

f. Two members of the general assembly, one of whom shall be appointed by the speaker of the house and one of whom shall be appointed by the president of the senate, after consultation with the majority leader and the minority leader of the senate, who shall be ex officio, ~~and~~ nonvoting members.

PARAGRAPH DIVIDED. The composition of the board of directors shall be in compliance with sections 69.16 and 69.16A. The governor's appointees shall be chosen from a broad cross-section of the residents of this state.

Members of the board may be reimbursed from the moneys of the association for expenses incurred by them as members, but shall not be otherwise compensated by the association for their services.

Approved May 7, 2001

CHAPTER 126

SCHOOL FINANCE — MISCELLANEOUS CHANGES

S.F. 203

AN ACT relating to certain school finance provisions and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 257.3, subsection 2, Code 2001, is amended to read as follows:

2. **TAX FOR REORGANIZED AND DISSOLVED DISTRICTS.** Notwithstanding subsection 1, a reorganized school district shall cause a foundation property tax of four dollars and forty cents per thousand dollars of assessed valuation to be levied on all taxable property which, in the year preceding a reorganization, was within a school district affected by the reorganization as defined in section 275.1, or in the year preceding a dissolution was a part of a school district that dissolved if the dissolution proposal has been approved by the director of the department of education pursuant to section 275.55. In the year preceding the reorganization or dissolution, the school district affected by the reorganization or the school district that dissolved must have had a certified enrollment of fewer than six hundred in order for the four-dollar-and-forty-cent levy to apply. In succeeding school years, the foundation property tax levy on that portion shall be increased ~~twenty cents per year until it reaches the rate of~~ to the rate of four dollars and ninety cents per thousand dollars of assessed valuation the first succeeding year, five dollars and fifteen cents per thousand dollars of assessed valuation the second succeeding year, and five dollars and forty cents per thousand dollars of assessed valuation the third succeeding year and each year thereafter.

For purposes of this section, a reorganized school district is one which ~~absorbed~~ absorbs at least thirty percent of the enrollment of the school district affected by a reorganization or dissolved during a dissolution and in which action to bring about a reorganization or dissolution ~~was initiated by a vote of the board of directors or jointly by the affected boards of directors prior to November 30, 1990, and the reorganization or dissolution takes~~ is initiated by a vote of the board of directors or jointly by the affected boards of directors to take effect on or after July 1, 1991 2002, and on or before July 1, 1993 2006. Each district which initiated, by a vote of the board of directors or jointly by the affected boards, action to bring about a reorganization or dissolution ~~by November 30, 1990 to take effect on or after July 1, 2002, and on or before July 1, 2006,~~ shall certify the date and the nature of the action taken

to the department of education by ~~September~~ January 1, 1991 of the year in which the reorganization or dissolution takes effect.

~~A reorganized school district which meets the requirements of this section for reduced property tax rates, but failed to vote on reorganization or dissolution prior to November 30, 1990, and failed to certify such action to the department of education by September 1, 1991, shall cause to be levied a foundation property tax of four dollars and sixty cents per thousand dollars of assessed valuation on all eligible taxable property pursuant to this section. In succeeding school years, the foundation property tax levy on that portion shall be increased twenty cents per year until it reaches the rate of five dollars and forty cents per thousand dollars of assessed valuation.~~

~~The reduced property tax rates of reorganized school districts that met the requirements of section 442.2, Code 1991, prior to July 1, 1991, shall continue to increase as provided in that section until they reach five dollars and forty cents.~~

Sec. 2. Section 257.3, subsection 3, Code 2001, is amended by striking the subsection.

Sec. 3. Section 257.3, subsection 4, Code 2001, is amended to read as follows:

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

Sec. 4. Section 257.4, subsection 3, Code 2001, is amended to read as follows:

3. APPLICATION OF TAX. No later than June ~~1~~ 15 of each year, the department of management shall notify the county auditor of each county the amount, in dollars and cents per thousand dollars of assessed value, of the additional property tax levy in each school district in the county. A county auditor shall spread the additional property tax levy for each school district in the county over all taxable property in the district.

Sec. 5. Section 257.11, subsection 2, paragraph c, Code 2001, is amended by striking the paragraph and inserting in lieu thereof the following:

c. Pupils attending class for all or a substantial portion of a school day pursuant to a whole grade sharing agreement executed under sections 282.10 through 282.12 shall be eligible for supplementary weighting pursuant to this subsection as follows:

(1) A school district which was participating in a whole grade sharing arrangement during the budget year beginning July 1, 2001, and which adopts a resolution jointly with the other affected boards to study the question of undergoing a reorganization or dissolution to take effect on or before July 1, 2006, shall receive a weighting of one-tenth of the percentage of the pupil's school day during which the pupil attends classes in another district, attends classes taught by a teacher who is jointly employed under section 280.15, or attends classes taught by a teacher who is employed by another school district. A district shall be eligible for supplementary weighting pursuant to this subparagraph for a maximum of two years. Receipt of supplementary weighting for a second year shall be conditioned upon submission of information resulting from the study to the school budget review committee indicating progress toward the objective of reorganization on or before July 1, 2006.

(2) A school district which was not participating in a whole grade sharing arrangement during the budget year beginning July 1, 2001, which executes a whole grade sharing agreement pursuant to sections 282.10 through 282.12 for the budget year beginning July 1, 2003, and which adopts a resolution jointly with the other affected boards to study the question of undergoing a reorganization or dissolution to take effect on or before July 1, 2006, shall receive a weighting of one-tenth of the percentage of the pupil's school day during which the pupil attends classes in another district, attends classes taught by a teacher who is jointly employed under section 280.15, or attends classes taught by a teacher who is employed by another school district. A district shall be eligible for supplementary weighting pursuant to this subparagraph for a maximum of three years. Receipt of supplementary weighting for a

second and third year shall be conditioned upon submission of information resulting from the study to the school budget review committee indicating progress toward the objective of reorganization on or before July 1, 2006.

Sec. 6. Section 257.11, Code 2001, is amended by adding the following new subsection: NEW SUBSECTION. 4A. REGIONAL ACADEMIES.

a. For the school budget year beginning July 1, 2002, and succeeding budget years, in order to provide additional funds for school districts in which a regional academy is located, a supplementary weighting plan for determining enrollment is adopted.

b. A school district which establishes a regional academy shall be eligible to assign its resident pupils attending classes at the academy a weighting of one-tenth of the percentage of the pupil's school day during which the pupil attends classes at the regional academy. For the purposes of this subsection, "regional academy" means an educational institution established by a school district to which multiple schools send pupils in grades seven through twelve, and may include a virtual academy. A regional academy shall include in its curriculum advanced-level courses and may include in its curriculum vocational-technical programs. The maximum amount of additional weighting for which a school district establishing a regional academy shall be eligible is an amount corresponding to fifteen additional pupils.

Sec. 7. NEW SECTION. 257.11A SUPPLEMENTARY WEIGHTING AND SCHOOL REORGANIZATION.

1. In determining weighted enrollment under section 257.6, if the board of directors of a school district has approved a contract for sharing pursuant to section 257.11 and the school district has approved an action to bring about a reorganization to take effect on and after July 1, 2002, and on or before July 1, 2006, the reorganized school district shall include, for a period of three years following the effective date of the reorganization, additional pupils added by the application of the supplementary weighting plan, equal to the pupils added by the application of the supplementary weighting plan in the year preceding the reorganization. For the purposes of this paragraph,¹ the weighted enrollment for the period of three years following the effective date of reorganization shall include the supplementary weighting in the base year used for determining the combined district cost for the first year of the reorganization. However, the weighting shall be reduced by the supplementary weighting added for a pupil whose residency is not within the reorganized district.

2. For purposes of this section, a reorganized district is one in which the reorganization was approved in an election pursuant to sections 275.18 and 275.20 and takes effect on or after July 1, 2002, and on or before July 1, 2006. Each district which initiates, by a vote of the board of directors or jointly by the affected boards, action to bring about a reorganization or dissolution to take effect on or after July 1, 2002, and on or before July 1, 2006, shall certify the date and the nature of the action taken to the department of education by January 1 of the year in which the reorganization or dissolution takes effect.

3. Notwithstanding subsection 1, a school district which was participating in a whole grade sharing arrangement during the budget year beginning July 1, 2001, and which received a maximum of two years of supplementary weighting pursuant to section 257.11, subsection 2, paragraph "c", shall include additional pupils added by the application of the supplementary weighting plan, equal to the pupils added by the application of the supplementary weighting plan in the year preceding the reorganization, for a period of four years following the effective date of the reorganization.

4. A school district shall be eligible for a combined maximum total of six years of supplementary weighting under the provisions of this section and section 257.11, subsection 2, paragraph "c".

Sec. 8. Section 257.13, subsections 1 and 2, Code 2001, are amended to read as follows:

1. For the school budget year beginning July 1, ~~2000~~ 2001, and succeeding budget years, if a district's actual enrollment for the budget year, determined under section 257.6, is greater

¹ Subsection probably intended

than its budget enrollment for the budget year, the district shall be eligible to receive an on-time funding budget adjustment. The adjustment shall be in an amount equal to ~~fifty percent~~ of the difference between the actual enrollment for the budget year and the budget enrollment for the budget year, multiplied by the district cost per pupil.

2. The board of directors of a school district that wishes to receive an on-time funding budget adjustment shall adopt a resolution to receive the adjustment and notify the school budget review committee by November 1, ~~2000~~ annually. The school budget review committee shall establish a modified allowable growth in an amount determined pursuant to subsection 1.

Sec. 9. Section 257.14, subsection 1, Code 2001, is amended to read as follows:

1. For the budget year commencing July 1, ~~2000~~ 2001, if the department of management determines that the regular program district cost of a school district for a budget year is less than the total of the regular program district cost plus any adjustment added under this section for the base year for that school district, the school district shall be eligible to receive a budget adjustment for that district for that budget year up to an amount equal to the difference. The board of directors of a school district that wishes to receive a budget adjustment pursuant to this subsection shall, notwithstanding the public notice and hearing provisions of chapter 24 or any other provision to the contrary, within thirty days following ~~April 6, 2000~~ the effective date of this Act, adopt a resolution to receive the budget adjustment and immediately notify the department of management of the adoption of the resolution and the amount of the budget adjustment to be received.

Sec. 10. Section 257.14, subsection 2, Code 2001, is amended by striking the subsection and inserting in lieu thereof the following:

2. For the budget years commencing July 1, 2002, and July 1, 2003, if the department of management determines that the regular program district cost of a school district for a budget year is less than the total of the regular program district cost plus any adjustment added under this section for the base year for that school district, the school district shall be eligible to receive a budget adjustment for that district for that budget year up to an amount equal to the difference. The board of directors of a school district that wishes to receive a budget adjustment pursuant to this subsection shall adopt a resolution to receive the budget adjustment and shall, by April 1, annually, notify the department of management of the adoption of the resolution and the amount of the budget adjustment to be received.

Sec. 11. Section 257.14, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 3. For the budget year commencing July 1, 2004, and succeeding budget years, if the department of management determines that the regular program district cost of a school district for a budget year is less than one hundred one percent of the regular program district cost for the base year for that school district, a district shall be eligible for a budget adjustment corresponding to the following schedule:

a. For the budget year commencing July 1, 2004, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or ninety percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this paragraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2004, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

b. For the budget year commencing July 1, 2005, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or eighty percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this paragraph, the "adjusted guarantee amount" means

the amount which would be applicable for the budget year beginning July 1, 2005, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

c. For the budget year commencing July 1, 2006, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or seventy percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this paragraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2006, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

d. For the budget year commencing July 1, 2007, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or sixty percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this paragraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2007, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

e. For the budget year commencing July 1, 2008, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or fifty percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this paragraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2008, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

f. For the budget year commencing July 1, 2009, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or forty percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this paragraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2009, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

g. For the budget year commencing July 1, 2010, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or thirty percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this paragraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2010, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

h. For the budget year commencing July 1, 2011, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or twenty percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this paragraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2011, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

i. For the budget year commencing July 1, 2012, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular

program district cost for the base year, or ten percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this paragraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2012, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

j. For the budget year commencing July 1, 2013, and each budget year thereafter, the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year.

For the purposes of this subsection, a school district shall be eligible to apply the eighty, seventy, sixty, fifty, forty, thirty, twenty, and ten percent provisions in paragraphs "b" through "i", only if the school district received a budget adjustment for the budget year beginning July 1, 2004, based on the ninety percent provision in paragraph "a".

The board of directors of a school district that wishes to receive a budget adjustment pursuant to this subsection shall adopt a resolution to receive the budget adjustment and shall, by April 1, annually, notify the department of management of the adoption of the resolution and the amount of the budget adjustment to be received.

Sec. 12. EFFECTIVE DATE. Sections 4 and 9 of this Act, being deemed of immediate importance, take effect upon enactment.

Approved May 9, 2001

CHAPTER 127

INTERNAL REVENUE CODE REFERENCES AND INCOME TAX PROVISIONS

S.F. 140

AN ACT updating the Iowa Code references to the Internal Revenue Code, increasing the minimum filing income requirement for dependents, increasing the estimated tax payment standard for assessing a penalty for corporations and financial institutions, and providing retroactive applicability dates and an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 15.335, subsection 4, Code 2001, is amended to read as follows:

4. For purposes of this section, "base amount", "basic research payment", and "qualified research expense" mean the same as defined for the federal credit for increasing research activities under section 41 of the Internal Revenue Code, except that for the alternative incremental credit such amounts are for research conducted within this state. For purposes of this section, "Internal Revenue Code" means the Internal Revenue Code in effect on January 1, ~~2000~~ 2001.

Sec. 2. Section 15A.9, subsection 8, paragraph e, Code 2001, is amended to read as follows:

e. For the purposes of this subsection, "base amount", "basic research payment", and "qualified research expense" mean the same as defined for the federal credit for increasing research activities under section 41 of the Internal Revenue Code, except that for the alternative incremental credit such amounts are for research conducted within this state within the zone. For purposes of this subsection, "Internal Revenue Code" means the Internal Revenue Code in effect on January 1, ~~2000~~ 2001.