

**EIGHTY-SIXTH GENERAL ASSEMBLY
2015 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

FEBRUARY 24, 2015

HOUSE FILE 351

H-1011

1 Amend House File 351 as follows:

2 1. Page 1, before line 1 by inserting:

3 <Section 1. Section 310.3, Code 2015, is amended by
4 adding the following new subsection:

5 NEW SUBSECTION. 2A. All funds received pursuant to
6 section 452A.83.>

7 2. Page 2, before line 18 by inserting:

8 <Sec. ____ . Section 331.429, subsection 1, paragraph
9 e, Code 2015, is amended to read as follows:

10 e. Other moneys dedicated to this fund by law,
11 including but not limited to sections 306.15, 309.52,
12 311.23, 311.29, ~~and~~ 313.28, and 452A.83.>

13 3. Page 5, line 23, after <vehicles> by inserting
14 <, other than fuel used in unlicensed vehicles,
15 stationary engines, implements used in agricultural
16 production, and machinery and equipment used for
17 nonhighway purposes,>

18 4. Page 5, line 29, after <vehicles> by inserting
19 <, other than fuel used in unlicensed vehicles,
20 stationary engines, implements used in agricultural
21 production, and machinery and equipment used for
22 nonhighway purposes,>

23 5. Page 8, after line 8 by inserting:

24 < (03) The tax rate on special fuel for diesel
25 engines of motor vehicles used in unlicensed vehicles,
26 stationary engines, implements used in agricultural
27 production, and machinery and equipment used for
28 nonhighway purposes is the amount determined by
29 subtracting twenty-two and one-half cents per gallon
30 from the tax rate specified for special fuel for diesel
31 engines of motor vehicles in subparagraphs (1) and (2),
32 as applicable.>

33 6. Page 8, after line 27 by inserting:

34 <Sec. ____ . Section 452A.17, subsection 1, paragraph
35 a, subparagraph (4), Code 2015, is amended to read as
36 follows:

37 (4) Fuel, other than special fuel for diesel
38 engines of motor vehicles, used in unlicensed vehicles,
39 stationary engines, implements used in agricultural
40 production, and machinery and equipment used for
41 nonhighway purposes.

42 Sec. ____ . Section 452A.79, Code 2015, is amended to
43 read as follows:

44 452A.79 Use of revenue.

45 Except as provided in sections 452A.79A, 452A.82,
46 452A.83, and 452A.84, the net proceeds of the excise
47 tax on the diesel special fuel and the excise tax
48 on motor fuel and other special fuel, and penalties
49 collected under the provision of this chapter, shall be
50 credited to the road use tax fund.

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Page 2

1 Sec. ____ . NEW SECTION. 452A.83 Diesel fuel used
2 for nonhighway purposes.
3 1. The portion of the moneys collected under
4 section 452A.3, subsection 6, received on account of
5 special fuel for diesel engines of motor vehicles used
6 in unlicensed vehicles, stationary engines, implements
7 used in agricultural production, and machinery and
8 equipment used for nonhighway purposes shall be
9 credited as follows:
10 a. Fifty percent shall be deposited in the
11 secondary road fund of the counties created in section
12 331.429.
13 b. Fifty percent shall be deposited in the
14 farm-to-market road fund created in section 310.3.
15 2. Notwithstanding any other provision of law to
16 the contrary, the moneys deposited in the secondary
17 road fund of the counties and the farm-to-market road
18 fund pursuant to this section shall not result in a
19 decrease in the amount of other moneys deposited in
20 such funds by operation of law.>
21 7. Page 10, by striking lines 16 and 17 and
22 inserting:
23 <3. The sections of this Act amending sections
24 310.3 and 331.429, section 452A.3, subsection 6,
25 sections 452A.17 and 452A.79, and enacting section
26 452A.83 take effect July 1, 2015.>
27 8. Title page, line 7, after <formulas,> by
28 inserting <modifying the excise tax exemption for
29 certain special fuel,>
30 9. By renumbering, redesignating, and correcting
31 internal references as necessary.

By WATTS of Dallas

H-1011 FILED FEBRUARY 23, 2015

HOUSE FILE 351

H-1012

1 Amend House File 351 as follows:
2 1. Page 9, by striking lines 12 through 15 and
3 inserting <construction projects. On July 1, 2015,
4 and on January 1 and July 1 of each year thereafter,
5 the department of transportation shall submit a report
6 in an electronic format to the co-chairpersons of the
7 joint appropriations subcommittee on transportation,
8 infrastructure, and capitals, the chairpersons of the
9 senate and house standing committees on transportation,
10 the department of management, and the legislative
11 services agency detailing the amount of revenue
12 produced as a result of the increase in excise taxes
13 on motor fuel and certain special fuel enacted in this
14 Act and allocated to the department, and the manner in
15 which such revenue was spent.>

By JACOBY of Johnson

H-1012 FILED FEBRUARY 23, 2015

HOUSE FILE 351

H-1013

1 Amend House File 351 as follows:

2 1. Page 2, after line 26 by inserting:

3 <Sec. _____. Section 422.12B, subsection 1, paragraph
4 a, Code 2015, is amended to read as follows:

5 a. The taxes imposed under this division less the
6 credits allowed under section 422.12 shall be reduced
7 by an earned income credit equal to the following
8 percentage of the federal earned income credit provided
9 in section 32 of the Internal Revenue Code:

10 (1) For the tax year beginning in the 2013 calendar
11 year, fourteen percent.

12 (2) For the tax ~~years~~ year beginning ~~on or after~~
13 ~~January 1, 2014~~ in the 2014 calendar year, fifteen
14 percent.

15 (3) For tax years beginning on or after January 1,
16 2015, eighteen percent.>

17 2. Page 10, after line 17 by inserting:

18 <Sec. _____. RETROACTIVE APPLICABILITY. The
19 section of this Act amending section 422.12B applies
20 retroactively to January 1, 2015, for tax years
21 beginning on or after that date.>

22 3. Title page, line 1, after <to> by inserting
23 <state taxes by providing for>

24 4. Title page, by striking lines 8 and 9 and
25 inserting <repeal date of the access Iowa highway
26 plan, modifying the earned income credit, and
27 including effective date and retroactive applicability
28 provisions.>

29 5. By renumbering as necessary.

By GASKILL of Wapello	LENSING of Johnson
ANDERSON of Polk	MASCHER of Johnson
BEARINGER of Fayette	McCONKEY of Pottawattamie
BENNETT of Linn	MEYER of Polk
BROWN-POWERS of Black Hawk	H. MILLER of Webster
COHOON of Des Moines	OLDSON of Polk
DAWSON of Woodbury	PRICHARD of Floyd
FINKENAUER of Dubuque	RUFF of Clayton
GAINES of Polk	SMITH of Marshall
HALL of Woodbury	STAED of Linn
HANSON of Jefferson	STECKMAN of Cerro Gordo
HUNTER of Polk	T. TAYLOR of Linn
ISENHART of Dubuque	THEDE of Scott
JACOBY of Johnson	WINCKLER of Scott
KEARNS of Lee	WOLFE of Clinton
KELLEY of Jasper	

H-1013 FILED FEBRUARY 23, 2015

HOUSE FILE 351

H-1014

- 1 Amend House File 351 as follows:
- 2 1. Page 5, line 5, by striking <2020> and inserting
- 3 <2016>

By HEARTSILL of Marion

H-1014 FILED FEBRUARY 23, 2015

HOUSE FILE 351

H-1015

1 Amend House File 351 as follows:

2 1. Page 1, after line 14 by inserting:

3 <Sec. _____. Section 312A.3, Code 2015, is amended to
4 read as follows:

5 312A.3 Allocation and use of funds.

6 Moneys in the TIME-21 fund shall be credited and
7 used as follows:

8 1. ~~Sixty~~ Forty-five percent for deposit in the
9 primary road fund to be used exclusively for highway
10 maintenance and construction, including purchase
11 of right-of-way but not including project planning
12 and design. The following projects are eligible for
13 funding under this subsection and shall have funding
14 priority in the order listed:

15 a. Completion of projects on highways designated as
16 access Iowa highways pursuant to 2005 Iowa Acts, ch.
17 178, {41.

18 b. Projects on highways in the commercial and
19 industrial highway network that are included in the
20 department's five-year plan, or in the long-range plan,
21 for the primary road system. Priority shall be given
22 to projects in areas of the state that have existing
23 biodiesel, ethanol, or other biorefinery plants.

24 c. Projects on interstate highways.

25 2. ~~Twenty~~ Thirty percent for deposit in the
26 secondary road fund, for apportionment according to
27 the methodology adopted pursuant to section 312.3C, to
28 be used by counties for construction and maintenance
29 projects on secondary road bridges and on highways
30 in the farm-to-market road system. At least ten
31 percent of the moneys allocated to a county under this
32 subsection shall be used for bridge construction,
33 repair, and maintenance, with priority given to
34 projects that aid and support economic development and
35 job creation.

36 3. ~~Twenty~~ Twenty-five percent for deposit in the
37 street construction fund of the cities, apportioned
38 on the basis of population in the manner provided in
39 section 312.3, to be used to sustain and improve the
40 municipal street system.>

41 2. Title page, line 2, after <projects> by
42 inserting <modifying the distribution of moneys from
43 the TIME-21 fund,>

44 3. By renumbering, redesignating, and correcting
45 internal references as necessary.

By HEARTSILL of Marion

H-1015 FILED FEBRUARY 23, 2015

HOUSE FILE 351

H-1016

1 Amend House File 351 as follows:

2 1. Page 2, before line 27 by inserting:

3 <Sec. _____. NEW SECTION. 422.10A Iowa fuel tax
4 relief credit.

5 1. The taxes imposed under this division, less the
6 credits allowed under section 422.12, shall be reduced
7 by an Iowa fuel tax relief credit in the following
8 amounts:

9 a. For a single individual, or a married person
10 filing a separate return, seventy-five dollars.

11 b. For a head of household, or a husband and wife
12 filing a joint return, one hundred fifty dollars.

13 2. Any credit in excess of the tax liability is
14 refundable. Married taxpayers who file separate
15 returns or file separately on a combined return form
16 must determine the tax credit under subsection 1
17 based upon their combined net income and allocate the
18 total credit amount to each spouse in the proportion
19 that each spouse's respective net income bears to the
20 total combined net income. Nonresidents or part-year
21 residents of Iowa must determine their tax credit in
22 the ratio of their Iowa source net income to their all
23 source net income. Nonresidents or part-year residents
24 who are married and elect to file separate returns
25 or to file separately on a combined return form must
26 allocate the tax credit between the spouses in the
27 ratio of each spouse's Iowa source net income to the
28 combined Iowa source net income of the taxpayers.>

29 2. Page 10, after line 17 by inserting:

30 <Sec. _____. RETROACTIVE APPLICABILITY. The
31 section of this Act enacting section 422.10A applies
32 retroactively to January 1, 2015, for tax years
33 beginning on or after that date.>

34 3. Title page, line 1, after <to> by inserting
35 <state taxes by providing for>

36 4. Title page, line 3, after <fees,> by inserting
37 <establishing an Iowa fuel tax relief credit,>

38 5. Title page, line 9, after <date> by inserting
39 <and retroactive applicability>

40 6. By renumbering, redesignating, and correcting
41 internal references as necessary.

By HEARTSILL of Marion

H-1016 FILED FEBRUARY 23, 2015

HOUSE FILE 351

H-1017

1 Amend House File 351 as follows:

2 1. Page 1, before line 1 by inserting:

3 <Section 1. Section 312.2, Code 2015, is amended by
4 adding the following new subsection:

5 NEW SUBSECTION. 18. a. The treasurer of state,
6 before making the allotments provided for in this
7 section, shall credit monthly from the road use tax
8 fund the amounts provided in paragraph "b" in the
9 following manner:

10 (1) To the primary road fund, forty percent.

11 (2) To the secondary road fund of the counties,
12 thirty percent.

13 (3) To the farm-to-market road fund, ten percent.

14 (4) To the street construction fund of the cities,
15 twenty percent.

16 b. The following amounts shall be credited pursuant
17 to paragraph "a":

18 (1) Until June 30, 2016, from the excise tax on
19 motor fuel, special fuel for diesel engines, liquefied
20 petroleum gas used as a special fuel, compressed
21 natural gas used as a special fuel, and liquefied
22 natural gas used as a special fuel, the amount of
23 excise tax collected from three cents per gallon.

24 (2) For the period beginning July 1, 2016, and
25 ending June 30, 2017, from the excise tax on motor
26 fuel, special fuel for diesel engines, liquefied
27 petroleum gas used as a special fuel, compressed
28 natural gas used as a special fuel, and liquefied
29 natural gas used as a special fuel, the amount of
30 excise tax collected from six cents per gallon.

31 (3) For the period beginning July 1, 2017, and
32 ending June 30, 2019, from the excise tax on motor
33 fuel, special fuel for diesel engines, liquefied
34 petroleum gas used as a special fuel, compressed
35 natural gas used as a special fuel, and liquefied
36 natural gas used as a special fuel, the amount of
37 excise tax collected from ten cents per gallon.>

38 2. By striking page 3, line 1, through page 4, line
39 21, and inserting:

40 <b. ~~The~~ Until June 30, 2016, the rate for the
41 excise tax shall be as follows:

42 (1) If the distribution percentage is not greater
43 than fifty percent, the rate shall be ~~nineteen~~
44 twenty-two cents for ethanol blended gasoline and
45 ~~twenty~~ twenty-three cents for motor fuel other than
46 ethanol blended gasoline.

47 (2) If the distribution percentage is greater
48 than fifty percent but not greater than fifty-five
49 percent, the rate shall be ~~nineteen~~ twenty-two cents
50 for ethanol blended gasoline and ~~twenty~~ twenty-three

1 and one-tenth cents for motor fuel other than ethanol
2 blended gasoline.

3 (3) If the distribution percentage is greater than
4 fifty-five percent but not greater than sixty percent,
5 the rate shall be ~~nineteen~~ twenty-two cents for
6 ethanol blended gasoline and ~~twenty~~ twenty-three and
7 three-tenths cents for motor fuel other than ethanol
8 blended gasoline.

9 (4) If the distribution percentage is greater
10 than sixty percent but not greater than sixty-five
11 percent, the rate shall be ~~nineteen~~ twenty-two cents
12 for ethanol blended gasoline and ~~twenty~~ twenty-three
13 and five-tenths cents for motor fuel other than ethanol
14 blended gasoline.

15 (5) If the distribution percentage is greater
16 than sixty-five percent but not greater than seventy
17 percent, the rate shall be ~~nineteen~~ twenty-two cents
18 for ethanol blended gasoline and ~~twenty~~ twenty-three
19 and seven-tenths cents for motor fuel other than
20 ethanol blended gasoline.

21 (6) If the distribution percentage is greater than
22 seventy percent but not greater than seventy-five
23 percent, the rate shall be ~~nineteen~~ twenty-two cents
24 for ethanol blended gasoline and ~~twenty-one~~ twenty-four
25 cents for motor fuel other than ethanol blended
26 gasoline.

27 (7) If the distribution percentage is greater
28 than seventy-five percent but not greater than eighty
29 percent, the rate shall be ~~nineteen~~ twenty-two and
30 three-tenths cents for ethanol blended gasoline and
31 ~~twenty~~ twenty-three and eight-tenths cents for motor
32 fuel other than ethanol blended gasoline.

33 (8) If the distribution percentage is greater
34 than eighty percent but not greater than eighty-five
35 percent, the rate shall be ~~nineteen~~ twenty-two and
36 five-tenths cents for ethanol blended gasoline and
37 ~~twenty~~ twenty-three and seven-tenths cents for motor
38 fuel other than ethanol blended gasoline.

39 (9) If the distribution percentage is greater
40 than eighty-five percent but not greater than ninety
41 percent, the rate shall be ~~nineteen~~ twenty-two and
42 seven-tenths cents for ethanol blended gasoline and
43 ~~twenty~~ twenty-three and four-tenths cents for motor
44 fuel other than ethanol blended gasoline.

45 (10) If the distribution percentage is greater
46 than ninety percent but not greater than ninety-five
47 percent, the rate shall be ~~nineteen~~ twenty-two and
48 nine-tenths cents for ethanol blended gasoline and
49 ~~twenty~~ twenty-three and one-tenth cents for motor fuel
50 other than ethanol blended gasoline.

1 (11) If the distribution percentage is greater
2 than ninety-five percent, the rate shall be ~~twenty~~
3 twenty-three cents for ethanol blended gasoline and
4 ~~twenty~~ twenty-three cents for motor fuel other than
5 ethanol blended gasoline.

6 Sec. _____. Section 452A.3, subsection 1, Code 2015,
7 is amended by adding the following new paragraphs:

8 NEW PARAGRAPH. c. For the period beginning July 1,
9 2016, and ending June 30, 2017, the rate for the excise
10 tax shall be as follows:

11 (1) If the distribution percentage is not greater
12 than fifty percent, the rate shall be twenty-five cents
13 for ethanol blended gasoline and twenty-six cents for
14 motor fuel other than ethanol blended gasoline.

15 (2) If the distribution percentage is greater than
16 fifty percent but not greater than fifty-five percent,
17 the rate shall be twenty-five cents for ethanol blended
18 gasoline and twenty-six and one-tenth cents for motor
19 fuel other than ethanol blended gasoline.

20 (3) If the distribution percentage is greater than
21 fifty-five percent but not greater than sixty percent,
22 the rate shall be twenty-five cents for ethanol blended
23 gasoline and twenty-six and three-tenths cents for
24 motor fuel other than ethanol blended gasoline.

25 (4) If the distribution percentage is greater than
26 sixty percent but not greater than sixty-five percent,
27 the rate shall be twenty-five cents for ethanol blended
28 gasoline and twenty-six and five-tenths cents for motor
29 fuel other than ethanol blended gasoline.

30 (5) If the distribution percentage is greater
31 than sixty-five percent but not greater than
32 seventy percent, the rate shall be twenty-five cents
33 for ethanol blended gasoline and twenty-six and
34 seven-tenths cents for motor fuel other than ethanol
35 blended gasoline.

36 (6) If the distribution percentage is greater than
37 seventy percent but not greater than seventy-five
38 percent, the rate shall be twenty-five cents for
39 ethanol blended gasoline and twenty-seven cents for
40 motor fuel other than ethanol blended gasoline.

41 (7) If the distribution percentage is greater
42 than seventy-five percent but not greater than eighty
43 percent, the rate shall be twenty-five and three-tenths
44 cents for ethanol blended gasoline and twenty-six and
45 eight-tenths cents for motor fuel other than ethanol
46 blended gasoline.

47 (8) If the distribution percentage is greater
48 than eighty percent but not greater than eighty-five
49 percent, the rate shall be twenty-five and five-tenths
50 cents for ethanol blended gasoline and twenty-six and

1 seven-tenths cents for motor fuel other than ethanol
2 blended gasoline.

3 (9) If the distribution percentage is greater
4 than eighty-five percent but not greater than ninety
5 percent, the rate shall be twenty-five and seven-tenths
6 cents for ethanol blended gasoline and twenty-six and
7 four-tenths cents for motor fuel other than ethanol
8 blended gasoline.

9 (10) If the distribution percentage is greater
10 than ninety percent but not greater than ninety-five
11 percent, the rate shall be twenty-five and nine-tenths
12 cents for ethanol blended gasoline and twenty-six
13 and one-tenth cents for motor fuel other than ethanol
14 blended gasoline.

15 (11) If the distribution percentage is greater than
16 ninety-five percent, the rate shall be twenty-six cents
17 for ethanol blended gasoline and twenty-six cents for
18 motor fuel other than ethanol blended gasoline.

19 NEW PARAGRAPH. d. For the period beginning July 1,
20 2017, and ending June 30, 2020, the rate for the excise
21 tax shall be as follows:

22 (1) If the distribution percentage is not greater
23 than fifty percent, the rate shall be twenty-nine cents
24 for ethanol blended gasoline and thirty cents for motor
25 fuel other than ethanol blended gasoline.

26 (2) If the distribution percentage is greater than
27 fifty percent but not greater than fifty-five percent,
28 the rate shall be twenty-nine cents for ethanol blended
29 gasoline and thirty and one-tenth cents for motor fuel
30 other than ethanol blended gasoline.

31 (3) If the distribution percentage is greater than
32 fifty-five percent but not greater than sixty percent,
33 the rate shall be twenty-nine cents for ethanol blended
34 gasoline and thirty and three-tenths cents for motor
35 fuel other than ethanol blended gasoline.

36 (4) If the distribution percentage is greater than
37 sixty percent but not greater than sixty-five percent,
38 the rate shall be twenty-nine cents for ethanol blended
39 gasoline and thirty and five-tenths cents for motor
40 fuel other than ethanol blended gasoline.

41 (5) If the distribution percentage is greater
42 than sixty-five percent but not greater than seventy
43 percent, the rate shall be twenty-nine cents for
44 ethanol blended gasoline and thirty and seven-tenths
45 cents for motor fuel other than ethanol blended
46 gasoline.

47 (6) If the distribution percentage is greater than
48 seventy percent but not greater than seventy-five
49 percent, the rate shall be twenty-nine cents for
50 ethanol blended gasoline and thirty-one cents for motor

1 fuel other than ethanol blended gasoline.

2 (7) If the distribution percentage is greater
3 than seventy-five percent but not greater than eighty
4 percent, the rate shall be twenty-nine and three-tenths
5 cents for ethanol blended gasoline and thirty and
6 eight-tenths cents for motor fuel other than ethanol
7 blended gasoline.

8 (8) If the distribution percentage is greater
9 than eighty percent but not greater than eighty-five
10 percent, the rate shall be twenty-nine and five-tenths
11 cents for ethanol blended gasoline and thirty and
12 seven-tenths cents for motor fuel other than ethanol
13 blended gasoline.

14 (9) If the distribution percentage is greater
15 than eighty-five percent but not greater than ninety
16 percent, the rate shall be twenty-nine and seven-tenths
17 cents for ethanol blended gasoline and thirty and
18 four-tenths cents for motor fuel other than ethanol
19 blended gasoline.

20 (10) If the distribution percentage is greater
21 than ninety percent but not greater than ninety-five
22 percent, the rate shall be twenty-nine and nine-tenths
23 cents for ethanol blended gasoline and thirty and
24 one-tenth cents for motor fuel other than ethanol
25 blended gasoline.

26 (11) If the distribution percentage is greater than
27 ninety-five percent, the rate shall be thirty cents for
28 ethanol blended gasoline and thirty cents for motor
29 fuel other than ethanol blended gasoline.>

30 3. Page 4, by striking lines 22 and 23 and
31 inserting:

32 <NEW PARAGRAPH. e. The provisions of paragraph
33 "d" and subsection 6, paragraph "a", subparagraph (5),
34 shall be>

35 4. Page 5, line 27, after <subparagraph> by
36 inserting < (2) and subparagraphs (3), (4), and (5),>

37 5. Page 6, by striking lines 5 and 6 and inserting
38 <following the end of the determination period.>

39 6. Page 6, before line 7 by inserting:

40 < (3) Until June 30, 2016, the rate for the excise
41 tax shall be as follows:

42 (a) If the distribution percentage is not greater
43 than fifty percent, the rate shall be twenty-two and
44 five-tenths cents for biodiesel blended fuel classified
45 as B-11 or higher and twenty-five and five-tenths cents
46 for special fuel for diesel engines of motor vehicles
47 other than biodiesel blended fuel classified as B-11
48 or higher.

49 (b) If the distribution percentage is greater than
50 fifty percent but not greater than fifty-five percent,

1 the rate shall be twenty-two and eight-tenths cents for
2 biodiesel blended fuel classified as B-11 or higher and
3 twenty-five and five-tenths cents for special fuel for
4 diesel engines of motor vehicles other than biodiesel
5 blended fuel classified as B-11 or higher.

6 (c) If the distribution percentage is greater than
7 fifty-five percent but not greater than sixty percent,
8 the rate shall be twenty-three and one-tenth cents for
9 biodiesel blended fuel classified as B-11 or higher and
10 twenty-five and five-tenths cents for special fuel for
11 diesel engines of motor vehicles other than biodiesel
12 blended fuel classified as B-11 or higher.

13 (d) If the distribution percentage is greater than
14 sixty percent but not greater than sixty-five percent,
15 the rate shall be twenty-three and four-tenths cents
16 for biodiesel blended fuel classified as B-11 or higher
17 and twenty-five and five-tenths cents for special
18 fuel for diesel engines of motor vehicles other than
19 biodiesel blended fuel classified as B-11 or higher.

20 (e) If the distribution percentage is greater
21 than sixty-five percent but not greater than
22 seventy percent, the rate shall be twenty-three
23 and seven-tenths cents for biodiesel blended fuel
24 classified as B-11 or higher and twenty-five and
25 five-tenths cents for special fuel for diesel engines
26 of motor vehicles other than biodiesel blended fuel
27 classified as B-11 or higher.

28 (f) If the distribution percentage is greater than
29 seventy percent but not greater than seventy-five
30 percent, the rate shall be twenty-four cents for
31 biodiesel blended fuel classified as B-11 or higher and
32 twenty-five and five-tenths cents for special fuel for
33 diesel engines of motor vehicles other than biodiesel
34 blended fuel classified as B-11 or higher.

35 (g) If the distribution percentage is greater
36 than seventy-five percent but not greater than eighty
37 percent, the rate shall be twenty-four and three-tenths
38 cents for biodiesel blended fuel classified as B-11
39 or higher and twenty-five and five-tenths cents for
40 special fuel for diesel engines of motor vehicles
41 other than biodiesel blended fuel classified as B-11
42 or higher.

43 (h) If the distribution percentage is greater
44 than eighty percent but not greater than eighty-five
45 percent, the rate shall be twenty-four and six-tenths
46 cents for biodiesel blended fuel classified as B-11
47 or higher and twenty-five and five-tenths cents for
48 special fuel for diesel engines of motor vehicles
49 other than biodiesel blended fuel classified as B-11
50 or higher.

1 (i) If the distribution percentage is greater
2 than eighty-five percent but not greater than ninety
3 percent, the rate shall be twenty-four and nine-tenths
4 cents for biodiesel blended fuel classified as B-11
5 or higher and twenty-five and five-tenths cents for
6 special fuel for diesel engines of motor vehicles
7 other than biodiesel blended fuel classified as B-11
8 or higher.

9 (j) If the distribution percentage is greater
10 than ninety percent but not greater than ninety-five
11 percent, the rate shall be twenty-five and two-tenths
12 cents for biodiesel blended fuel classified as B-11
13 or higher and twenty-five and five-tenths cents for
14 special fuel for diesel engines of motor vehicles
15 other than biodiesel blended fuel classified as B-11
16 or higher.

17 (k) If the distribution percentage is greater than
18 ninety-five percent, the rate shall be twenty-five and
19 five-tenths cents for biodiesel blended fuel classified
20 as B-11 or higher and twenty-five and five-tenths cents
21 for special fuel for diesel engines of motor vehicles
22 other than biodiesel blended fuel classified as B-11
23 or higher.

24 (4) For the period beginning July 1, 2016, and
25 ending June 30, 2017, the rate for the excise tax shall
26 be as follows:

27 (a) If the distribution percentage is not greater
28 than fifty percent, the rate shall be twenty-five and
29 five-tenths cents for biodiesel blended fuel classified
30 as B-11 or higher and twenty-eight and five-tenths
31 cents for special fuel for diesel engines of motor
32 vehicles other than biodiesel blended fuel classified
33 as B-11 or higher.

34 (b) If the distribution percentage is greater than
35 fifty percent but not greater than fifty-five percent,
36 the rate shall be twenty-five and eight-tenths cents
37 for biodiesel blended fuel classified as B-11 or higher
38 and twenty-eight and five-tenths cents for special
39 fuel for diesel engines of motor vehicles other than
40 biodiesel blended fuel classified as B-11 or higher.

41 (c) If the distribution percentage is greater than
42 fifty-five percent but not greater than sixty percent,
43 the rate shall be twenty-six and one-tenth cents for
44 biodiesel blended fuel classified as B-11 or higher and
45 twenty-eight and five-tenths cents for special fuel for
46 diesel engines of motor vehicles other than biodiesel
47 blended fuel classified as B-11 or higher.

48 (d) If the distribution percentage is greater than
49 sixty percent but not greater than sixty-five percent,
50 the rate shall be twenty-six and four-tenths cents for

1 biodiesel blended fuel classified as B-11 or higher and
2 twenty-eight and five-tenths cents for special fuel for
3 diesel engines of motor vehicles other than biodiesel
4 blended fuel classified as B-11 or higher.

5 (e) If the distribution percentage is greater
6 than sixty-five percent but not greater than seventy
7 percent, the rate shall be twenty-six and seven-tenths
8 cents for biodiesel blended fuel classified as B-11
9 or higher and twenty-eight and five-tenths cents for
10 special fuel for diesel engines of motor vehicles
11 other than biodiesel blended fuel classified as B-11
12 or higher.

13 (f) If the distribution percentage is greater than
14 seventy percent but not greater than seventy-five
15 percent, the rate shall be twenty-seven cents for
16 biodiesel blended fuel classified as B-11 or higher and
17 twenty-eight and five-tenths cents for special fuel for
18 diesel engines of motor vehicles other than biodiesel
19 blended fuel classified as B-11 or higher.

20 (g) If the distribution percentage is greater
21 than seventy-five percent but not greater than
22 eighty percent, the rate shall be twenty-seven
23 and three-tenths cents for biodiesel blended fuel
24 classified as B-11 or higher and twenty-eight and
25 five-tenths cents for special fuel for diesel engines
26 of motor vehicles other than biodiesel blended fuel
27 classified as B-11 or higher.

28 (h) If the distribution percentage is greater
29 than eighty percent but not greater than eighty-five
30 percent, the rate shall be twenty-seven and six-tenths
31 cents for biodiesel blended fuel classified as B-11
32 or higher and twenty-eight and five-tenths cents for
33 special fuel for diesel engines of motor vehicles
34 other than biodiesel blended fuel classified as B-11
35 or higher.

36 (i) If the distribution percentage is greater
37 than eighty-five percent but not greater than ninety
38 percent, the rate shall be twenty-seven and nine-tenths
39 cents for biodiesel blended fuel classified as B-11
40 or higher and twenty-eight and five-tenths cents for
41 special fuel for diesel engines of motor vehicles
42 other than biodiesel blended fuel classified as B-11
43 or higher.

44 (j) If the distribution percentage is greater
45 than ninety percent but not greater than ninety-five
46 percent, the rate shall be twenty-eight and two-tenths
47 cents for biodiesel blended fuel classified as B-11
48 or higher and twenty-eight and five-tenths cents for
49 special fuel for diesel engines of motor vehicles
50 other than biodiesel blended fuel classified as B-11

1 or higher.

2 (k) If the distribution percentage is greater than
3 ninety-five percent, the rate shall be twenty-eight and
4 five-tenths cents for biodiesel blended fuel classified
5 as B-11 or higher and twenty-eight and five-tenths
6 cents for special fuel for diesel engines of motor
7 vehicles other than biodiesel blended fuel classified
8 as B-11 or higher.

9 (5) For the period beginning July 1, 2017, and
10 ending June 30, 2020, the rate for the excise tax shall
11 be as follows:>

12 7. Page 8, line 9, by striking < (3)> and inserting
13 < (6)>

14 8. Page 8, line 11, by striking < (4)> and inserting
15 < (7)>

16 9. Page 8, by striking lines 21 through 27 and
17 inserting:

18 <7. For liquefied petroleum gas used as a special
19 fuel, the rate of tax shall be ~~twenty~~ as follows:

20 a. For the period ending June 30, 2016,
21 twenty-three cents per gallon.

22 b. For the period beginning July 1, 2016, and
23 ending June 30, 2017, twenty-six cents per gallon.

24 c. For the period beginning July 1, 2017, and
25 thereafter, thirty cents per gallon.

26 8. For compressed natural gas used as a special
27 fuel, the rate of tax ~~is twenty-one~~ shall be as
28 follows:

29 a. For the period ending June 30, 2016, twenty-four
30 cents per gallon.

31 b. For the period beginning July 1, 2016, and
32 ending June 30, 2017, twenty-seven cents per gallon.

33 c. For the period beginning July 1, 2017, and
34 thereafter, thirty-one cents per gallon.

35 9. For liquefied natural gas used as a special
36 fuel, the rate of tax ~~is twenty-two and one-half~~ shall
37 be as follows:

38 a. For the period ending June 30, 2016, twenty-five
39 and one-half cents per gallon.

40 b. For the period beginning July 1, 2016, and
41 ending June 30, 2017, twenty-eight and one-half cents
42 per gallon.

43 c. For the period beginning July 1, 2017, and
44 thereafter, thirty-two and one-half cents per gallon.>

45 10. Title page, line 1, after <by> by inserting
46 <providing for distributions from the road use tax
47 fund,>

By HEARTSILL of Marion



SF 173 – Education Funding Supplemental for FY 2016 (LSB2184SV.1)
 Analyst: John Parker (Phone: (515) 725-2249) (john.parker@legis.iowa.gov)
 Fiscal Note Version – Update based on House Education Committee amendment **H-1009 to SF 171**

Description

Senate File 173 provides additional property tax relief based on the per pupil increase that results from the establishment of the State percent of growth in FY 2016. The Bill requires the additional levy portion of the FY 2016 State cost per pupil amount to be frozen at \$750 per pupil, regardless of the per pupil increase for FY 2016. Without enactment of this provision, the increase in the FY 2016 State cost per pupil due to the State percent of growth will include a per pupil property tax increase equivalent to 1/8th (12.5%) of the total per pupil increase.

Background

Enactment of **HF 215** (2013 Education Reform Act) included the creation of the property tax replacement payment (PTRP) provision to replace local property tax amounts with State aid. The provision froze the additional levy portion of the State cost per pupil in FY 2014 and FY 2015 at \$750. Based on the State percent of growth enacted for those fiscal years (2.0% in FY 2014 and 4.0% in FY 2015), this provision resulted in per pupil property tax relief of \$15/pupil in FY 2014 and another \$31/pupil in FY 2015. This provision also required these per pupil property tax relief provisions for FY 2014 and FY 2015 to carry forward in future fiscal years, resulting in per pupil property tax relief totaling \$46/pupil beginning in FY 2015. Enactment of **SF 173** and will maintain a freeze of the additional levy portion of the State cost per pupil at \$750 in FY 2016. The per pupil property tax relief amount will be based on the State percent of growth enacted for FY 2016. The following table provides detail regarding the State cost per pupil funding levels as provided by a 1.25% growth rate for FY 2016 in **SF 171** (School Supplemental State Aid, State Percent of Growth FY 2016) as amended by **H-1009** and a 4.0% growth rate for FY 2016 in **SF 171** (School Supplemental State Aid, State Percent of Growth FY 2016) as passed by the Senate.

	FY 2016 State Cost Per Pupil Amounts Based on SF 171 and SF 171 as amended by H-1009		
	FY 2015	FY 2016 1.25%	FY 2016 4.00%
State Cost Per Pupil (SCPP):	\$ 6,366	\$ 6,446	\$ 6,621
87.5% Foundation Level (FL):	5,570	5,640	5,793
Previous Enacted PTRP Amount:	46	46	46
Additional Levy Portion:	750	760	782
Additional Per Pupil Property Tax	\$ 10	\$ 32	
Total Per Pupil Property Tax Relief:	\$ 56	\$ 78	

Enactment of [SF 173](#) will provide additional property tax relief of \$10/pupil for FY 2016 at the 1.25% State percent of growth provided in [SF 171](#) as amended by [H-1009](#). [Senate File 171](#) as passed by the Senate will provide additional property tax relief of \$32/pupil for FY 2016 at 4.0% State percent of growth.

Assumptions

Estimates are based on October 2014 certified enrollments and weighting and enrollment projections for October 2015.

Fiscal Impact

The estimated fiscal impact of [SF 173](#) will be an increase in the State General Fund expenditures of \$5.6 million in FY 2016 at 1.25% and \$17.8 million in FY 2016 at 4.0% State percent of growth compared to current law.

FY 2016 General Fund Expenditure Increase for Property Tax Replacement Payments (PTRP)			
Based on SF 171 and SF 171 as amended by H-1009 (Millions of Dollars)			
		FY 2016 1.25%	FY 2016 4.00%
		<u> </u>	<u> </u>
Total Current Law PTRP Amount	\$	25.4	\$ 25.4
Total PTRP Amount		31.1	43.3
Estimated Impact	\$	5.6	\$ 17.8

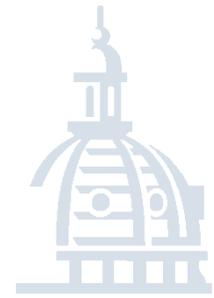
Sources

Iowa Department of Education, Certified Enrollment file
 Iowa Department of Management, School Aid file
 LSA analysis and calculations

/s/ Holly M. Lyons

February 23, 2015

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 351 – Motor Vehicle Fuel Tax (LSB1782HV)
Analyst: Adam Broich (Phone: (515) 281-8223) (adam.broich@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 351 increases Iowa's motor fuel tax for gasoline, gasohol, and diesel fuels by 10.0 cents per gallon. Fuels impacted by this increase include ethanol-blended gasoline, unblended gasoline, diesel, biodiesel, compressed natural gas (CNG), liquid petroleum gas (LPG), liquefied natural gas, and aviation special fuel. The Bill makes several other changes:

- Extends the tax differential formula that determines fuel taxes for ethanol-blended and unblended gasoline through FY 2020. This formula is displayed in **Attachment A**.
- Creates a new biodiesel tax differential formula that determines fuel taxes for diesel and biodiesel. This formula will expire at the end of FY 2020. The tax differential will apply to biodiesel classified as B-11 and above. This tax schedule is displayed in **Attachment A**.
- Increases the annual cost of permits for vehicles of excessive size and weight. Fees are outlined in **Table 2**.
- Increases the tax on special fuel used in aircraft from 3.0 to 5.0 cents per gallon.
- States that the General Assembly intends all funds from the fuel tax increase support construction and maintenance needs on critical road and bridge projects.
- Provides limitations on indebtedness incurred by counties that are leveraged with Road Use Tax Fund (RUTF) dollars. Counties may not use RUTF funds to incur debt that will exceed the useful life of the asset being constructed, reconstructed, improved, repaired, equipped, or maintained.
- Exempts businesses with motor fuel and special fuel available for sale from an inventory tax. The inventory tax applies to all motor fuel that is held for sale the day prior to a change in the fuel tax.
- Requires the Iowa Department of Transportation (DOT) to identify \$10.0 million in efficiencies in FY 2016 and FY 2017.
- Fuel tax provisions of **HF 351** are effective the month following enactment. Provisions implementing bonding requirements are effective immediately. Permit fees for oversize and overweight trucks will increase on January 1, 2016.

Background

The Iowa Constitution requires that the Motor Fuel Tax (MFT) be "used exclusively for the construction, maintenance, and supervision of the public highways exclusively within the State or for the payment of bonds..." The MFT, as determined by formula, is 19.0 cents per gallon for ethanol-blended fuel, 21.0 cents for unblended gasoline, and 22.5 cents for all diesel fuel. Since 1989 the MFT has remained at or near current rates, and adjustments since 1989 occurred due to the distribution formula. The Department of Revenue has provided a history of **Motor Fuel and Diesel Fuel Tax Rates**. Other fuels taxed for road use include liquid petroleum gas (20.0 cents per gallon) and compressed natural gas (21.0 cents per gallon). All motor fuel excise tax is allocated to the RUTF. The RUTF allocates funding for road construction to primary roads (under the DOT), secondary and farm-to-market roads (counties), and city streets. Current law allocates 47.5% to Iowa DOT, 32.5% to counties, and 20.0% to cities.

Vehicles that exceed size and weight requirements must apply for permits to utilize Iowa roads. Permits are issued year round, and expire the month one year after issuance. Several types of permits are issued by the DOT, and the number of permits issued has grown each year (**Table 1**). Current and proposed permit fees are displayed in **Table 3**. With the exception of the all-systems permit, all permit fees are deposited in the Primary Road Fund (PRF). Revenues from the all-systems permit are deposited in the RUTF. Permits for vehicles of excessive size and weight amended by [HF 351](#) include:

- **All-Systems Permits** are issued for vehicles or loads for travel on the primary road system and specified city streets and county roads when the dimensions of the vehicle or load exceed statutory limits but the weight is within statutory limits. Routing is subject to embargoed bridges and roads and posted speed limits.
- **Annual Permits** are issued for vehicles or loads for travel when the dimensions of the vehicle or load exceed statutory limits but the weight is within statutory limits. Routing is subject to embargoed bridges and roads and posted speed limits.
- **Annual Oversize and Overweight Permits** are issued for vehicles or loads for travel when either the dimensions or the weight or both exceed statutory limits. Routing is subject to embargoed bridges and roads and posted speed limits. Travel is not allowed on the interstate.
- **Single Round-Trip Permits** are issued for vehicles or loads for travel when either the dimensions or the weight or both exceed statutory limits. The permit shall be for a specific route between an origin and destination.

Table 1

Permits Issued					Average Growth
Permit Type	2011	2012	2013	2014	
All-Systems Permit	277	248	292	272	0.9%
Annual Permit	15,492	16,619	16,575	15,048	1.6%
Annual Oversize Overweight	1,493	1,698	1,846	2,420	15.9%
Single Round-Trip Permit	85,943	89,406	84,263	95,009	6.0%
Total	103,205	107,971	102,976	112,749	5.4%

Table 2

Current and Proposed Permit Fees		
Permit Type	Current Fee	Proposed Fee
All-Systems Permit	\$ 120	\$ 160
Annual Permit	25	50
Annual Oversize Overweight	300	400
Single Round-Trip Permit	10	35

Assumptions

Permits

- Permits for oversize and overweight vehicles are estimated to increase at recent growth rates. The growth rates are identified in **Table 1**. Over the last four years, the number of permits issued has grown at an average annual rate of 5.4%.

Fuel Taxes

- Projections assume that changes to fuel taxes will be implemented on April 1, 2015.

- Motor fuel tax refunds will reduce receipts for gasoline and gasohol by 8.0% each year. Receipts for diesel and biodiesels will be reduced by 2.0%.
- Consumed gallons of ethanol and gasoline are projected to decrease by 1.5% for FY 2016, 1.7% in FY 2017, and average a decline of 2.1% thereafter. Consumed gallons of diesel are projected to grow as follows: 1.4% in FY 2016, 0.8% in FY 2017, 0.5% in FY 2018, 0.5% in FY 2019, and 0.6% in FY 2020. Growth rates are estimated by the Energy Information Agency Annual Energy Outlook.
- Fuel tax rates will be set as follows; ethanol will be taxed at 29.0 cents per gallon, unblended gasoline will be 31.0 cents per gallon, biodiesel will be 29.5 cents per gallon, and diesel will be 32.5 cents per gallon.
 - Ethanol-blended and unblended gasoline market share will remain unchanged. The excise tax will remain unchanged if the blended ethanol market share remains between 70.0% and 75.0%. From FY 2012 to FY 2014, the annual market share averaged 72.1%.
 - Biodiesel will comprise 21.8% of all diesel gallons sold in Iowa, and will be taxed at 29.5 cents per gallon. This assumes that blenders of biodiesel that blend B-10 will increase the blend by 1.0%. Currently, B-10 diesel accounts for 16.2% of the all diesel fuel and B-20 is 5.6%.

Other Assumptions

- Aviation special fuel gallons taxes have averaged 39.6 million gallons in FY 2013 and FY 2014. This estimate assumes aviation special fuel consumption will remain constant over the projected fiscal years.
- In FY 2014, approximately 395,000 gallon equivalents of CNG were sold. Consumption of taxable CNG will grow at rates forecast by the Energy Information Agency in the 2014 Annual Energy Outlook.
- Liquid petroleum gas consumption is expected to remain constant from FY 2016 to FY 2020. Assumed consumption is an average of the last three fiscal years.
- The impact of limiting indebtedness incurred by counties that are leveraged with Road Use Tax Fund (RUTF) dollars is unknown but expected to be minimal.
- The impact of waiving the inventory tax is unknown. The Legislative Services Agency is unable to identify whether retailers are able to increase fuel storage prior to a fuel tax increase.
- The DOT will identify \$10.0 million in operations efficiencies. At this time these efficiencies are unidentified. Reduced expenditure due to these efficiencies will be allocated within the Department's budget.

Fiscal Impact

Aviation special fuel tax revenues are deposited in the Aviation Trust Fund. These funds are estimated to increase by \$790,000 per fiscal year from FY 2016 through FY 2020.

Increased revenue to the PRF due to permit fees on excessive size and weight are displayed in **Table 3**.

Table 3

Estimated Revenue Impact to the PRF (in millions)			
	Current Law	Permit Fee Increase	Increase
FY 2016	\$ 2.3	\$ 4.0	\$ 1.7
FY 2017	2.5	6.0	3.5
FY 2018	2.8	6.5	3.7
FY 2019	3.1	7.0	4.0
FY 2020	3.4	7.6	4.2

New revenue to the RUTF is displayed in **Table 4**. The RUTF revenues are allocated to street funds by percentages set in the Iowa Code. The PRF receives 47.5%, the Secondary Road Fund receives 20.0%, the Farm-to-Market Fund receives 8.0%, and the City Street Construction Fund receives 20.0%. **Table 5** shows how increased revenue due to [HF 351](#) will be distributed to the street funds.

Table 4

Estimated Revenue Impact to RUTF (in millions)			
	Fuel Tax Increase	Permit Fee Increase	Total
FY 2015	\$ 52.91	\$ -	\$ 52.91
FY 2016	204.11	0.01	204.11
FY 2017	202.29	0.01	202.29
FY 2018	200.03	0.01	200.03
FY 2019	197.70	0.01	197.70
FY 2020	195.29	0.01	195.29

Table 5

Estimated Distributions to Street Funds (in millions)				
	Counties			City Fund
	Primary	Secondary	Farm-to-Market	
FY 2015	\$ 24.7	\$ 13.4	\$ 4.2	\$ 10.6
FY 2016	95.3	51.5	16.3	41.0
FY 2017	94.4	51.1	16.2	40.6
FY 2018	93.4	50.5	16.0	40.2
FY 2019	92.3	49.9	15.8	39.7
FY 2020	91.1	49.3	15.6	39.2

The Department of Revenue identified administrative costs of \$150,000 due to [HF 351](#). These costs will be covered by existing resources.

Sources

Iowa Department of Revenue
 Iowa Department of Transportation
 LSA Calculations
 Energy Information Agency

/s/ Holly M. Lyons

February 23, 2015

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Attachment A

Gasoline/Gasohol Tax Schedule		
(in cents per gallon)		
Ethanol-Blend Market Share Percentage	Ethanol- Blended Tax	Unblended Gasoline Tax
0% - 50%	19.0	20.0
50% - 55%	19.0	20.1
55% - 60%	19.0	20.3
60% - 65%	19.0	20.5
65% - 70%	19.0	20.7
70% - 75%	19.0	21.0
75% - 80%	19.3	20.8
80% - 85%	19.5	20.7
85% - 90%	19.7	20.4
90% - 95%	19.9	20.1
95% - 100%	20.0	20.0

Proposed Biodiesel Tax Schedule		
(in cents per gallon)		
Biodiesel Market Share Percentage	Biodiesel Tax	Diesel Tax
0% - 50%	29.50	32.50
50% - 55%	29.80	32.50
55% - 60%	30.10	32.50
60% - 65%	30.40	32.50
65% - 70%	30.70	32.50
70% - 75%	31.00	32.50
75% - 80%	31.30	32.50
80% - 85%	31.60	32.50
85% - 90%	31.90	32.50
90% - 95%	32.20	32.50
95% - 100%	32.50	32.50



SF 172 – School Categorical Supp. State Aid - State Percent Growth - FY 2016 (LSB1514SV.1)
Analyst: John Parker (Phone: (515) 725-2249) (john.parker@legis.iowa.gov)
Fiscal Note Version – As amended by House Education Committee amendment **H-1010**

Description

Senate File 172 as amended by **H-1010** requires a 1.25% State percent of growth rate to be applied to each of the State categorical cost per pupil amounts for FY 2016.

Background

The State categorical supplements are funded entirely through State aid and generate funds for each school district and area education agency (AEA) through the school aid formula on a per pupil basis. The FY 2015 State cost per pupil funding levels for the teacher salary supplement (district and AEA), professional development supplement (district and AEA), and early intervention supplement (district only) will be increased by a 1.25% State percent of growth for FY 2016. Additionally, FY 2016 will be the initial year that the teacher leadership supplement (TLS) for the Teacher Leadership and Compensation System will be included in the school aid formula. The following table provides the per pupil growth amounts and State cost per pupil amounts for FY 2016 based on **SF 172**.

<u>State Categorical Supplements</u>	<u>FY 2015 State Cost Per Pupil Amount</u>	<u>FY 2016 State Percent of Growth</u>	<u>Supplemental State Aid</u>	<u>FY 2016 State Cost Per Pupil</u>
Teacher Salary - Districts	\$ 548.61	1.25%	\$ 6.86	\$ 555.47
Professional Development - Districts	62.18	1.25%	0.78	62.96
Early Intervention	67.68	1.25%	0.85	68.53
Teacher Leadership	308.82	1.25%	3.86	312.68
Teacher Salary - AEA's	28.71	1.25%	0.36	29.07
Professional Development - AEA's	3.35	1.25%	0.04	3.39

Additionally, there is a budget guarantee provision for each of the State categorical supplements that provides each district and AEA with a minimum of the previous fiscal year's level of funding (net of the previous year's budget guarantee amount). This provision for the State categorical supplements is funded entirely through State aid.

Assumptions

Estimates are based on October 2014 certified enrollment counts and supplementary weightings for FY 2016 approved by the School Budget Review Committee (SBRC) on January 21, 2015.

Fiscal Impact

The estimated total fiscal impact of [SF 172](#) as amended by [H-1010](#) will be a General Fund expenditure of \$398.2 million to fund the FY 2016 State categorical supplement amounts. This is an increase of \$56.4 million (16.5%) compared to estimated FY 2015. This estimate includes \$50.2 million for the teacher leadership supplement (TLS) for FY 2016.

The following table provides the detail of the funding levels for each of the State categorical supplements.

Estimated Funding Levels - SF 172 as amended by H-1010				
	District Amount FY 2016	AEA Amount FY 2016	Total Amount FY 2016	FY 2016 vs. FY 2015
Teacher Salary Supplement				
Unadjusted Amount - District	\$ 267,015,477	\$ 14,991,650	\$ 282,007,127	
Budget Guarantee Amount - District	806,790	53,700	860,490	
Total Amount - District	\$ 267,822,267	\$ 15,045,350	\$ 282,867,617	\$ 5,052,891
Professional Development				
Unadjusted Amount - District	\$ 30,265,584	\$ 1,753,271	\$ 32,018,855	
Budget Guarantee Amount - District	84,538	6,267	90,805	
Total Amount - District	\$ 30,350,122	\$ 1,759,538	\$ 32,109,660	\$ 569,951
Early Intervention Supplement				
Unadjusted Amount	\$ 32,943,873	NA	\$ 32,943,873	
Budget Guarantee Amount	83,992	NA	83,992	
Total Amount	\$ 33,027,865	NA	\$ 33,027,865	\$ 591,703
Teacher Leadership Supplement				
Unadjusted Amount	\$ 50,141,299	NA	\$ 50,141,299	
Budget Guarantee Amount	17,768	NA	17,768	
Total Amount	\$ 50,159,067	NA	\$ 50,159,067	\$ 50,159,067
All State Categorical Supplements				
Total Unadjusted Amount	\$ 380,366,233	\$ 16,744,921	\$ 397,111,154	
Total Budget Guarantee Amount	993,088	59,967	1,053,055	
Total State Categorical Supplement	\$ 381,359,321	\$ 16,804,888	\$ 398,164,209	\$ 56,373,612
Note: Contact the LSA for more information				

Sources

Iowa Department of Education, Certified Enrollment file
Iowa Department of Management, School Aid file
LSA analysis and calculations

/s/ Holly M. Lyons

February 23, 2015

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



SF 171 – School Supplemental State Aid – State Percent of Growth – FY 2016 (LSB1482SV.1)
Analyst: John Parker (Phone: (515) 725-2249) (john.parker@legis.iowa.gov)
Fiscal Note Version – As amended by House Education Committee amendment **H-1009**

Description

Senate File 171 as amended by **H-1009** requires a 1.25% State percent of growth rate to be applied to each of the regular school aid State cost per pupil amounts for FY 2016.

Background

The school aid formula provides funding through a mix of State aid and property tax to school districts and Area Education Agencies (AEAs). In general, funding is generated on a per pupil basis with the per pupil amounts providing an overall budget limitation. There are five FY 2016 State cost per pupil funding levels that will be increased by a 1.25% State percent of growth for FY 2016. The following table provides the supplemental State aid amounts (also referred to as per pupil growth amounts) and State cost per pupil amounts for FY 2016 based on a 1.25% growth rate. The supplemental State aid amounts will be applied to all corresponding district and AEA cost per pupil amounts.

Regular School Aid Per Pupil Components	FY 2015 State Cost Per Pupil Amount	FY 2016 State Percent of Growth	Supplemental State Aid	FY 2016 State Cost Per Pupil
Regular Program	\$ 6,366.00	1.25%	\$ 80.00	\$ 6,446.00
Special Education Program	6,366.00	1.25%	80.00	6,446.00
AEA Special Education Support	279.53	1.25%	3.49	283.02
AEA Media Services	52.11	1.25%	0.65	52.76
AEA Educational Services	57.51	1.25%	0.72	58.23

In addition to the State percent of growth and supplemental State aid for FY 2016, enrollments, weightings, and taxable valuations within each school district have an impact on the amount of total school aid funding, including the amount of State aid and local property tax required to generate the total funding amount.

Assumptions

Assumptions include:

- Estimates are based on October 2014 certified enrollments and supplementary weightings for FY 2016 approved by the School Budget Review Committee (SBRC) on January 21, 2015.
- Statewide taxable valuation growth of 2.6% for FY 2016. Based on these assumptions, the statewide total for the uniform levy is estimated to account for \$30.4 million of the school foundation property tax change in FY 2016 (including the uniform levy portion of the commercial/industrial rollback replacement payment). The estimated increase in the uniform levy amount is not impacted by the establishment of the State percent of growth rate.
- Property tax adjustment aid amounts are based on the statewide taxable valuation growth factor applied to each school district's FY 2016 taxable valuation amount.

- Other legislation may have an impact on the amount of State aid and property tax generated through the school aid formula. The fiscal impact in the table on the following page includes the provisions in [SF 172](#) (State Categorical Supplemental State Aid FY 2016) as amended by [H-1010](#) and [SF 173](#) (Education Funding Supplemental for FY 2016). These provisions are included in the State General Fund appropriation for school aid.
- State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund that is used to provide additional property tax relief through the school aid formula.
- Establishing an FY 2016 State percent of growth will also impact the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the program is provided with State General Fund dollars and is included in the overall State aid total.
- Districts eligible for the 101.0% budget adjustment will approve use of that provision. The Legislative Services Agency (LSA) estimate includes a total budget adjustment of \$16.5 million, based on the FY 2016 State percent of growth and budget enrollments.
- Beginning in FY 2016, the additional \$15.0 million State aid reduction to AEAs implemented in FY 2015 will be restored.

Fiscal Impact

The table on the following page provides the estimated fiscal impact of [SF 171](#) as amended by [H-1009](#), and includes the provisions in [SF 172](#) as amended by [H-1010](#) and [SF 173](#). These changes will result in a total General Fund expenditure for State school aid in FY 2016 of \$2,965.3 million, an increase of \$99.8 million (3.5%) compared to FY 2015. This includes:

- Restoration of the \$15.0 million reduction in State aid to the AEAs. Under current law, the reduction will total \$7.5 million (a statutory reduction implemented annually).
- \$31.1 million in property tax replacement payment (PTRP) funding, an increase of \$5.6 million compared to FY 2015. [Senate File 173](#) (Education Funding Supplemental for FY 2016) requires State aid to account for the entire increase in the cost per pupil amount due to the State percent of growth in FY 2016.
- Based on [SF 172](#) as amended by [H-1010](#), \$398.2 million for the State categorical supplements, an increase of \$56.4 million (16.5%) compared to FY 2015. This includes \$282.9 million for the teacher salary supplement, \$32.1 million for the professional development supplement, \$33.0 million for the early intervention supplement, and \$50.2 million for the teacher leadership supplement (new school aid funding provision in FY 2016).
- \$73.1 million for preschool formula funding, an increase of \$3.2 million compared to FY 2015. The preschool formula funding is included in the State aid amount, but is not included in the combined district cost total.

The combined district cost (reflecting the total school aid funding level for school districts and AEAs generated through the school aid formula) is estimated to increase \$145.6 million (3.5%) compared to estimated FY 2015.

Any legislative action impacting school aid provisions will have an impact on FY 2016 school aid amounts. Additionally, any variations in the assumptions noted may result in significant changes in the FY 2016 estimates provided in the following table.

**Legislative Services Agency: Estimated FY 2016 School Aid Estimates
Statewide Totals (Dollars in Millions) - Based on SF 171, SF 172, and SF 173**

Program Funding:	FY 2016 Estimates Assumes 1.25% State Percent of Growth				
	FY 2014	FY 2015	Totals	Est. Change	% Change
Regular Program District Cost	\$ 2,926.1	\$ 3,059.8	\$ 3,110.0	\$ 50.2	1.6%
Regular Program Budget Guarantee	11.2	3.2	16.5	13.3	420.4%
Total Supplemental Weighting	66.8	75.6	81.3	5.7	7.5%
District Special Education	389.3	398.9	398.7	-0.1	0.0%
Dropout and Dropout Prevention	97.2	103.5	105.1	1.6	1.6%
Teacher Salary Supplement (District)	252.1	263.0	267.8	4.8	1.8%
Professional Development Supplement (District)	28.6	29.8	30.4	0.5	1.8%
Early Intervention Supplement (District)	31.1	32.4	33.0	0.6	1.8%
Teacher Leadership Supplement (District)	N.A.		50.2	50.2	
<i>AEA Special Education (with adjustment)</i>	<i>147.5</i>	<i>153.1</i>	<i>155.4</i>	<i>2.4</i>	<i>1.6%</i>
<i>AEA Media Services</i>	<i>25.5</i>	<i>26.7</i>	<i>27.2</i>	<i>0.5</i>	<i>1.8%</i>
<i>AEA Education Services</i>	<i>28.2</i>	<i>29.5</i>	<i>30.0</i>	<i>0.5</i>	<i>1.8%</i>
<i>AEA Sharing</i>	<i>0.2</i>	<i>0.1</i>	<i>0.1</i>	<i>0.0</i>	<i>1.2%</i>
<i>Total AEA Reduction</i>	<i>-22.5</i>	<i>-22.5</i>	<i>-7.5</i>	<i>15.0</i>	<i>-66.7%</i>
<i>Teacher Salary Supplement (AEA)</i>	<i>14.2</i>	<i>14.8</i>	<i>15.0</i>	<i>0.3</i>	<i>1.7%</i>
<i>Professional Development Supplement (AEA)</i>	<i>1.7</i>	<i>1.7</i>	<i>1.8</i>	<i>0.0</i>	<i>1.7%</i>
Combined District Cost	\$ 3,997.2	\$ 4,169.4	\$ 4,315.0	\$ 145.6	3.5%
Statewide Voluntary Preschool Program	\$ 66.1	\$ 70.0	\$ 73.1	\$ 3.2	4.5%
Funding Sources:					
State Aid from General Fund	\$ 2,716.9	\$ 2,865.5	\$ 2,965.3	\$ 99.8	3.5%
Excess from SAVE Fund	8.7	8.2	6.3	-2.0	-23.8%
Total State Aid	\$ 2,725.6	\$ 2,873.8	\$ 2,971.6	\$ 97.9	3.4%
Uniform Levy Amount	\$ 759.4	\$ 783.7	\$ 814.1	\$ 30.4	3.9%
Additional Levy Total	578.6	582.5	602.5	19.9	3.4%
Comm/Ind - Uniform Levy Portion		-9.3	-19.1	-9.8	105.8%
Comm/Ind. Additional Levy Portion		-7.3	-15.0	-7.7	105.6%
Total Levy to Fund Combined District Cost	\$ 1,338.0	\$ 1,349.7	\$ 1,382.4	\$ 32.7	2.4%
Misc. Information:					
Budget Enrollment	476,245.0	478,920.9	480,771.9	1,851.0	0.4%
Number of Districts with Budget Guarantee	133	66	165	99	150.0%
State Categorical Total (in Millions)	\$ 327.5	\$ 341.8	\$ 398.2	\$ 56.4	16.5%
<i>AEA Funding (In Millions)</i>	<i>\$ 194.8</i>	<i>\$ 203.3</i>	<i>\$ 222.0</i>	<i>\$ 18.7</i>	<i>9.2%</i>
Property Tax Replacement Payment (PTRP)	\$ 8.3	\$ 25.4	\$ 31.1	\$ 5.6	22.1%

Notes:
Contact the LSA for more information

Sources

Iowa Department of Education, Certified Enrollment
Iowa Department of Management, School Aid file
Iowa Department of Revenue
LSA analysis and calculations

/s/ Holly M. Lyons

February 23, 2015

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.