

House File 599

H-1167

1 Amend House File 599 as follows:

2 1. By striking everything after the enacting clause
3 and inserting:

4 <Section 1. Section 275.12, Code 2015, is amended
5 by adding the following new subsection:

6 **NEW SUBSECTION. 4A. a.** The area education agency
7 board in reviewing a petition as provided in sections
8 275.15 and 275.16 that is not subject to the division
9 of assets and liabilities provisions in sections 275.29
10 through 275.31 shall review the proposal for dividing
11 liability for payment of outstanding bonds issued under
12 section 423E.5 or 423F.4, required to be included under
13 section 275.28, and may change or amend the proposal in
14 any manner, including to specify a different division
15 for the reorganized districts or a different method of
16 payment or retirement of the bonds as may be required
17 by law, justice, equity, and the interest of the
18 people. The review conducted by the area education
19 agency, including any resulting change to the proposal,
20 shall ensure that the reorganized district's estimated
21 revenue under section 423F.2 is sufficient for the
22 payment of principal and interest on the outstanding
23 bonds required to be paid in the budget year following
24 the reorganization.

25 **b.** For bonds issued under section 423E.5 or 423F.4,
26 the approval of the reorganization at election creates
27 a lien on the revenues from the secure an advanced
28 vision for education fund received by the reorganized
29 district designated in the proposal approved by the
30 area education agency, subject to the same priority as
31 provided by the affected school district that issued
32 the bonds.

33 Sec. 2. Section 275.28, Code 2015, is amended to
34 read as follows:

35 **275.28 Plan of division of assets and liabilities.**

36 In addition to setting up the territory to comprise
37 the reorganized districts, a reorganization petition
38 ~~may~~ shall provide for a division of assets and
39 liabilities of the ~~old~~ districts ~~between affected among~~
40 ~~the reorganized districts. If no provision is made in~~
41 ~~the petition for division of assets and liabilities,~~
42 ~~or if~~ However, if territory is excluded from the
43 reorganized district by the petition or by the area
44 education agency board of directors, the division of
45 all assets and liabilities shall be made under the
46 provisions of sections 275.29 to 275.31.

47 Sec. 3. Section 275.29, Code 2015, is amended to
48 read as follows:

49 **275.29 Division of assets and liabilities after**
50 **reorganization.**

1 1. Between July 1 and July 20, or on a date
2 determined by agreement of the initial board and the
3 boards of districts receiving territory of the school
4 districts affected, but not later than August 30,
5 the initial board of directors of the newly formed
6 school district shall meet with the boards of the
7 school districts affected by the organization of
8 the new school corporation, including the boards of
9 districts receiving territory of the school districts
10 affected, for the purpose of reaching joint agreement
11 on an equitable division of the assets of the several
12 school corporations or parts of school corporations
13 and an equitable distribution of the liabilities of
14 the school districts affected corporations or parts of
15 corporations. In addition, if outstanding bonds are
16 general obligation indebtedness is in existence in any
17 district, the initial board of directors of the newly
18 formed school district shall meet with the boards of
19 all school districts affected prior to April 15 prior
20 to the school year the reorganization is effective to
21 determine the distribution of liability for payment
22 of the general obligation bonded indebtedness between
23 the districts so that the newly formed district may
24 certify its budget under the procedures specified
25 in chapter 24. The boards shall consider the
26 mandatory levy required in section 76.2 and shall
27 assure the satisfaction of outstanding obligations of
28 each affected school corporation. If the petition
29 includes plans for the distribution of the bonded
30 indebtedness, the exclusion of territory from the
31 reorganized district does not require action pursuant
32 to this section. If a school district affected by
33 the reorganization has outstanding bonds issued under
34 section 423E.5 or 423F.4, the joint agreement shall
35 assure that the estimated revenue under section 423F.2
36 for each district to which liability for payment of
37 such bonds is assigned is sufficient for the payment
38 of principal and interest on the outstanding bonds
39 required to be paid in the budget year following
40 reorganization.

41 2. For bonds issued under section 423E.5 or 423F.4,
42 the approval of the joint agreement creates a lien on
43 the revenues from the secure an advanced vision for
44 education fund received by the school district to which
45 liability is assigned, subject to the same priority as
46 provided by the affected school district that issued
47 the bonds.

48 Sec. 4. Section 275.30, Code 2015, is amended to
49 read as follows:

50 **275.30 Arbitration.**

1 1. If the boards cannot agree on such division and
2 distribution, the matters on which they differ shall
3 be decided by disinterested arbitrators, one selected
4 by the initial board of directors of the newly formed
5 district, ~~one by each of the boards of directors~~
6 ~~of the school districts affected,~~ and one selected
7 jointly by the boards of directors of contiguous
8 districts receiving territory of the school ~~district~~
9 ~~districts affected.~~ If the number of arbitrators
10 selected is even, a disinterested arbitrator shall be
11 added, and one selected by the area education agency
12 administrator.

13 2. The decision of the arbitrators shall be made
14 in writing and filed with the secretary of the new
15 corporation, and a party to the proceedings may appeal
16 the decision to the district court by serving notice
17 on the secretary of the new corporation within twenty
18 days after the decision is filed. The appeal shall
19 be tried in equity and a decree entered determining
20 the entire matter, including the levy, collection, and
21 distribution of any necessary taxes.

22 3. a. If a school district affected by the
23 reorganization has outstanding bonds issued under
24 section 423E.5 or 423F.4, the arbitrators' decision and
25 any decision of the court on appeal shall assure that
26 the estimated revenue under section 423F.2 for each
27 district to which liability for payment of such bonds
28 is assigned is sufficient for the payment of principal
29 and interest on the outstanding bonds required to be
30 paid in the budget year following reorganization.

31 b. The issuance of the arbitrators' decision or
32 court decision on appeal creates a lien on the revenues
33 from the secure an advanced vision for education fund
34 received by the district to which the liability for
35 payment of the bonds were assigned, subject to the same
36 priority as provided by the affected school district
37 that issued the bonds.

38 Sec. 5. Section 275.53, subsection 1, Code 2015, is
39 amended to read as follows:

40 1. The commission shall send a copy of its
41 dissolution proposal or shall inform the board that
42 it cannot agree upon a dissolution proposal not later
43 than one year following the date of the organizational
44 meeting of the commission. If the dissolving school
45 district has outstanding bonds issued under section
46 423E.5 or 423F.4, the proposal shall require each
47 school district receiving territory from the dissolving
48 district to assume liability for the payment of a
49 portion of such bonds that is equal to the percentage
50 of the total number of resident pupils from the

1 dissolving district who lived in the territory received
2 during the last year of the dissolving district's
3 existence. The commission shall also send a copy of
4 the dissolution proposal to the boards of directors
5 of all school districts to which area of the affected
6 dissolving school district will be attached. If the
7 board of a district to which area of the affected
8 dissolving school district will be attached objects
9 to the attachment, within ten days following receipt
10 of the dissolution proposal the board shall send
11 its objections in writing to the commission. The
12 commission may consider the objections and may modify
13 the dissolution proposal. If the dissolution proposal
14 is modified, the commission shall notify the boards of
15 directors of all school districts to which area of the
16 affected dissolving school district will be attached.

17 Sec. 6. Section 275.54, subsection 4, Code 2015, is
18 amended to read as follows:

19 4. a. If the board of a district to which area
20 of the affected dissolving school district will
21 be attached objects to the division of assets and
22 liabilities contained in the dissolution proposal, the
23 matter shall be decided by a panel of disinterested
24 arbitrators. The panel shall consist of one arbitrator
25 selected jointly by each affected district districts
26 objecting to the provisions of the dissolution
27 proposal, one selected jointly by each the affected
28 district districts in favor of the provisions of the
29 dissolution proposal, and one selected by each the
30 dissolving district. If the number of arbitrators
31 selected is even, a disinterested arbitrator shall be
32 selected by the administrator of the area education
33 agency to which the dissolving district or districts
34 belong belongs. The decision of the arbitrators shall
35 be made in writing and filed with the secretary of
36 the new corporation each affected school district. A
37 party to the proceedings may appeal the decision to
38 the district court by serving notice on the secretary
39 of the new school corporation each affected school
40 district within twenty days after the decision is
41 filed. The appeal shall be tried in equity and a
42 decree entered determining the entire matter, including
43 the levy, collection, and distribution of any necessary
44 taxes.

45 b. If the dissolving district has outstanding bonds
46 issued under section 423E.5 or 423F.4, the arbitrators'
47 decision and any decision of the court on appeal shall
48 require each school district receiving territory from
49 the dissolving district to assume liability for the
50 payment of a portion of such bonds that is equal to

1 the percentage of the total number of resident pupils
2 from the dissolving district who lived in the territory
3 received during the last year of the dissolving
4 district's existence.

5 Sec. 7. Section 275.55, Code 2015, is amended by
6 adding the following new subsection:

7 NEW SUBSECTION. 5. For bonds issued under section
8 423E.5 or 423F.4, the approval of the dissolution at
9 election creates a lien on the revenues from the secure
10 an advanced vision for education fund received by the
11 district to which liability for payment of a portion of
12 such bonds, subject to the same priority as provided
13 by the dissolving school district. However, such a
14 lien is limited to the extent required to satisfy
15 payments for the portion of the liability assigned to
16 the district.

17 Sec. 8. APPLICABILITY. This Act applies to
18 reorganization petitions and dissolution proposals
19 filed under chapter 275 on or after July 1, 2015.>

BYRNES of Mitchell