

CHAPTER 296

INDEBTEDNESS OF SCHOOL CORPORATIONS

Referred to in [§28E.41](#), [28E.42](#), [274.3](#)

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296.1 Indebtedness authorized.

Subject to the approval of the voters thereof, school districts are hereby authorized to contract indebtedness and to issue general obligation bonds to provide funds to defray the cost of purchasing, building, furnishing, reconstructing, repairing, improving or remodeling a schoolhouse or schoolhouses and additions thereto, gymnasium, stadium, field house, school bus garage, teachers' or superintendent's home or homes, and procuring a site or sites therefor, or purchasing land to add to a site already owned, or procuring and improving a site for an athletic field, or improving a site already owned for an athletic field, and for any one or more of such purposes. Taxes for the payment of said bonds shall be levied in accordance with [chapter 76](#), and said bonds shall mature within a period not exceeding twenty years from date of issue, shall bear interest at a rate or rates not exceeding that permitted by [chapter 74A](#) and shall be of such form as the board of directors of such school district shall by resolution provide, but the aggregate indebtedness of any school district shall not exceed five percent of the actual value of the taxable property within said school district, as ascertained by the last preceding state and county tax lists.

[S13, §2820-d1; C24, 27, 31, 35, 39, §4353; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §296.1]

Referred to in [§292.1](#)

296.2 Petition for election.

Before indebtedness can be contracted in excess of one and one-quarter percent of the assessed value of the taxable property, a petition signed by eligible electors equal in number to twenty-five percent of those voting at the last election of school officials shall be filed with the president of the board of directors, asking that an election be called, stating the amount of bonds proposed to be issued and the purpose or purposes for which the indebtedness is to be created, and that the purpose or purposes cannot be accomplished within the limit of one and one-quarter percent of the valuation. The petition may request the calling of an election on one or more propositions and a proposition may include one or more purposes.

[S13, §2820-d2; C24, 27, 31, 35, 39, §4354; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §296.2]

[83 Acts, ch 90, §18](#); [95 Acts, ch 189, §20](#)

Referred to in [§296.3](#)

296.3 Election called.

Within ten days of receipt of a petition filed under [section 296.2](#), the president of the board of directors shall call a meeting of the board. The meeting shall be held within thirty days after the petition was received. At the meeting, the board shall call the election, fixing the time of the election as required by [section 39.2, subsection 4](#), paragraph "d". However, if the board determines by unanimous vote that the proposition or propositions requested by a petition to be submitted at an election are grossly unrealistic or contrary to the needs of the school district, no election shall be called. If more than one petition has been received by the time the board meets to consider the petition triggering the meeting, the board shall act upon the petitions in the order they were received at the meeting called to consider the initial petition. The decision of the board may be appealed to the state board of education as

provided in [chapter 290](#). The president shall notify the county commissioner of elections of the time of the election.

[S13, §2820-d3; C24, 27, 31, 35, 39, §4355; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §296.3; [81 Acts, ch 91, §1](#)]

[83 Acts, ch 90, §19](#); [85 Acts, ch 67, §33](#); [2002 Acts, ch 1134, §92, 115](#); [2023 Acts, ch 71, §121, 136](#)

2023 amendment applies July 1, 2023, for elections on propositions relating to the issuing of bonds or other indebtedness occurring on or after that date; 2023 Acts, ch 71, §136

296.4 Notice — ballots.

Notice of the election shall be given by the county commissioner of elections by publication in accordance with [section 49.53](#). The county commissioner of elections shall conduct the election pursuant to the provisions of [chapters 39 through 53](#) and certify the results to the board of directors.

[S13, §2820-d3; C24, 27, 31, 35, 39, §4356; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §296.4]

[2021 Acts, ch 80, §156](#)

Form of ballot, [§49.43 et seq.](#)

296.5 Reserved.

296.6 Bonds.

If the vote in favor of the issuance of such bonds is equal to at least sixty percent of the total vote cast for and against said proposition at said election, the board of directors shall issue the same and make provision for payment thereof.

[S13, §2820-d4; C24, 27, 31, 35, 39, §4358; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §296.6]

Referred to in [§275.12](#)

Vote required to authorize bonds, [§75.1](#)

296.7 Indebtedness for insurance authorized — tax levy.

1. a. A school district or community college corporation may contract indebtedness and issue general obligation bonds or enter into insurance agreements obligating the school district or corporation to make payments beyond its current budget year for one or more of the following mechanisms to protect the school district or corporation from tort liability, loss of property, environmental hazards, or any other risk associated with the operation of the school district or corporation:

- (1) To procure or provide for a policy of insurance.
- (2) To provide a self-insurance program.
- (3) To establish and maintain a local government risk pool.

b. However, [this subsection](#) does not apply to an insurance program described in [subsection 3](#).

2. For purposes of [subsection 1](#), an employee benefit plan which includes a specific or aggregate excess loss coverage or a program that self-insures only a per-employee or per-family deductible for each year and which transfers the risk remaining beyond this deductible is not a self-insurance program, but is instead an insurance program. As used in [this section](#), an “employee benefit plan” includes, but is not limited to benefits for hospital and surgical, medical expense, major medical, dental, prescription drug, disability, or life insurance costs or benefits.

3. A school district, providing an insurance program as described in [subsection 2](#), shall not contract indebtedness and issue general obligation bonds or enter into insurance agreements obligating the school district to make payments beyond its current budget year for that employee benefit plan. A school district may, however, apply to the school budget review committee for relief if necessitated by the expenses in the school district’s insurance program as described in [subsection 2](#).

4. a. Taxes may be levied in excess of any limitation imposed by statute for payment of one or more of the following authorized by [subsection 1](#):

- (1) Principal, premium, or interest on bonds.

(2) Premium on an insurance policy, including a stop loss or reinsurance policy, except as limited by [subsection 3](#).

(3) Costs of a self-insurance program.

(4) Costs of a local government risk pool.

(5) Amounts payable under an insurance agreement.

b. However, for a school district, a tax levied under [this section](#) shall be included in the district management levy under [section 298.4](#).

5. A self-insurance program or local government risk pool authorized by [subsection 1](#) is not insurance and is not subject to regulation under [chapters 505 through 523C](#). However, those self-insurance plans regulated pursuant to [section 509A.14](#) shall remain subject to the requirements of [section 509A.14](#) and rules adopted pursuant to that section.

6. Notwithstanding the other provisions of [this section](#) or any other statute, the tax levy authorized by [this section](#) shall not be used to pay the costs of employee benefits, including, but not limited to costs for hospital and surgical, medical expense, major medical, dental, prescription drug, disability, or life insurance benefits.

7. If the board by resolution restricts the use of money in a fund as a reserve for uninsured liability or a self-insurance program, the use shall be restricted and unavailable for any other purpose until the board removes the restriction. The removal is not effective until all obligations of the restricted fund have been satisfied, or the next fiscal year, whichever occurs later.

[86 Acts, ch 1211, §18; 89 Acts, ch 135, §103; 90 Acts, ch 1234, §1; 90 Acts, ch 1253, §121; 2010 Acts, ch 1061, §180](#)

Referred to in [§298.4, 670.7](#)