municipality certifies that the levy is
11 necessary to pay indebtedness incurred for an urban renewal
12 project. The bill applies to both the regular PPEL and the
13 voter-approved PPEL.

14 The bill applies to property taxes due and payable on or
15 after July 1, 2000.

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SENATE/HOUSE FILE _____
BY (RECOMMENDED BY IMPROVING
SCHOOL FACILITIES STUDY
COMMITTEE)

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

A BILL FOR

1 An Act relating to the inclusion of territory in urban renewal
2 areas.

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

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1 Section 1. Section 403.5, Code Supplement 1999, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 8. The urban renewal area covered by the
4 plan shall be composed of contiguous territory as compact as
5 practicable. Parcels included in an urban renewal area may
6 share a boundary with the right-of-way of a primary highway,
7 secondary road, or street, but such highway, road, or street
8 shall not be included as a means of connecting two or more
9 noncontiguous parcels.

10 Sec. 2. Section 403.5, subsection 5, Code Supplement 1999,
11 is amended to read as follows:

12 5. An urban renewal plan may be modified at any time:
13 Provided, that if modified after the lease or sale by the
14 municipality of real property in the urban renewal project
15 area, such modification may be conditioned upon such approval
16 of the owner, lessee, or successor in interest as the
17 municipality may deem advisable, and in any event such
18 modification shall be subject to such rights at law or in
19 equity as a lessee or purchaser, or a lessee's or purchaser's
20 successor or successors in interest, may be entitled to
21 assert. The municipality shall comply with the notification
22 and consultation process provided in this section prior to the
23 approval of any amendment or modification to an adopted urban
24 renewal plan if such amendment or modification provides for
25 refunding bonds or refinancing resulting in an increase in
26 debt service or provides for the issuance of bonds or other
27 indebtedness, to be funded primarily in the manner provided in
28 section 403.19. An urban renewal plan shall not be amended to
29 add territory to an urban renewal area.

30 Sec. 3. Section 403.19, subsection 1, paragraph b, Code
31 1999, is amended by striking the paragraph.

32 Sec. 4. APPLICABILITY. Section 1 of this Act applies to
33 urban renewal areas established on or after the effective date
34 of this Act. Sections 2 and 3 of this Act apply to urban
35 renewal plans establishing urban renewal areas, which plans

1 were adopted before, on, or after the effective date of this
2 Act.

3 EXPLANATION

4 This bill requires that an urban renewal area be composed
5 of contiguous territory and be compact in size. Parcels in an
6 urban renewal area may border on the right-of-way of a
7 highway, road, or street but the highway, road, or street
8 cannot be used to connect two noncontiguous parcels. This
9 portion of the bill applies to urban renewal areas established
10 on or after the effective date of the bill.

11 The bill also prohibits a municipality from modifying an
12 urban renewal plan to add territory to an urban renewal area.
13 This portion of the bill applies to urban renewal plans
14 adopted before, on, or after the effective date of the bill.

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SENATE/HOUSE FILE _____
BY (RECOMMENDED BY IMPROVING SCHOOL
FACILITIES STUDY COMMITTEE)

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

A BILL FOR

1 An Act providing for the establishment of a school infrastructure
2 block grant program and making an appropriation.

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

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1 Section 1. NEW SECTION. 297.37 SCHOOL INFRASTRUCTURE
2 BLOCK GRANT PROGRAM.

3 1. A school infrastructure block grant program is
4 established within the department of education. The purpose
5 of the program is to provide all school districts in the state
6 with financial resources to address and remedy fire and
7 personal safety needs, provide for school infrastructure
8 improvements, and furnish property tax relief.

9 a. As used in this section, "school facility" means a
10 schoolhouse and additions directly attached to a schoolhouse.
11 A school facility shall not include a stadium, fieldhouse,
12 school bus garage, or teacher's or superintendent's home.

13 b. As used in this section, "school infrastructure
14 improvements" means purchasing, building, furnishing,
15 reconstructing, repairing, improving, or remodeling a school
16 facility.

17 2. A school district shall expend program funds received
18 pursuant to subsection 3 as follows:

19 a. The highest priority for program fund expenditures
20 shall be the making of school infrastructure improvements
21 relating to unmet fire and personal safety needs. A school
22 district shall be considered to have unmet fire and personal
23 safety needs if one of the following applies:

24 (1) The school district has received an order or citation
25 from the state fire marshal, or a fire department chief or
26 fire prevention officer, for one or more fire safety
27 violations regarding a school facility, or in the opinion of
28 the state fire marshal, is regarded as operating one or more
29 school facilities subject to significant fire safety
30 deficiencies.

31 (2) The school district has been notified of a violation
32 or deficiency of the state building code revealed during an
33 inspection of school facilities by a local building
34 department, or for the need for improvements consistent with
35 the standards and specifications contained in the state

1 building code that relate to ensuring that buildings and
2 facilities are accessible to and functional for persons with
3 disabilities.

4 A school district to which subparagraph (1) or (2) applies
5 shall be required to utilize program funds to correct the
6 applicable fire and personal safety violation or deficiency,
7 prior to expenditure for any other purpose authorized by this
8 section, unless the district submits documentation to the
9 department that conclusively demonstrates that the violation
10 or deficiency is sufficiently serious or widespread that it
11 would be more cost-effective for the district to allocate
12 program funds for new school facility construction. A school
13 district which provides such documentation may distribute
14 school infrastructure program funds pursuant to paragraph "b",
15 subparagraph (2), and if funds remain unexpended after fire
16 and personal safety needs violations and deficiencies have
17 been corrected through new school facility construction,
18 pursuant to paragraph "b", subparagraph (3).

19 b. If the requirements of paragraph "a" have either been
20 satisfied or do not apply, the board of directors of a school
21 district may expend funds received pursuant to subsection 3 to
22 provide school infrastructure improvements or to furnish
23 property tax relief.

24 (1) The board of directors shall hold a public hearing on
25 the question of utilization of program funds received pursuant
26 to this section to provide school infrastructure improvements,
27 other than improvements to correct unmet fire and personal
28 safety needs or violations pursuant to paragraph "a", or to
29 furnish property tax relief. The board shall set forth its
30 proposal for utilization of the funds in a resolution and
31 shall publish the notice of the time and place of a public
32 hearing on the resolution. Notice of the time and place of
33 the public hearing shall be published not less than ten nor
34 more than twenty days before the public hearing in a newspaper
35 which is a newspaper of general circulation in the school

1 district.

2 At the hearing, or no later than thirty days after the date
3 of the hearing, the board shall take action to adopt the
4 resolution and the proposal shall be implemented unless within
5 twenty-eight days following the action of the board, the
6 secretary of the board receives a petition containing the
7 required number of signatures asking that an election be
8 called to approve or disapprove the action of the board in
9 utilizing the funds received pursuant to this section. The
10 petition must be signed by eligible electors equal in number
11 to not less than one hundred or thirty percent of the number
12 of voters at the last preceding regular school election,
13 whichever is greater.

14 The board shall either rescind its action or direct the
15 county commissioner of elections to submit the question to the
16 registered voters of the school district at the next following
17 regular school election or a special election. If a majority
18 of those voting on the question at the election favors
19 disapproval of the action of the board, the district shall not
20 proceed with implementation of the proposal and an additional
21 public hearing subject to a subsequent petition, as provided
22 in this subparagraph, shall be scheduled regarding an
23 alternative school board proposal. If a majority of those
24 voting on the question favors approval of the action, the
25 board shall certify the results of the election to the
26 department of management and the district shall proceed with
27 implementation.

28 At the expiration of the twenty-eight day period, if a
29 petition is not filed, the board shall certify its action to
30 the department of management and the district shall implement
31 the proposal.

32 (2) Funds utilized for school infrastructure improvements
33 shall be allocated strictly for improvements to a school
34 facility as provided in subsection 1. A school district which
35 has submitted documentation to the department demonstrating

1 that unmet fire or personal safety needs are sufficiently
2 serious or widespread that new school facility construction
3 would be more cost-effective shall complete construction
4 necessary to correct the violation or deficiency prior to
5 utilizing funds for any other authorized purpose.

6 (3) A school district utilizing funds for property tax
7 relief shall be required to deposit amounts received in the
8 school district's debt service fund pursuant to section
9 298A.10. Notwithstanding provisions in section 298A.10 which
10 permit the transfer of funds remaining in the debt service
11 fund after payment of all outstanding debt, funds deposited
12 into the debt service fund for property tax relief pursuant to
13 this section shall remain in the fund to be used only for
14 property tax relief.

15 3. There is appropriated to the department from amounts
16 deposited in the tobacco settlement fund pursuant to section
17 12.65, notwithstanding any other provision to the contrary,
18 twenty million dollars per year for a ten-year period
19 beginning July 1, 1999, to fund the school infrastructure
20 block grant program. The funds shall be distributed to school
21 districts on a per pupil basis, in an annual amount for each
22 district calculated pursuant to a formula whereby twenty
23 million dollars is multiplied by a fraction, the numerator of
24 which is the ratio of the state assessed property value per
25 pupil to the district assessed property value per pupil
26 multiplied by the budget enrollment for the school district,
27 and the denominator of which is the sum for all school
28 districts in the state of the ratio, for each respective
29 school district, of the state-assessed property value per
30 pupil to the district-assessed property value per pupil
31 multiplied by the budget enrollment of the school district.
32 The state-assessed valuation per pupil and district-assessed
33 valuation per pupil calculations shall be as determined by the
34 department of management pursuant to section 257.20.

35 4. School infrastructure block grant funds distributed to

1 school districts shall be separately accounted for by the
2 district, and each district shall annually submit to the
3 department a detailed report regarding fund utilization. The
4 department shall submit a report to the general assembly on an
5 annual basis summarizing the information received from each
6 school district and noting changing school infrastructure
7 needs and updated, unmet fire and safety need statistics.

8 EXPLANATION

9 This bill provides for the establishment and funding of a
10 school infrastructure block grant program within the
11 department of education. The objective of the program is to
12 provide all school districts in the state with financial
13 resources to address and remedy fire and personal safety
14 needs, provide for school infrastructure improvements, and
15 furnish property tax relief.

16 The bill provides the highest priority for program fund
17 expenditures will be to address unmet fire and personal safety
18 needs. The bill provides that a school district which has
19 received an order or citation from the state fire marshal, or
20 a fire department chief or fire prevention officer, for one or
21 more fire safety violations regarding a school facility, or in
22 the opinion of the state fire marshal is regarded as operating
23 one or more school facilities subject to significant fire
24 safety deficiencies will be regarded as having unmet fire
25 safety needs. The bill additionally provides that a school
26 district which has been notified of violations or deficiencies
27 of the state building code revealed during an inspection of
28 school facilities by a local building department, or for the
29 need for improvements consistent with the standards and
30 specifications contained in the state building code that
31 relate to ensuring that buildings and facilities are
32 accessible to and functional for persons with disabilities
33 will be regarded as having unmet personal safety needs. The
34 bill provides that a school district will be required to
35 utilize program funds to correct the applicable fire and

1 personal safety violations or deficiencies unless the district
2 submits documentation to the department demonstrating that the
3 violations or deficiencies are sufficiently serious that it
4 would be more cost-effective for the district to allocate
5 program funds for new school facility construction.

6 The bill provides that after unmet fire and personal safety
7 needs have been addressed by a school district, or in the
8 event that the district either did not have unmet needs or the
9 needs were sufficiently serious that new school facility
10 construction was indicated, program funds may be allocated
11 either for school facility infrastructure improvements or to
12 furnish property tax relief. The bill defines a school
13 facility as a schoolhouse and additions directly attached
14 thereto, and provides that a school facility does not include
15 a stadium, fieldhouse, school bus garage, or teacher's or
16 superintendent's home. The bill defines "school
17 infrastructure improvements" as purchasing, building,
18 furnishing, reconstructing, repairing, improving, or
19 remodeling a school facility. A school district utilizing
20 funds for property tax relief will be required to deposit and
21 maintain unexpended amounts received in the school district's
22 debt services fund pursuant to Code section 298A.10. The bill
23 provides that prior to program fund expenditure for either
24 school infrastructure improvements or property tax relief, a
25 public hearing subject to reverse referendum will occur
26 regarding the school district board of director's proposal for
27 utilization of the funds.

28 The bill provides that the school infrastructure block
29 grant program will be funded through an appropriation to the
30 department from amounts deposited in the tobacco settlement
31 fund pursuant to Code section 12.65, of \$20 million per year
32 for a 10-year period. The bill provides that the funds will
33 be distributed annually to school districts on a per pupil
34 basis pursuant to a formula which multiplies \$20 million by an
35 amount calculated to adjust for school districts with low

1 property assessed values per pupil relative to a state average
2 property assessed value per pupil.

3 The bill provides that school infrastructure block grant
4 funds distributed to school districts will be separately
5 accounted for by the district and that each district will
6 annually submit to the department a detailed report regarding
7 fund utilization. The department is required to submit a
8 report to the general assembly on an annual basis summarizing
9 the information received from each school district and noting
10 changing school infrastructure needs and updated, unmet fire
11 and safety need statistics.

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SENATE/HOUSE FILE _____
BY (RECOMMENDED BY IMPROVING
SCHOOL FACILITIES STUDY
COMMITTEE)

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

A BILL FOR

1 An Act directing the department of education to conduct a
2 feasibility study of reorganization and sharing incentives for
3 school districts.

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

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1 Section 1. REORGANIZATION AND SHARING INCENTIVES STUDY.
2 The department of education shall study the feasibility of
3 reauthorizing, or initiating new, reorganization and sharing
4 incentives. The study shall include a review of incentives
5 intended to encourage school districts to share administrators
6 and shall include a determination of the costs and methods for
7 implementing the incentives identified. The department shall
8 report its findings, including any recommendations, to the
9 chairpersons and ranking members of the joint education
10 appropriations subcommittee and the senate and house standing
11 committees on education during the second regular session of
12 the Seventy-eighth General Assembly.

13 EXPLANATION

14 This bill requires the department of education to conduct a
15 feasibility study of reorganization and sharing incentives,
16 both recent and new, and to determine the costs and methods of
17 implementing the incentives identified. The department is
18 directed to report its findings, including any
19 recommendations, to the chairpersons and ranking members of
20 the joint education appropriations subcommittee and the senate
21 and house standing committees on education during the 2000
22 session of the general assembly.

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