

APR 3 1997

WAYS AND MEANS

HOUSE FILE

719

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LORD, GRIES, and CARROLL

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to school finance, including increasing the
2 adjusted gross receipts tax on certain gambling activities,
3 providing for school vertical infrastructure funding, and
4 providing for on-time funding of new students based upon
5 increased student enrollment, making an appropriation, and
6 providing an effective date.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 719

1 Section 1. Section 8.57, subsection 5, paragraph e, Code
2 1997, is amended to read as follows:

3 e. Notwithstanding provisions to the contrary in sections
4 99D.17 and 99F.11, for the fiscal years beginning July 1,
5 1995, and July 1, 1996, not more than a total of sixty million
6 dollars; and for each fiscal year thereafter; shall be
7 deposited in the general fund of the state in any fiscal year
8 pursuant to sections 99D.17 and 99F.11. ~~The total moneys~~
9 Moneys in excess of the moneys deposited in the general fund
10 in a fiscal year shall be allocated as follows:

11 (1) The first sixty million dollars shall be deposited in
12 the rebuild Iowa infrastructure fund and shall be used as
13 provided in this section, notwithstanding section 8.60.

14 (2) The next forty million dollars shall be allocated as
15 follows:

16 (i) Twenty-five percent shall be transferred to the
17 department of education for use in accordance with section
18 257.13 until the end of the fiscal year beginning July 1,
19 2000.

20 (ii) Seventy-five percent shall be deposited in the
21 rebuild architectural necessities for today's schools fund
22 established in section 257D.2 until the end of the fiscal year
23 beginning July 1, 2000. Beginning with the fiscal year
24 beginning July 1, 2000, one hundred percent shall be deposited
25 in the rebuild architectural necessities for today's schools
26 fund.

27 (3) Any remaining moneys shall be deposited in the rebuild
28 Iowa infrastructure fund.

29 Sec. 2. Section 99F.11, unnumbered paragraph 1, Code 1997,
30 is amended to read as follows:

31 A tax is imposed on the adjusted gross receipts received
32 annually from gambling games authorized under this chapter at
33 the rate of five percent on the first one million dollars of
34 adjusted gross receipts, at the rate of ten percent on the
35 next two million dollars of adjusted gross receipts, and at

1 the rate of twenty percent on any amount of adjusted gross
2 receipts over three million dollars. However, beginning
3 January 1, ~~1997~~ 1998, the rate on any amount of adjusted gross
4 receipts over three million dollars from gambling games at
5 racetrack enclosures is ~~twenty-two~~ thirty-six percent and
6 ~~shall-increase-by-two-percent-each-succeeding-calendar-year~~
7 ~~until-the-rate-is-thirty-six-percent~~. The taxes imposed by
8 this section shall be paid by the licensee to the treasurer of
9 state within ten days after the close of the day when the
10 wagers were made and shall be distributed as follows:

11 Sec. 3. NEW SECTION. 257.13 ON-TIME FUNDING FOR NEW
12 STUDENTS.

13 1. If a school district's actual enrollment for the budget
14 year, determined under section 257.6, is greater than its
15 budget enrollment for the budget year, the school district may
16 submit a request to the school budget review committee for on-
17 time funding for the increase in the number of students. The
18 school budget review committee shall consider the relative
19 increase in enrollment on a district-by-district basis, in
20 determining whether to approve the request, and shall
21 determine the amount of additional funding provided if the
22 request is granted. An application for on-time funding must
23 be received by the department of education by October 1.
24 Written notice of the committee's decision shall be given
25 through the department of education to the school board for a
26 school district.

27 2. If the school budget review committee approves a
28 request for on-time funding for the increase in the number of
29 students, the funding shall be in an amount up to the product
30 of one-third of the state cost per pupil for the budget year
31 multiplied by the difference between the actual enrollment for
32 the budget year and the budget enrollment for the budget year.
33 The additional funding received under this section is
34 miscellaneous income to the school district.

35 3. Additional funding authorized under this section shall

1 be paid to school districts in monthly installments beginning
2 on December 15 and ending on June 15 of a budget year from
3 funds allocated to the department under section 8.57. If the
4 requests approved by the school budget review committee exceed
5 the appropriation in section 8.57, the payments to school
6 districts receiving approval for on-time funding shall be
7 prorated such that each school district approved for on-time
8 funding shall receive an amount of on-time funding equal to
9 the percentage that the on-time funding approved for the
10 district bears to the total amount of on-time funding approved
11 for all districts.

12 4. If the board of directors of a school district
13 determines that a need exists for additional funds exceeding
14 the amount provided in this section, a request for
15 supplemental aid based upon increased enrollment may be
16 submitted to the school budget review committee as provided in
17 section 257.31, subsection 5.

18 5. A school district which is receiving a budget
19 adjustment for a budget year pursuant to section 257.14 shall
20 not be eligible to receive on-time funding for the increase in
21 the number of students for that budget year.

22 Sec. 4. NEW SECTION. 257D.1 TITLE.

23 This chapter may be cited as the "School Vertical
24 Infrastructure Funding Act".

25 Sec. 5. NEW SECTION. 257D.2 REBUILD ARCHITECTURAL
26 NECESSITIES FOR TODAY'S SCHOOLS FUND.

27 1. A rebuild architectural necessities for today's schools
28 fund is created within the state treasury under the control of
29 the department of education. The fund shall consist of moneys
30 deposited in the fund in accordance with section 8.57, and any
31 other moneys available to and obtained or accepted by the
32 department from the federal government or private sources for
33 placement in the fund. The assets of the funds shall be used
34 by the department for carrying out the purposes of sections
35 257D.3 and 257D.4.

1 2. Recaptures of grants made pursuant to section 257D.3,
2 repayment of loans made pursuant to section 257D.4, and
3 interest earned on moneys in the fund shall be deposited in
4 the fund. Section 8.33 does not apply to any moneys in the
5 fund.

6 3. The fund is subject to an annual audit by the auditor
7 of state. Moneys in the fund, which may be subject to
8 warrants written by the director of revenue and finance, shall
9 be drawn upon the written requisition of the director of the
10 department of education or an authorized representative of the
11 director.

12 4. As used in this chapter, "vertical infrastructure" has
13 the same meaning as in section 8.57, subsection 5, except that
14 "vertical infrastructure" does not include recreational
15 trails.

16 Sec. 6. NEW SECTION. 257D.3 SCHOOL VERTICAL
17 INFRASTRUCTURE MATCHING GRANT PROGRAM.

18 1. The department of education shall establish a school
19 vertical infrastructure matching grant program. The program
20 shall make matching grants to eligible school districts for
21 vertical infrastructure projects within the school district
22 from the rebuild architectural necessities for today's schools
23 fund. For the fiscal year beginning July 1, 1997, the total
24 amount of grants shall not exceed ten million dollars. For
25 the fiscal period beginning July 1, 1998, and ending June 30,
26 2001, the total amount of grants shall not exceed twenty
27 million dollars per fiscal year. For the fiscal years
28 beginning on or after July 1, 2001, and each subsequent fiscal
29 year the total amount of grants shall not exceed thirty
30 million dollars. The department shall allocate fifty percent
31 of the moneys available for grants to be distributed October 1
32 and fifty percent of the moneys available for grants to be
33 distributed on April 1 of each year. The director of the
34 department shall recommend rules to the state board of
35 education regarding the administration of the program. The

1 board shall adopt rules pursuant to chapter 17A which include,
2 but are not limited to, all of the following:

3 a. That a school district certify that the district is
4 seeking a bond issue under chapter 298 to finance vertical
5 infrastructure projects in the district and transmit to the
6 department a description of the projects to be funded through
7 the bond issue.

8 b. That the school district apply for the grant not later
9 than five days following action by the board of directors of
10 the district to adopt the bond resolution and place the bond
11 issue before the voters of the district.

12 c. The content of the grant application.

13 d. Procedures for the review of grant applications.

14 2. The department shall review each grant application and
15 approve, request modification of, or reject the application
16 and notify the district of the department's decision within
17 ten days of the date the application is received by the
18 department. Matching grants are contingent on the approval of
19 a bond issue by the voters of a school district. Matching
20 grants which are not made due to the failure of a school
21 district to approve a bond issue shall remain in the fund and
22 be available for award to another district.

23 3. The department shall award matching grants for vertical
24 infrastructure projects in accordance with the following
25 priorities:

26 a. Projects that reduce or eliminate known life safety
27 violations shall receive the highest priority.

28 b. Cooperative education projects involving the purchase
29 or construction of vertical infrastructure, including joint
30 facilities acquired pursuant to an agreement entered into
31 under chapter 28E, shall receive second highest priority. In
32 evaluating cooperative projects, preference shall be given in
33 the following order:

34 (1) Projects involving joint libraries and media centers.

35 (2) Recreational facilities.

1 (3) Congregate meal and elder care recreation facilities
2 adjacent to or part of a school building utilizing school
3 kitchen or recreational facilities.

4 (4) Iowa communication network facilities.

5 (5) Other facilities jointly operated and maintained by
6 cities, counties, school corporations, or the state board of
7 regents under chapter 28E.

8 c. Projects connecting schools to the Iowa communications
9 network shall receive third priority.

10 4. The maximum matching grant awarded to any school
11 district shall be five million dollars. A school district may
12 receive only one matching grant in any five-year period.

13 Sec. 7. NEW SECTION. 257D.4 SCHOOL INFRASTRUCTURE
14 REVOLVING LOAN PROGRAM.

15 1. A school infrastructure revolving loan program is
16 created in the department of education to be funded from the
17 rebuild architectural necessities for today's schools fund.
18 For the fiscal year beginning July 1, 1997, the department
19 shall allocate twenty million dollars for the purposes of the
20 program. For the fiscal year beginning July 1, 1998, and each
21 subsequent fiscal year, the department shall allocate ten
22 million dollars for the purposes of the program.

23 2. The revolving loan program shall provide matching
24 revolving loans to school districts for vertical
25 infrastructure projects. The director of the department shall
26 recommend rules to the state board of education regarding the
27 administration of the program. The board shall adopt rules
28 pursuant to chapter 17A which include at least the following:

29 a. Criteria for awarding loans, including interest to be
30 charged on the loan, if any, repayment periods for loans, the
31 maximum amount of a loan.

32 b. Loan application requirements.

33 c. Procedures for the review of loan applications. The
34 rules shall provide for the prioritization of awards for
35 loans, with projects which will correct life safety violations

1 in school buildings receiving the highest priority. The
2 department, may establish other criteria prioritizing projects
3 which shall be lower in priority than life safety projects.

4 3. The department shall review each loan application and
5 approve, request modification of, or reject the application
6 and notify the district. Matching loans may be made
7 contingent upon the school district issuing bonds to fund the
8 vertical infrastructure project for which the loan was
9 awarded.

10 Sec. 8. EFFECTIVE DATE. Section 3 of this Act, being
11 deemed of immediate importance, takes effect upon enactment
12 for the purpose of computations required for payment of state
13 aid to school districts for budget years beginning on or after
14 July 1, 1997. Section 3 of this Act remains in effect until
15 the repeal of chapter 257 on July 1, 2001.

16 EXPLANATION

17 The bill does the following:

18 1. Code section 8.57 is amended to provide that the first
19 \$60 million of lottery and gambling revenues above that
20 deposited in the general fund of the state shall be deposited
21 in the rebuild Iowa infrastructure fund. The next \$40 million
22 shall be allocated to the department of education to fund the
23 on-time funding for new students in new Code section 257.13
24 and the rebuild architectural necessities for today's schools
25 fund in new Code section 257D.2. Any remaining moneys shall
26 be deposited in the rebuild Iowa infrastructure fund.

27 2. Code section 99F.11 is amended to increase the adjusted
28 gross receipts tax on gambling games at racetracks, if over \$3
29 million, from 22 percent to 36 percent. Currently, this tax
30 is increasing by two percent each year until it reaches 36
31 percent.

32 New Code section 257.13 is created which provides that if
33 the actual enrollment of a school district exceeds the budget
34 enrollment for the budget year, the district can receive
35 additional funding attributable to the increased enrollment.

1 The amount of the additional funding shall be determined by
2 the school budget review committee, up to an amount equal to
3 one-third of the regular program state cost per pupil for the
4 budget year multiplied by the difference between the actual
5 and budget enrollment figures for the budget year. The
6 additional funding is classified as miscellaneous income.
7 Requests for on-time funding may be submitted to the school
8 budget review committee. The committee shall consider
9 requests on an individual district-by-district basis.
10 Requests must be received by the department of education by
11 October 1. Additional amounts may be requested by a school
12 district in the form of a request for supplemental aid to the
13 school budget review committee pursuant to Code section
14 257.31, subsection 5. The new section takes effect upon
15 enactment for computation of state aid for the 1997-1998
16 school year.

17 3. The bill creates chapter 257D, the school vertical
18 infrastructure funding Act. Code section 257D.2 establishes
19 the rebuild architectural necessities for today's schools fund
20 under the control of the department of education. The fund
21 shall be funded by lottery and gambling tax proceeds under
22 section 8.57 and any other available moneys. Moneys remaining
23 in the fund at the end of each fiscal year do not revert to
24 the general fund of the state. Interest earned on moneys in
25 the fund also remains in the fund. The fund is subject to an
26 annual audit by the auditor of state.

27 Code section 257D.3 provides that the department of
28 education shall establish a school vertical infrastructure
29 matching grant program. This program will make up to \$10
30 million in matching grants for the fiscal year beginning July
31 1, 1997, make up to \$20 million in matching grants for fiscal
32 year beginning on or after July 1, 1998, through June 30,
33 2001, and make up to \$30 million in matching grants for fiscal
34 years beginning on or after July 1, 2001, up to \$5 million per
35 school district for vertical infrastructure projects which are

1 to be otherwise funded through school bonds. Fifty percent of
2 the moneys available are eligible for distribution each
3 October 1 and April 1.

4 Matching grants are to be awarded on a priority system with
5 known life safety violations receiving the highest priority.
6 Cooperative projects with other governmental entities, and
7 Iowa communications network facilities are also to be given
8 priority. As used in the bill, "vertical infrastructure"
9 means the acquisition of land and construction, major
10 renovation, and major repair of buildings, all appurtenant
11 structures, utilities, and site development.

12 A school district may apply to the department for a
13 matching grant. The district must certify that it is in the
14 process of approving a bond issue and detail the vertical
15 infrastructure projects to be funded. The department must
16 approve, reject, or request modifications of the application
17 and notify the district within 10 days of receiving the
18 application, which must be received not later than five days
19 after the school district approves the resolution submitting
20 the bond issue to the voters in the district.

21 Code section 257D.4 provides for the creation of the school
22 infrastructure revolving loan program in the department of
23 education. The program shall receive \$20 million for the
24 fiscal year which begins July 1, 1997, and \$10 million for
25 fiscal year beginning on or after July 1, 1998, to be used for
26 revolving infrastructure loans. The program provides matching
27 loans to school districts which are planning infrastructure
28 projects.

29 Matching loans are to be awarded on a priority system with
30 life safety violations receiving the highest priority. The
31 department may also add other types of projects to its
32 priority list.

33 A school district is to apply to the department for a
34 matching loan. Loans may be made contingent on the passage of
35 a bond issue to fund the infrastructure project which receives

1 the matching loan.

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