

FISCAL UPDATE Article

Fiscal Services Division

April 28, 2017



END OF SESSION — HF 573 — HOME RULE

Description: [House File 573](#), grants home rule to school districts, allowing districts the ability to liberally construe Iowa Code chapters detailing the roles and responsibilities of school districts and school boards (Iowa Code chapters [257](#), [257B](#), and [274](#) through [301](#)). Home rule in this context allows school districts to make policy decisions on items not specifically outlined in the Iowa Code. This is a limited home rule application, meaning that school districts and boards will not have the ability to levy any tax outside of those previously allowed for the purposes specified, and their actions must remain consistent with the laws of the General Assembly. The Bill also specifies that school districts may not levy additional fees except those expressly allowed by the General Assembly, and any policy enacted by a school board may not interfere with the duties and responsibilities of any law enforcement agency.

Fiscal Impact: The estimated fiscal impact of HF 573 on school districts cannot be determined. The Legislative Services Agency (LSA) estimates that there will not be increased school district General Fund levying authority as a result of this Bill, but there are discretionary levies that may be affected.

- There are 24 school districts that are below the maximum board-approved Physical Plant and Equipment Levy (PPEL) level and may therefore choose to increase their levy with increased flexibility. However, it cannot be determined which, if any, of these districts may do so. Current administrative rule lists 21 allowable uses of PPEL funds and seven inappropriate uses, including “any purpose not expressly authorized in the Iowa Code.” It is unclear how a liberal interpretation of Iowa Code at the district level may change these expressly authorized allowances.
- Management Levy rates currently vary across school districts from \$0.00 per \$1,000 of valuation to \$5.35 per \$1,000 of valuation. Administrative rule lists nine allowable uses of Management funds and six inappropriate uses. As with the PPEL funds, inappropriate uses include “any purpose not expressly authorized in the Iowa Code.” It is unclear how a liberal interpretation of Iowa Code at the district level may change these expressly authorized allowances.

Enactment Date: The Bill was approved by the General Assembly on April 21, 2017.

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