

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2149 - Local Option Sales Tax Rolling Average (LSB 5623 XS)

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Fiscal Note Version – New

Requested by Senator Jeff Danielson

Description

Senate File 2149 changes the definition of “statewide tax revenues per student” from \$575.00 to an estimated amount that would be generated by a one cent statewide sales tax divided by the statewide budget enrollment.

Background

The “statewide tax revenues per student” defines the threshold such that School Infrastructure Local Option (SILO) sales tax revenues exceeding that revenue per student amount are deposited into the Secure an Advanced Vision for Education (SAVE) Fund. Counties that approved the SILO tax after April 1, 2003, deposit the amount in excess of \$575 (the current statewide tax revenues per student amount) into the pooled SAVE Fund for distribution to school districts in counties below the threshold. Counties approving the SILO tax prior to April 1, 2003, are not required to participate in the pool and may keep amounts in excess of the threshold. The SAVE Fund also receives a \$10.0 million appropriation from the Rebuild Iowa Infrastructure Fund (RIIF). The SAVE Fund is distributed so the school districts in the county with the lowest per-student revenues receives an amount sufficient to bring the distribution up to the per-student amount of the county with the second lowest per-student revenues. Then the school districts in those two counties receive amounts sufficient to bring them up to the per-student amount of the county with the third lowest per-student revenues. This continues until all the pooled SAVE Fund is distributed.

Assumptions

1. The new definition becomes effective in FY 2007.
2. The projected “statewide tax revenues per student” under the definition in SF 2149 would be \$701.63.
3. Johnson and Linn counties will not implement the SILO tax and will not contribute revenues to the SAVE Fund.
4. The total Statewide SILO tax revenues are estimated to be \$292.7 million both under current law and with the change in SF 2149. The new threshold definition affects the pooled amount of SILO revenues to be distributed.
5. The SAVE Fund will continue to receive the \$10.0 million RIIF appropriation.

Fiscal Impact

Under current law, nine counties are projected to have revenues in excess of the \$575.00 per-student threshold and will contribute \$3.7 million to the pooled SAVE Fund distribution in FY 2007. Under the proposed threshold of \$701.63 for FY 2007, four counties would contribute \$1.2 million to the pooled SAVE Fund for distribution. The \$2.5 million difference would be retained by the counties with per-student SILO tax revenues greater than \$575.

Under current law in FY 2007, school districts in 55 counties would receive \$13.7 million from the pooled SAVE Fund. Under the proposed change, school districts in 51 counties would receive \$11.2 million in distributions from the SAVE Fund.

Source

Department of Revenue

February 20, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
