

Senate Study Bill 1195

Bill Text

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1 1 Section 1. Section [257.1](#), subsection 2, unnumbered
1 2 paragraph 2, Code 1999, is amended to read as follows:
1 3 For the budget year commencing July 1,

~~1996~~

- ~~1999~~, and for

1 4 each succeeding budget year the regular program foundation
1 5 base per pupil is

~~eighty seven and five tenths~~

- ~~eighty-eight~~

1 6 percent of the regular program state cost per pupil

~~, except~~

-
1 7

~~that the regular program foundation base per pupil for the~~

-
1 8

~~portion of weighted enrollment that is additional enrollment~~

-
1 9

~~because of special education is seventy nine percent of the~~

-
1 10

~~regular program state cost per pupil~~

- For the budget year

1 11 commencing July 1,

~~1991~~

- ~~1999~~, and for each succeeding budget

1 12 year the special education support services foundation base is

1 13

~~seventy nine~~

- ~~eighty-eight~~ percent of the special education

1 14 support services state cost per pupil. The combined

1 15 foundation base is the sum of the regular program foundation

1 16 base and the special education support services foundation

1 17 base.

1 18 Sec. 2. Section [257.3](#), subsection 1, unnumbered paragraph

1 19 1, Code 1999, is amended to read as follows:

1 20 AMOUNT OF TAX.

~~Except as provided in subsections 2 and 3,~~

-
1 21

~~a~~

- A school district shall cause to be levied each year, for

1 22 the school general fund, a foundation property tax equal to

1 23 five dollars and

~~forty~~

- seventy cents per thousand dollars of
 - 1 24 assessed valuation on all taxable property in the district.
 - 1 25 The county auditor shall spread the foundation levy over all
 - 1 26 taxable property in the district.
 - 1 27 Sec. 3. Section [257.3](#), subsections 2 and 3, Code 1999, are
 - 1 28 amended by striking the subsections.
 - 1 29 Sec. 4. Section [257.3](#), subsection 4, Code 1999, is amended
 - 1 30 to read as follows:
 - 1 31 4. RAILWAY CORPORATIONS. For purposes of section 257.1,
 - 1 32 the "amount per pupil of foundation property tax" does not
 - 1 33 include the tax levied under subsection 1

~~, 2, or 3~~

- on the
 - 1 34 property of a railway corporation, or on its trustee if the
 - 1 35 corporation has been declared bankrupt or is in bankruptcy
 - 2 1 proceedings.
 - 2 2 Sec. 5. Section [257.8](#), Code 1999, is amended by adding the
 - 2 3 following new subsections:
 - 2 4 NEW SUBSECTION. 2A. Notwithstanding the calculation in
 - 2 5 subsection 2, the department of management shall calculate the
 - 2 6 regular program allowable growth for the budget year beginning
 - 2 7 July 1, 1999, for a school district which had funded a gifted
 - 2 8 and talented program pursuant to section [257.46](#), Code 1999,
 - 2 9 for the budget year beginning July 1, 1998, by multiplying the
 - 2 10 state percent of growth for the budget year by the regular
 - 2 11 program state cost per pupil for the base year, and add to the
 - 2 12 resulting product thirty-eight dollars.
 - 2 13 NEW SUBSECTION. 2B. a. A school district which had not
 - 2 14 funded a gifted and talented program pursuant to section
 - 2 15 [257.46](#), Code 1999, for the budget year beginning July 1, 1998,
 - 2 16 shall calculate the regular program allowable growth for the
 - 2 17 budget year beginning July 1, 1999, pursuant to subsection 2.
 - 2 18 b. The board of directors of a school district which had
 - 2 19 not funded a gifted and talented program pursuant to section
 - 2 20 [257.46](#), Code 1999, for the budget year beginning July 1, 1998,
 - 2 21 but seeks funding for such a program under subsection 2A for
 - 2 22 the budget year beginning July 1, 2000, may adopt a resolution
 - 2 23 requesting such funding and submit the resolution and a
 - 2 24 proposed gifted and talented program plan and budget to the
 - 2 25 department of education by October 1, 1999. The department
 - 2 26 shall review and retain the proposed program plan and budget
 - 2 27 and shall forward to the school budget review committee a
 - 2 28 recommendation for modifying the district's regular program
 - 2 29 cost per pupil.
 - 2 30 c. A school district determining allowable growth pursuant
 - 2 31 to section [257.8](#), subsection 2, may apply to the school budget
 - 2 32 review committee for modified allowable growth pursuant to
 - 2 33 section [257.31](#), subsection 5, for the school budget year
 - 2 34 beginning July 1, 1999, and succeeding budget years.
 - 2 35 NEW SUBSECTION. 2C. a. A school district which
 - 3 1 calculated allowable growth for the budget year beginning July
 - 3 2 1, 1999, pursuant to the provisions of subsection 2A, shall
 - 3 3 calculate allowable growth pursuant to the provisions of
 - 3 4 subsection 2 for the school budget year beginning July 1,
 - 3 5 2000, and succeeding budget years, utilizing a regular program
 - 3 6 state cost per pupil figure which incorporates the thirty-
 - 3 7 eight dollar increase in regular program allowable growth
 - 3 8 calculated for the budget year beginning July 1, 1999.
 - 3 9 b. A school district which calculated allowable growth for
 - 3 10 the budget year beginning July 1, 1999, pursuant to the
 - 3 11 provisions of subsection 2B, shall calculate allowable growth
 - 3 12 pursuant to the provisions of subsection 2 for the school
 - 3 13 budget year beginning July 1, 2000, and succeeding budget
 - 3 14 years, utilizing a regular program state cost per pupil figure

3 15 which does not incorporate the thirty-eight dollar increase in
3 16 regular program allowable growth calculated for the budget
3 17 year beginning July 1, 1999. However, if such school district
3 18 received additional funding for the gifted and talented
3 19 program for the budget year beginning July 1, 2000, under
3 20 subsection 2B, paragraph "b", the school district shall
3 21 calculate allowable growth for subsequent budget years in the
3 22 manner provided for school districts under paragraph "a" of
3 23 this subsection.

3 24 NEW SUBSECTION. 4. For budget years beginning in July 1,
3 25 2000, and subsequent budget years, references to the terms
3 26 "allowable growth", "regular program state cost per pupil",
3 27 and "regular program district cost per pupil" shall mean those
3 28 terms as calculated for those school districts that calculated
3 29 or did not calculate regular program allowable growth for the
3 30 school budget year beginning July 1, 1999, with the additional
3 31 thirty-eight dollars, as applicable.

3 32 Sec. 6. Section 257.10, subsection 5, Code 1999, is
3 33 amended to read as follows:

3 34 5. COMBINED DISTRICT COST PER PUPIL. The combined
3 35 district cost per pupil for a school district is the sum of
4 1 the regular program district cost per pupil and the special
4 2 education support services district cost per pupil. Combined
4 3 district cost per pupil does not include additional allowable
4 4 growth added for school districts that have a negative balance
4 5 of funds raised for special education instruction programs,
4 6 additional allowable growth granted by the school budget
4 7 review committee for a single school year, or additional
4 8 allowable growth added for programs for dropout prevention

~~and~~

4 9

~~for programs for gifted and talented children~~

4 10 Sec. 7. NEW SECTION. 257.14A ON-TIME FUNDING FOR SPECIAL
4 11 EDUCATION.

4 12 Commencing with the budget year beginning July 1, 1999, if
4 13 a school district's additional enrollment because of special
4 14 education determined by the district on December 1 in the
4 15 budget year is greater than its additional enrollment because
4 16 of special education determined by the district on December 1
4 17 in the base year, the school district is entitled to on-time
4 18 funding from the state in an amount equal to its district cost
4 19 per pupil for the budget year multiplied by the district's
4 20 increase in additional enrollment because of special
4 21 education. The additional funding shall be miscellaneous
4 22 income.

4 23 For the purpose of this section, a school district's
4 24 additional enrollment because of special education is
4 25 determined by multiplying the weighting for each category of
4 26 child under section 256B.9 times the number of children in
4 27 each category totaled for all categories minus the total
4 28 number of children in all categories.

4 29 If a district receives additional funding under this
4 30 section for a budget year, the department of management shall
4 31 determine the amount of the additional funding which would
4 32 have been generated by local property tax revenues in
4 33 proportion to the amount of funding actually received pursuant
4 34 to this section, if the additional enrollment because of
4 35 special education in the budget year had been used for that
5 1 budget year in determining combined district cost, shall
5 2 reduce, but not by more than the amount of the additional
5 3 funding, the district's total state school aids available
5 4 under this chapter for the next following budget year by the
5 5 amount so determined, and shall increase the district's

5 6 additional property tax levy for the next following budget
5 7 year by the amount necessary to compensate for the reduction
5 8 in state aid, so that the local property tax for the next
5 9 following year will be increased only by the amount which
5 10 would have been increased in the budget year if the additional
5 11 enrollment because of special education in the budget year
5 12 could have been used to establish the levy.

5 13 There is appropriated each year from the general fund of
5 14 the state the amount required to pay on-time funding
5 15 authorized under this section, which shall be paid to school
5 16 districts in the same manner as other state aids are paid
5 17 under section 257.16.

5 18 Sec. 8. Section [257.15](#), Code 1999, is amended by adding
5 19 the following new subsection:

5 20 NEW SUBSECTION. 2A. PROPERTY TAX ADJUSTMENT AID PHASEOUT.
5 21 Notwithstanding the computation of property tax adjustment aid
5 22 under subsection 2, for the following budget years the amount
5 23 of property tax adjustment aid under subsection 2 for a school
5 24 district shall not exceed the following percent of the school
5 25 district's property tax adjustment aid received in the budget
5 26 year beginning July 1, 1998:

5 27 a. For the budget year beginning July 1, 1999, sixty-six
5 28 and two-thirds percent.

5 29 b. For the budget year beginning July 1, 2000, thirty-
5 30 three and one-third percent.

5 31 c. For the budget year beginning July 1, 2001, zero
5 32 percent.

5 33 Sec. 9. Section [257.20](#), subsection 1, Code 1999, is
5 34 amended to read as follows:

5 35 1. In order to determine the amount of instructional
6 1 support state aid and the amount of local funding for the
6 2 instructional support program for a district, the department
6 3 of management shall divide the total assessed valuation in the
6 4 state by the total budget enrollment for the budget year in
6 5 the state to determine a state assessed valuation per pupil
6 6 and shall divide the assessed valuation in each district by
6 7 the district's budget enrollment for the budget year to
6 8 determine the district assessed valuation per pupil. The
6 9 department of management shall multiply the ratio of the
6 10 state's valuation per pupil to the district's valuation per
6 11 pupil by

~~twenty five~~

- ~~twenty~~ hundredths and subtract that

6 12 result from one to determine the portion of the instructional
6 13 support program budget that is local funding. The remaining
6 14 portion of the budget shall be funded by instructional support
6 15 state aid. However, for the budget year beginning July 1,
6 16 1992, only, the amount of state aid is three and one-quarter
6 17 percent less than the amount computed under this paragraph for
6 18 that budget year.

6 19 Sec. 10. Section [257.20](#), subsection 2, paragraphs a and b,
6 20 Code 1999, are amended by striking the paragraphs.

6 21 Sec. 11. NEW SECTION. 285.7 TRANSPORTATION ASSISTANCE
6 22 FUND.

6 23 1. There shall be established within the department of
6 24 education a transportation assistance fund, to provide
6 25 additional transportation funding assistance to school
6 26 districts incurring transportation costs which exceed the
6 27 statewide average transportation cost figure.

6 28 2. To be eligible for transportation assistance pursuant
6 29 to this section, a school district's average transportation
6 30 cost per pupil shall exceed one hundred fifty percent of the
6 31 state average transportation cost per pupil. A school
6 32 district shall annually determine and certify the district's
6 33 average transportation cost per pupil to the school budget
6 34 review committee as provided in section 257.31, subsection 17,

6 35 paragraphs "b" and "c". The school budget review committee
7 1 shall certify to the department of management a list of all
7 2 school districts exceeding the state average transportation
7 3 cost per pupil, as determined by the school budget review
7 4 committee pursuant to section 257.31, subsection 17, paragraph
7 5 "c", and the amount by which each school district exceeds the
7 6 state average transportation cost amount.

7 7 3. There is appropriated for the fiscal year beginning
7 8 July 1, 1999, and ending June 30, 2000, from the general fund
7 9 of the state to the department of education, two million five
7 10 hundred thousand dollars for distribution as additional
7 11 transportation funding pursuant to this section. There is
7 12 appropriated annually for the fiscal year beginning July 1,
7 13 2000, and succeeding fiscal years, from the general fund of
7 14 the state to the department of education, an amount not
7 15 exceeding four million dollars for distribution as additional
7 16 transportation funding assistance pursuant to this section.

7 17 Notwithstanding section 8.33, funds appropriated in this
7 18 subsection which remain unexpended or unobligated on June 30
7 19 of the fiscal year for which the funds were appropriated shall
7 20 not revert but shall remain available for expenditure for the
7 21 purposes of this section in subsequent fiscal years. The
7 22 amount appropriated for a fiscal year shall equal that amount
7 23 which, after taking into account funds transferred to the
7 24 school budget review committee in accordance with section
7 25 321.34, subsection 22, and any remaining balance of unexpended
7 26 funds appropriated under this subsection for the prior fiscal
7 27 year which did not revert, shall be sufficient to provide the
7 28 additional transportation funding pursuant to this section,
7 29 not to exceed the amount appropriated.

7 30 4. The department of management shall distribute
7 31 transportation assistance funding to eligible school districts
7 32 in an amount up to, but not exceeding, a maximum of fifty
7 33 cents of transportation assistance for each dollar by which a
7 34 school district's average transportation cost per pupil
7 35 exceeds the state average transportation cost per pupil
8 1 amount, as determined in subsection 2. If the amount
8 2 appropriated under this section is insufficient to pay the
8 3 amount of transportation assistance to which all eligible
8 4 school districts are otherwise entitled, the department shall
8 5 prorate the amount of transportation assistance funding
8 6 provided to each eligible school district. A school district
8 7 receiving transportation assistance funding pursuant to this
8 8 section may apply to the school budget review committee for
8 9 transportation assistance aid pursuant to section 257.31,
8 10 subsection 17. The school budget review committee shall take
8 11 into account amounts received pursuant to this section in
8 12 determining whether, or by what amount, to grant a request.

8 13 Sec. 12. Section [425A.3](#), subsection 1, Code 1999, is
8 14 amended to read as follows:

8 15 1. The family farm tax credit fund shall be apportioned
8 16 each year in the manner provided in this chapter so as to give
8 17 a credit against the tax on each eligible tract of
8 18 agricultural land within the several school districts of the
8 19 state in which the levy for the general school fund exceeds
8 20 five dollars and

~~forty~~

- ~~seventy~~ cents per thousand dollars of

8 21 assessed value. The amount of the credit on each eligible
8 22 tract of agricultural land shall be the amount the tax levied
8 23 for the general school fund exceeds the amount of tax which
8 24 would be levied on each eligible tract of agricultural land
8 25 were the levy for the general school fund five dollars and
8 26

~~forty~~

- ~~seventy~~ cents per thousand dollars of assessed value for
8 27 the previous year. However, in the case of a deficiency in
8 28 the family farm tax credit fund to pay the credits in full,
8 29 the credit on each eligible tract of agricultural land in the
8 30 state shall be proportionate and applied as provided in this
8 31 chapter.

8 32 Sec. 13. Section [425A.5](#), Code 1999, is amended to read as
8 33 follows:

8 34 425A.5 COMPUTATION BY COUNTY AUDITOR.

8 35 The family farm tax credit allowed each year shall be
9 1 computed as follows: On or before March 1, the county auditor
9 2 shall list by school districts all tracts of agricultural land
9 3 which are entitled to credit, the taxable value for the
9 4 previous year, the budget from each school district for the
9 5 previous year, and the tax rate determined for the general
9 6 fund of the school district in the manner prescribed in
9 7 section 444.3 for the previous year, and if the tax rate is in
9 8 excess of five dollars and

~~forty~~

- ~~seventy~~ cents per thousand
9 9 dollars of assessed value, the auditor shall multiply the tax
9 10 levy which is in excess of five dollars and

~~forty~~

- ~~seventy~~
9 11 cents per thousand dollars of assessed value by the total
9 12 taxable value of the agricultural land entitled to credit in
9 13 the school district, and on or before March 1, certify the
9 14 total amount of credit and the total number of acres entitled
9 15 to the credit to the department of revenue and finance.
9 16 Sec. 14. Section [426.3](#), Code 1999, is amended to read as
9 17 follows:
9 18 426.3 WHERE CREDIT GIVEN.
9 19 The agricultural land credit fund shall be apportioned each
9 20 year in the manner

~~hereinafter~~

- provided in this chapter so as
9 21 to give a credit against the tax on each tract of agricultural
9 22 lands within the several school districts of the state in
9 23 which the levy for the general school fund exceeds five
9 24 dollars and

~~forty~~

- ~~seventy~~ cents per thousand dollars of
9 25 assessed value

~~the~~

- The amount of

~~such~~

- credit on each tract
9 26 of such lands shall be the amount the tax levied for the
9 27 general school fund exceeds the amount of tax which would be
9 28 levied on

~~said~~

- the tract of such lands were the levy for the
9 29 general school fund five dollars and

~~forty~~

- ~~seventy~~ cents per
9 30 thousand dollars of assessed value for the previous year

~~7~~

-

~~except~~

~~However~~, in the case of a deficiency in the
9 32 agricultural land credits fund to pay said credits in full, in
9 33 which case the credit on each eligible tract of such lands in
9 34 the state shall be proportionate and shall be applied as
9 35

~~hereinafter~~

~~provided in this chapter.~~
10 1 Sec. 15. Section 426.6, unnumbered paragraph 1, Code 1999,
10 2 is amended to read as follows:
10 3 The agricultural land tax credit allowed each year shall be
10 4 computed as follows: On or before the first of June the
10 5 county auditor shall list by school districts all tracts of
10 6 agricultural lands which they are entitled to credit, together
10 7 with the taxable value for the previous year, together with
10 8 the budget from each school district for the previous year,
10 9 and the tax rate determined for the general fund of the
10 10 district in the manner prescribed in section 444.3 for the
10 11 previous year, and if

~~such~~

~~the~~ tax rate is in excess of five
10 12 dollars and

~~forty~~

~~seventy~~ cents per thousand dollars of
10 13 assessed value, the auditor shall multiply the tax levy which
10 14 is in excess of five dollars and

~~forty~~

~~seventy~~ cents per
10 15 thousand dollars of assessed value by the total taxable value
10 16 of the agricultural lands entitled to credit in the district,
10 17 and on or before the first of June certify the amount to the
10 18 department of revenue and finance.

10 19 Sec. 16. 1989 Iowa Acts, chapter 135, section 135, is
10 20 repealed effective July 1, 1999. Legislative review of the
10 21 provisions of chapter 257 shall occur every five years, with
10 22 the first such review to begin no later than July 1, 2004.

10 23 Sec. 17. Sections 257.42 through 257.49, Code 1999, are
10 24 repealed.

10 25 Sec. 18. EFFECTIVE DATE.

10 26 1. Sections 1 through 11 and 17 of this Act, being deemed
10 27 of immediate importance, take effect upon enactment for the
10 28 computation of state school aid for school budget years
10 29 beginning on or after July 1, 1999.

10 30 2. Sections 12 through 15 of this Act take effect January
10 31 1, 2000, for the computation of the family farm tax credit and
10 32 agricultural land tax credit for property taxes due and
10 33 payable in fiscal years beginning on or after July 1, 2000.

10 34 EXPLANATION

10 35 This bill provides certain changes relating to the state
11 1 school aid formula. The bill provides for an increase in the
11 2 regular program foundation base, and the special education
11 3 support services foundation base, from the current level of
11 4 87.5 percent of the regular program state cost per pupil, and
11 5 79 percent for the special education support services state
11 6 cost per pupil, respectively, to 88 percent. The bill also
11 7 provides for an increase in the foundation property tax from
11 8 the current level of \$5.40 per \$1,000 of assessed valuation on
11 9 all taxable property in a school district to \$5.70 per \$1,000
11 10 of assessed valuation on all taxable property in a school
11 11 district. The bill provides several conforming changes to
11 12 other Code provisions which reference the level of the

11 13 foundation property tax.

11 14 The bill also provides for an increase of \$38 in the level
11 15 of the regular program allowable growth for the budget year
11 16 beginning July 1, 1999, for those school districts that funded
11 17 the gifted and talented program in the budget year beginning
11 18 July 1, 1998, with additional property taxes. The bill
11 19 deletes the provision in Code section 257.10 which provides
11 20 that combined district cost per pupil does not include
11 21 additional allowable growth for gifted and talented children.
11 22 When combined with the additional funding added to the
11 23 allowable growth amount for the budget year beginning July 1,
11 24 1999, this has the effect of providing for the funding of
11 25 gifted and talented programs through the state foundation
11 26 program. The bill repeals Code sections 257.42 through
11 27 257.49, which had previously applied to gifted and talented
11 28 programs and their funding and which are no longer needed.

11 29 The bill additionally provides for on-time funding for
11 30 increased special education enrollment. The bill provides
11 31 that if a school district's additional enrollment because of
11 32 special education determined by the district on December 1 in
11 33 the budget year is greater than its additional enrollment
11 34 because of special education determined by the district on
11 35 December 1 in the base year, the school district is entitled
12 1 to on-time funding from the state in an amount equal to its
12 2 district cost per pupil for the budget year multiplied by the
12 3 district's increase additional enrollment because of special
12 4 education. The bill provides for an annual appropriation from
12 5 the general fund of the state in an amount sufficient to pay
12 6 the on-time funding amount.

12 7 The bill further provides for a gradual phase-out of the
12 8 property tax adjustment aid provision contained in Code
12 9 section 257.15. The bill provides that the adjustment aid
12 10 will be reduced in one-third increments over a three-year
12 11 period, until for the budget year beginning July 1, 2001, no
12 12 property tax adjustment aid pursuant to Code section 257.15
12 13 would be received.

12 14 The bill provides that the amount of instructional support
12 15 state aid provided to school districts will correspond to the
12 16 ratio of 20 percent state aid to 80 percent local funding, and
12 17 additionally deletes the existing funding "cap" limiting
12 18 instructional support state funding to the level for the
12 19 budget year commencing July 1, 1992.

12 20 The bill additionally provides that a transportation
12 21 assistance fund will be established within the department of
12 22 education, to provide additional transportation funding
12 23 assistance to school districts incurring transportation costs
12 24 which exceed the statewide average transportation cost figure.
12 25 To be eligible, a school district's average transportation
12 26 cost per pupil must exceed 150 percent of the state average
12 27 transportation cost per pupil, as determined in Code section
12 28 257.31, subsection 17, paragraphs "b" and "c". The school
12 29 budget review committee will certify to the department of
12 30 management a list of all school districts exceeding the state
12 31 average transportation cost per pupil, and the amount of the
12 32 excess. The bill provides for an appropriation, for the
12 33 fiscal year beginning July 1, 1999, and ending June 30, 2000,
12 34 of \$2.5 million to provide the additional transportation
12 35 assistance. The bill provides for an annual appropriation for
13 1 succeeding fiscal years from the general fund of the state to
13 2 the department of education of up to \$4 million annually. The
13 3 funds appropriated and not expended shall not revert. The
13 4 bill provides that the amount appropriated for a fiscal year
13 5 will equal that amount which, after taking into account funds
13 6 transferred to the school budget review committee in
13 7 accordance with Code section 321.34, subsection 22, and any
13 8 remaining balance of unexpended funds appropriated for the
13 9 prior fiscal year, will equal the amount sufficient to provide

13 10 the transportation assistance up to \$4 million. The
13 11 department of management will distribute the transportation
13 12 assistance funding to eligible school districts in an amount
13 13 equal to, but not exceeding, 50 cents of transportation
13 14 assistance for each \$1.00 by which a school district's average
13 15 transportation cost per pupil exceeds the state average
13 16 transportation cost per pupil amount, on a pro-rated basis if
13 17 necessary. The bill provides that a school district receiving
13 18 transportation assistance funding may apply to the school
13 19 budget review committee for transportation assistance aid
13 20 pursuant to Code section 257.31, subsection 17.

13 21 The bill also provides for the repeal of 1989 Iowa Acts,
13 22 chapter 135, section 135, effective July 1, 1999, which
13 23 established the "sunset" date of July 1, 2001, for Code
13 24 chapter 257 the school foundation aid program. The bill
13 25 provides that legislative review of the provisions of Code
13 26 chapter 257 will occur every five years.

13 27 Code sections of the bill take effect upon enactment for
13 28 the computation of state school aid for school budget years
13 29 beginning on or after July 1, 1999.

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