

FILED MAR 13 1997

SENATE FILE **452**
BY CONNOLLY

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

A BILL FOR

1 An Act relating to school infrastructure funding, providing an
2 income tax exemption for the interest earned on certain bonds,
3 and making an appropriation.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 452

1 Section 1. NEW SECTION. 257D.1 TITLE.

2 This chapter may be cited as the school infrastructure
3 incentive match Act.

4 Sec. 2. NEW SECTION. 257D.2 SCHOOL INFRASTRUCTURE
5 REVOLVING FUND.

6 1. A school infrastructure revolving fund is created
7 within the state treasury under the control of the department
8 of education. The fund shall consist of any money
9 appropriated by the general assembly and any other moneys
10 available to and obtained or accepted by the department from
11 the federal government or private sources for placement in the
12 fund. The assets of the fund shall be used by the department
13 for carrying out the purpose of section 257D.3.

14 2. Payments of interest on moneys in the fund, recaptures
15 of awards, or repayments of moneys loaned shall be deposited
16 in the fund. Section 8.33 does not apply to any moneys in the
17 fund.

18 3. The fund is subject to an annual audit by the auditor
19 of state. Moneys in the fund, which may be subject to
20 warrants written by the director of revenue and finance, shall
21 be drawn upon the written requisition of the director of the
22 department of education or an authorized representative of the
23 director.

24 Sec. 3. NEW SECTION. 257D.3 SCHOOL INFRASTRUCTURE
25 INCENTIVE MATCH PROGRAM.

26 1. The department of education shall establish a school
27 infrastructure incentive match program. The program shall
28 make matching no interest loans to eligible school districts
29 for infrastructure projects within the school district. The
30 director of the department shall recommend rules to the state
31 board of education regarding the administration of the
32 program. The board shall adopt rules which include at least
33 the following:

34 a. That the board of directors of a school district
35 certify that the district is seeking a bond issue to finance

1 infrastructure projects in the district and include a
2 description of the projects to be funded through the bond
3 issue.

4 b. That the school district apply for the grant not later
5 than thirty days prior to the final action by the district to
6 adopt the bond resolution and place the bond issue before the
7 voters of the district.

8 c. The content of the application.

9 d. Procedures for the review of each application. The
10 rules shall provide for the prioritization of awards for
11 matching loans with projects which will correct life safety
12 violations in school buildings receiving the highest priority,
13 followed by projects to correct other building code
14 deficiencies. The department may add other types of projects
15 to the list which shall be lower in priority.

16 2. The department shall review each application and
17 approve, modify, or reject the application and notify the
18 district. Matching loans are contingent on the approval of
19 the bond issue by the voters of the school district. Matching
20 loans which are not made due to the failure of the school
21 district to approve a bond issue shall remain in the revolving
22 fund and be available for award to another district.

23 3. A school district may repay a loan received under this
24 program by bonds issued to fund the infrastructure project for
25 which a matching loan was awarded as authorized by section
26 296.1.

27 Sec. 4. Section 422.7, Code 1997, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 35. Subtract, to the extent included,
30 interest earned on general obligation bonds or notes issued as
31 authorized in section 296.1 by a school district located in
32 the state for infrastructure projects.

33 Sec. 5. Section 422.35, Code 1997, is amended by adding
34 the following new subsection:

35 NEW SUBSECTION. 9. Subtract, to the extent included,

1 interest earned on general obligation bonds or notes issued as
2 authorized in section 296.1 by a school district located in
3 the state for infrastructure projects.

4 Sec. 6. APPROPRIATION. There is appropriated from the
5 general fund of the state to the department of education for
6 the fiscal year beginning July 1, 1997, and ending June 30,
7 1998, the following amount, or so much thereof as is
8 necessary, to be used for the purposes designated:

9 For the school infrastructure incentive match program
10 established in chapter 257D:

11 \$ 30,000,000

12 EXPLANATION

13 This bill provides for the creation of the school
14 infrastructure revolving fund under the control of the
15 department of education. The department shall receive a \$30
16 million general fund appropriation for the fiscal year which
17 begins July 1, 1997, to be deposited in the fund. Moneys
18 remaining in the fund at the end of a fiscal year do not
19 revert to the general fund. Interest earned on moneys in the
20 fund also remain in the fund. The fund is subject to an
21 annual audit by the auditor of state.

22 The bill provides that moneys in the fund are to be used
23 for the school infrastructure incentive match program. This
24 program provides matching no interest loans to school
25 districts which are planning infrastructure projects to be
26 funded through bonds.

27 Matching loans are to be awarded on a priority system with
28 life safety violations receiving the highest priority. Other,
29 nonlife safety building code violations shall receive second
30 priority. The department may add other types of projects to
31 its priority list below these two.

32 A school district is to apply to the department for a
33 matching loan. The district must certify that it is in the
34 process of approving a bond issue and detail the
35 infrastructure projects to be funded. The district shall

1 repay the loans out of the proceeds of the bond issue used to
2 fund the infrastructure project which receives the matching
3 loan.

4 The bill also provides that the interest on bonds issued
5 for infrastructure projects is not subject to personal or
6 corporate income tax.

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