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SENATE FILE 245  
BY BOETTGER

(COMPANION TO LSB 2300HH BY  
BARRY)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the sale, lease, or other disposition of  
2 property belonging to a school district or area education  
3 agency and providing an immediate effective date.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 245

1 Section 1. Section 7.20, Code 1997, is amended to read as  
2 follows:

3 7.20 EXECUTIVE ORDER -- USE OF VACANT SCHOOL PROPERTY.

4 The governor shall issue an executive order requiring all  
5 state agencies to consider the leasing of a vacant facility or  
6 building which is appropriately located and which is owned by  
7 a public school corporation before a state agency leases,  
8 purchases, or constructs a facility or building. The state  
9 agency may lease a facility or building owned by a public  
10 school corporation with an option to purchase the facility or  
11 building in compliance with ~~sections~~ section 297.22 ~~to-297-24~~.  
12 The lease shall provide that the public school corporation may  
13 terminate the lease if the corporation needs to use the  
14 facility or building for school purposes. The public school  
15 corporation shall notify the state agency at least thirty days  
16 before the termination of the lease.

17 Sec. 2. Section 273.3, subsection 21, Code 1997, is  
18 amended to read as follows:

19 21. Be authorized to sell, lease, or dispose of, in whole  
20 or in part, property belonging to the area education agency.  
21 Before the area education agency may sell property belonging  
22 to the agency, the board of directors shall comply with the  
23 requirements set forth in ~~sections-297-23-and-297-24~~ section  
24 297.22. Before the board of directors of an area education  
25 agency may lease property belonging to the agency, the board  
26 shall obtain the approval of the director of the department of  
27 education.

28 Sec. 3. Section 297.22, Code 1997, is amended to read as  
29 follows:

30 297.22 POWER TO SELL, LEASE, OR DISPOSE OF PROPERTY --  
31 TAX.

32 1. The board of directors of a school district may sell,  
33 lease, or dispose of, in whole or in part, a schoolhouse,  
34 site, or other property belonging to the district. However,  
35 ~~if the appraised value exceeds twenty-five thousand dollars,~~

1 the board shall hold a public hearing before the board takes  
2 final action on the property.

3 Proceeds from the sale or disposition of real property  
4 shall be placed in the physical plant and equipment levy fund.  
5 Proceeds from the sale or disposition of property other than  
6 real property shall be placed in the general fund. Proceeds  
7 from the lease of real or other property shall be placed in  
8 the general fund.

9 ~~Before the board of directors may sell, lease or dispose of~~  
10 ~~any property belonging to the school district it shall comply~~  
11 ~~with the requirements set forth in sections 297.15 to 297.20~~  
12 ~~and sections 297.23 and 297.24. Any real estate proposed to~~  
13 ~~be sold shall be appraised by three disinterested freeholders~~  
14 ~~residing in the school district and appointed by the chief~~  
15 ~~judge of the judicial district of the county in which said~~  
16 ~~real estate is located from the list of compensation~~  
17 ~~commissioners.~~

18 Before the board of directors may sell, lease for a period  
19 in excess of one year, or dispose of any real property  
20 belonging to the school, the board shall hold a public hearing  
21 on the proposal. The board shall set forth its proposal in a  
22 resolution and shall publish notice of the time and the place  
23 of the public hearing on the resolution. Notice of the time  
24 and place of the public hearing shall be published at least  
25 once not less than ten days but not more than twenty days  
26 prior to the date of the hearing in a newspaper of general  
27 circulation in the district. After the public hearing, the  
28 board may make a final determination on the proposal contained  
29 in the resolution.

30 2. The board of directors of a school district may sell,  
31 lease, exchange, give, or grant, and accept any interest in  
32 real property to, with, or from a county, municipal  
33 corporation, school district, township, or area education  
34 agency if the real property is within the jurisdiction of both  
35 the grantor and grantee. ~~In this case sections 297.15 to~~

1 297.20, sections 297.23 and 297.24, and appraisal requirements  
2 of this section do not apply to the transaction.

3 The board of directors of a school district may lease a  
4 portion of an existing school building in which the remaining  
5 portion of the building will be used for school purposes for a  
6 period of not to exceed five years. The lease may be renewed  
7 at the option of the board. Sections 297.15 to 297.20,  
8 sections 297.23 and 297.24, and the appraisal requirements The  
9 notice and public hearing requirements of subsection 1 of this  
10 section do not apply to the lease of a portion of an existing  
11 school building. A school district shall pay out of the  
12 revenue from a lease to the state of Iowa, and to the city,  
13 school district and any other political subdivision authorized  
14 to levy taxes, an amount as determined by this section. The  
15 amount shall be determined by applying the annual tax rate of  
16 the taxing district to the assessed value of the portion of  
17 the building leased, prorated for the term of the lease during  
18 the appropriate taxing period. The provisions of this section  
19 relating to the payment of property tax because of leases  
20 shall only apply to leases to private, for-profit entities  
21 which lease a portion of a school building for a period of  
22 thirty or more consecutive days.

23 2. 3. The provisions in subsection 1, relating to the  
24 sale, lease, or disposition of school district property do not  
25 apply to student-constructed buildings and the property on  
26 which student-constructed buildings are located. The board of  
27 directors of a school district may sell, lease, or dispose of  
28 a student-constructed building and the property on which the  
29 student-constructed building is located, and may purchase  
30 sites for the erection of additional structures, by any  
31 procedure which is adopted by the board.

32 Sec. 4. Section 297.25, Code 1997, is amended to read as  
33 follows:

34 297.25 RULE OF CONSTRUCTION.

35 Sections Section 297.22 to 297.24 shall be construed as

1 independent of the power vested in the electors by section  
2 278.1, and as additional thereto to such power.

3 Sec. 5. Section 331.361, subsection 7, Code 1997, is  
4 amended to read as follows:

5 7. The board shall not lease, purchase, or construct a  
6 facility or building before considering the leasing of a  
7 vacant facility or building which is located in the county and  
8 owned by a public school corporation. The board may lease a  
9 facility or building owned by the public school corporation  
10 with an option to purchase the facility or building in  
11 compliance with sections section 297.22 to-297:24. The lease  
12 shall provide that the public school corporation may terminate  
13 the lease if the corporation needs to use the facility or  
14 building for school purposes. The public school corporation  
15 shall notify the board at least thirty days before the  
16 termination of the lease.

17 Sec. 6. Section 364.21, Code 1997, is amended to read as  
18 follows:

19 364.21 USE OF VACANT SCHOOL PROPERTY.

20 A city shall not lease, purchase, or construct a building  
21 before considering the leasing of a vacant facility or  
22 building owned by a local public school corporation. The city  
23 may lease a facility or building owned by a local public  
24 school corporation with an option to purchase the facility or  
25 building in compliance with sections section 297.22 to-297:24.  
26 The lease shall provide that the public school corporation may  
27 terminate the lease if the corporation needs to use the  
28 facility or building for school purposes. The public school  
29 corporation shall notify the city at least thirty days before  
30 the termination of the lease.

31 Sec. 7. Sections 297.21, 297.23, and 297.24, Code 1997,  
32 are repealed.

33 Sec. 8. This Act, being deemed of immediate importance,  
34 takes effect upon enactment.

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EXPLANATION

1 This bill requires that if the board of directors of a  
2 school district or area education agency wishes to sell,  
3 lease, or otherwise dispose of property, the board must adopt  
4 a resolution and hold a public hearing on the resolution.

5 The bill removes the requirement that property to be sold,  
6 leased, or otherwise disposed of by a school district or area  
7 education agency be first offered, by reversion, to the former  
8 owner. The bill also removes the requirement that a school  
9 district or area education agency obtain an independent  
10 appraisal of property which the district or agency wishes to  
11 sell, lease, or otherwise dispose of and the requirement that  
12 the property be sold through a public bid process.

13 The bill takes effect upon enactment.

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