

HSB 157

Brunkhorst, Ch
Carroll
Mascher

EDUCATION
Succeeded By
SF/HF 728

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY
CHAIRPERSON GRUNDBERG)

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

A BILL FOR

1 An Act relating to certain school finance provisions and
2 providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 257.13, subsections 1 and 2, Code 2001,
2 are amended to read as follows:

3 1. For the school budget year beginning July 1, ~~2000~~ 2001,
4 and succeeding budget years, if a district's actual enrollment
5 for the budget year, determined under section 257.6, is
6 greater than its budget enrollment for the budget year, the
7 district shall be eligible to receive an on-time funding
8 budget adjustment. The adjustment shall be in an amount equal
9 to fifty percent of the difference between the actual
10 enrollment for the budget year and the budget enrollment for
11 the budget year, multiplied by the district cost per pupil.

12 2. The board of directors of a school district that wishes
13 to receive an on-time funding budget adjustment shall adopt a
14 resolution to receive the adjustment and notify the school
15 budget review committee by November 1, ~~2000~~ annually. The
16 school budget review committee shall establish a modified
17 allowable growth in an amount determined pursuant to
18 subsection 1.

19 Sec. 2. Section 257.14, subsection 1, Code 2001, is
20 amended to read as follows:

21 1. For the budget year commencing July 1, ~~2000~~ 2001, if
22 the department of management determines that the regular
23 program district cost of a school district for a budget year
24 is less than the total of the regular program district cost
25 plus any adjustment added under this section for the base year
26 for that school district, the school district shall be
27 eligible to receive a budget adjustment for that district for
28 that budget year up to an amount equal to the difference. The
29 board of directors of a school district that wishes to receive
30 a budget adjustment pursuant to this subsection shall
31 ~~notwithstanding the public notice and hearing provisions of~~
32 ~~chapter 24 or any other provision to the contrary,~~ within
33 ~~thirty days following April 6, 2000,~~ adopt a resolution to
34 receive the budget adjustment and ~~immediately~~ shall, by April
35 1, 2001, notify the department of management of the adoption

1 of the resolution and the amount of the budget adjustment to
2 be received.

3 Sec. 3. Section 257.14, subsection 2, Code 2001, is
4 amended by striking the subsection and inserting in lieu
5 thereof the following:

6 2. For the budget year commencing July 1, 2002, and
7 succeeding budget years, if the department of management
8 determines that the regular program district cost of a school
9 district for a budget year is less than one hundred one
10 percent of the regular program district cost for the base year
11 for that school district, a district shall be eligible for a
12 budget adjustment corresponding to the following schedule:

13 a. For the budget year commencing July 1, 2002, the
14 greater of the difference between the regular program district
15 cost for the budget year and one hundred one percent of the
16 regular program district cost for the base year, or eighty
17 percent of the difference between the amount calculated
18 pursuant to this paragraph "a" and the budget guarantee amount
19 for which the school district was eligible for the budget year
20 beginning July 1, 2001, pursuant to subsection 1.

21 b. For the budget year commencing July 1, 2003, the
22 greater of the difference between the regular program district
23 cost for the budget year and one hundred one percent of the
24 regular program district cost for the base year, or sixty
25 percent of the difference between the amount calculated
26 pursuant to this paragraph "b" and the budget guarantee amount
27 for which the school district was eligible for the budget year
28 beginning July 1, 2001, pursuant to subsection 1.

29 c. For the budget year commencing July 1, 2004, the
30 greater of the difference between the regular program district
31 cost for the budget year and one hundred one percent of the
32 regular program district cost for the base year, or forty
33 percent of the difference between the amount calculated
34 pursuant to this paragraph "c" and the budget guarantee amount
35 for which the school district was eligible for the budget year

1 beginning July 1, 2001, pursuant to subsection 1.

2 d. For the budget year commencing July 1, 2005, the
3 greater of the difference between the regular program district
4 cost for the budget year and one hundred one percent of the
5 regular program district cost for the base year, or twenty
6 percent of the difference between the amount calculated
7 pursuant to this paragraph "d" and the budget guarantee amount
8 for which the school district was eligible for the budget year
9 beginning July 1, 2001, pursuant to subsection 1.

10 e. For the budget year commencing July 1, 2006, and each
11 budget year thereafter, the difference between the regular
12 program district cost for the budget year and one hundred one
13 percent of the regular program district cost for the base
14 year.

15 For the purposes of this subsection, a school district
16 shall be eligible to apply the sixty, forty, and twenty
17 percent provisions in paragraphs "b", "c", and "d", only if
18 the school district received a budget adjustment for the
19 budget year beginning July 1, 2002, based on the eighty
20 percent provision in paragraph "a".

21 The board of directors of a school district that wishes to
22 receive a budget adjustment pursuant to this subsection shall
23 adopt a resolution to receive the budget adjustment and shall,
24 by April 1, annually, notify the department of management of
25 the adoption of the resolution and the amount of the budget
26 adjustment to be received.

27 Sec. 4. EFFECTIVE DATE. Section 2 of this Act, being
28 deemed of immediate importance, takes effect upon enactment.

29 EXPLANATION

30 This bill provides that for the school budget year
31 beginning July 1, 2001, and succeeding budget years, if a
32 school district's actual enrollment for the budget year is
33 greater than its budget enrollment for the budget year, the
34 school district is eligible to receive an on-time funding
35 budget adjustment in the form of a modified allowable growth

1 equal to 50 percent of the difference, multiplied by district
2 cost per pupil. This extends the current on-time funding
3 provision in Code section 257.13 for additional budget years.
4 The bill provides that in order to receive the on-time funding
5 budget adjustment, a school district board of directors must
6 adopt a resolution and notify the school budget review
7 committee by November 1, annually. Current law provides that
8 a school district which determines that a need exists for
9 additional on-time funding, beyond the on-time funding budget
10 adjustment for which the district is eligible, can submit a
11 request to the school budget review committee for additional
12 modified allowable growth pursuant to the provisions of Code
13 section 257.31.

14 The bill also provides for an extension of the 100 percent
15 budget guarantee provision currently in effect for an
16 additional school budget year. The bill provides that for the
17 school budget year beginning July 1, 2001, if the department
18 of management determines that the regular program district
19 cost of a school district for a budget year is less than its
20 regular program district cost with the budget guarantee
21 provision for the year preceding the budget year, the school
22 district is eligible to receive a budget adjustment up to an
23 amount equal to the difference. The bill provides that a
24 school district board of directors that wishes to receive this
25 budget adjustment shall adopt a resolution to receive the
26 adjustment and, by April 1, 2001, notify the department of
27 management of the adoption of the resolution and the amount of
28 the budget adjustment to be received.

29 The bill provides for changes with respect to the budget
30 guarantee provision for the school budget year beginning July
31 1, 2002, and succeeding budget years. The bill provides that
32 if the department of management determines that the regular
33 program district cost of a school district for a budget year
34 is less than its regular program district cost without the
35 budget guarantee provision for the year preceding the budget

1 year, the school district will be eligible to receive a budget
2 adjustment of up to 101 percent of the regular program
3 district cost for the year preceding the budget year. This
4 increases the budget guarantee amount from 100 percent to 101
5 percent, but removes the provision that a school district is
6 guaranteed an amount equivalent to its previous year's regular
7 program district cost with the budget guarantee received in
8 that year included. The bill provides, however, that for the
9 budget year beginning July 1, 2002, a school district shall be
10 eligible to receive up to the greater of either the 101
11 percent guarantee amount or 80 percent of the difference
12 between the 101 percent guarantee amount and the budget
13 guarantee amount for which the school district was eligible
14 for the budget year beginning July 1, 2001, when the budget
15 guarantee amount received in the prior year was included in
16 the guaranteed amount. The bill provides that this percentage
17 is reduced each succeeding budget year, until for the budget
18 year beginning July 1, 2006, a school district is eligible
19 solely for up to a 101 percent guarantee if the regular
20 program district cost for the budget year is less than the
21 regular program district cost for the preceding year without
22 the addition of the guaranteed amount for that year. The bill
23 provides that the option of utilizing the 60, 40, and 20
24 percent provisions is available only if a school district
25 utilized the 80 percent provision for the school budget year
26 beginning July 1, 2002. The bill provides that for the school
27 budget year beginning July 1, 2002, and succeeding budget
28 years, the board of directors of a school district that wishes
29 to receive a budget adjustment shall adopt a resolution and
30 notify the department of management of the adoption of the
31 resolution and the amount of the budget adjustment to be
32 received by April 1, annually.

33 The bill takes effect upon enactment.

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APR 19 2001
WAYS & MEANS CALENDAR

HOUSE FILE 728
BY COMMITTEE WAYS AND MEANS

(SUCCESSOR TO HF 576)
(SUCCESSOR TO HSB 157)

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

A BILL FOR

1 An Act relating to certain school finance provisions and
2 providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HF 728

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1 Section 1. Section 257.3, subsection 2, Code 2001, is
2 amended to read as follows:

3 2. TAX FOR REORGANIZED AND DISSOLVED DISTRICTS.

4 Notwithstanding subsection 1, a reorganized school district
5 shall cause a foundation property tax of four dollars and
6 forty cents per thousand dollars of assessed valuation to be
7 levied on all taxable property which, in the year preceding a
8 reorganization, was within a school district affected by the
9 reorganization as defined in section 275.1, or in the year
10 preceding a dissolution was a part of a school district that
11 dissolved if the dissolution proposal has been approved by the
12 director of the department of education pursuant to section
13 275.55. In the year preceding the reorganization or
14 dissolution, the school district affected by the
15 reorganization or the school district that dissolved must have
16 had a certified enrollment of fewer than six hundred in order
17 for the four-dollar-and-forty-cent levy to apply. In
18 succeeding school years, the foundation property tax levy on
19 that portion shall be increased ~~twenty-cents-per-year-until-it~~
20 ~~reaches-the-rate-of~~ to the rate of four dollars and ninety
21 cents per thousand dollars of assessed valuation the first
22 succeeding year, five dollars and fifteen cents per thousand
23 dollars of assessed valuation the second succeeding year, and
24 five dollars and forty cents per thousand dollars of assessed
25 valuation the third succeeding year and each year thereafter.

26 For purposes of this section, a reorganized school district
27 is one which ~~absorbed~~ absorbs at least thirty percent of the
28 enrollment of the school district affected by a reorganization
29 or dissolved during a dissolution and in which action to bring
30 about a reorganization or dissolution ~~was-initiated-by-a-vote~~
31 ~~of-the-board-of-directors-or-jointly-by-the-affected-boards-of~~
32 ~~directors-prior-to-November-30, 1997, and the reorganization~~
33 ~~or dissolution-takes~~ is initiated by a vote of the board of
34 directors or jointly by the affected boards of directors to
35 take effect on or after July 1, 1991 2002, and on or before

1 July 1, ~~1993~~ 2006. Each district which initiated, by a vote
2 of the board of directors or jointly by the affected boards,
3 action to bring about a reorganization or dissolution by
4 November 30, 1990 to take effect on or after July 1, 2002, and
5 on or before July 1, 2006, shall certify the date and the
6 nature of the action taken to the department of education by
7 September January 1, 1991 of the year in which the
8 reorganization or dissolution takes effect.

9 ~~A reorganized school district which meets the requirements~~
10 ~~of this section for reduced property tax rates, but failed to~~
11 ~~vote on reorganization or dissolution prior to November 30,~~
12 ~~1990, and failed to certify such action to the department of~~
13 ~~education by September 1, 1991, shall cause to be levied a~~
14 ~~foundation property tax of four dollars and sixty cents per~~
15 ~~thousand dollars of assessed valuation on all eligible taxable~~
16 ~~property pursuant to this section. In succeeding school~~
17 ~~years, the foundation property tax levy on that portion shall~~
18 ~~be increased twenty cents per year until it reaches the rate~~
19 ~~of five dollars and forty cents per thousand dollars of~~
20 ~~assessed valuation.~~

21 ~~The reduced property tax rates of reorganized school~~
22 ~~districts that met the requirements of section 442.2, Code~~
23 ~~1991, prior to July 1, 1991, shall continue to increase as~~
24 ~~provided in that section until they reach five dollars and~~
25 ~~forty cents.~~

26 Sec. 2. Section 257.3, subsection 3, Code 2001, is amended
27 by striking the subsection.

28 Sec. 3. Section 257.3, subsection 4, Code 2001, is amended
29 to read as follows:

30 4. RAILWAY CORPORATIONS. For purposes of section 257.1,
31 the "amount per pupil of foundation property tax" does not
32 include the tax levied under subsection 1-27 or 3 2 on the
33 property of a railway corporation, or on its trustee if the
34 corporation has been declared bankrupt or is in bankruptcy
35 proceedings.

1 Sec. 4. Section 257.11, subsection 2, paragraph c, Code
2 2001, is amended by striking the paragraph and inserting in
3 lieu thereof the following:

4 c. Pupils attending class for all or a substantial portion
5 of a school day pursuant to a whole grade sharing agreement
6 executed under sections 282.10 through 282.12 shall be
7 eligible for supplementary weighting pursuant to this
8 subsection as follows:

9 (1) A school district which was participating in a whole
10 grade sharing arrangement during the budget year beginning
11 July 1, 2001, and which adopts a resolution jointly with the
12 other affected boards to study the question of undergoing a
13 reorganization or dissolution to take effect on or before July
14 1, 2006, shall receive a weighting of one-tenth of the
15 percentage of the pupil's school day during which the pupil
16 attends classes in another district, attends classes taught by
17 a teacher who is jointly employed under section 280.15, or
18 attends classes taught by a teacher who is employed by another
19 school district. A district shall be eligible for
20 supplementary weighting pursuant to this subparagraph for a
21 maximum of two years. Receipt of supplementary weighting for
22 a second year shall be conditioned upon submission of
23 information resulting from the study to the school budget
24 review committee indicating progress toward the objective of
25 reorganization on or before July 1, 2006.

26 (2) A school district which was not participating in a
27 whole grade sharing arrangement during the budget year
28 beginning July 1, 2001, which executes a whole grade sharing
29 agreement pursuant to sections 282.10 through 282.12 for the
30 budget year beginning July 1, 2003, and which adopts a
31 resolution jointly with the other affected boards to study the
32 question of undergoing a reorganization or dissolution to take
33 effect on or before July 1, 2006, shall receive a weighting of
34 one-tenth of the percentage of the pupil's school day during
35 which the pupil attends classes in another district, attends

1 classes taught by a teacher who is jointly employed under
2 section 280.15, or attends classes taught by a teacher who is
3 employed by another school district. A district shall be
4 eligible for supplementary weighting pursuant to this
5 subparagraph for a maximum of three years. Receipt of
6 supplementary weighting for a second and third year shall be
7 conditioned upon submission of information resulting from the
8 study to the school budget review committee indicating
9 progress toward the objective of reorganization on or before
10 July 1, 2006.

11 Sec. 5. Section 257.11, Code 2001, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 4A. REGIONAL ACADEMIES.

14 a. For the school budget year beginning July 1, 2002, and
15 succeeding budget years, in order to provide additional funds
16 for school districts in which a regional academy is located, a
17 supplementary weighting plan for determining enrollment is
18 adopted.

19 b. A school district which establishes a regional academy
20 shall be eligible to assign its resident pupils attending
21 classes at the academy a weighting of one-tenth of the
22 percentage of the pupil's school day during which the pupil
23 attends classes at the regional academy. For the purposes of
24 this subsection, "regional academy" means an educational
25 institution established by a school district to which multiple
26 schools send pupils in grades seven through twelve. A
27 regional academy shall include in its curriculum advanced-
28 level courses and may include in its curriculum vocational-
29 technical programs. The maximum amount of additional
30 weighting for which a school district establishing a regional
31 academy shall be eligible is an amount corresponding to
32 fifteen additional pupils.

33 Sec. 6. NEW SECTION. 257.11A SUPPLEMENTARY WEIGHTING AND
34 SCHOOL REORGANIZATION.

35 1. In determining weighted enrollment under section 257.6,

1 if the board of directors of a school district has approved a
2 contract for sharing pursuant to section 257.11 and the school
3 district has approved an action to bring about a
4 reorganization to take effect on and after July 1, 2002, and
5 on or before July 1, 2006, the reorganized school district
6 shall include, for a period of three years following the
7 effective date of the reorganization, additional pupils added
8 by the application of the supplementary weighting plan, equal
9 to the pupils added by the application of the supplementary
10 weighting plan in the year preceding the reorganization. For
11 the purposes of this paragraph, the weighted enrollment for
12 the period of three years following the effective date of
13 reorganization shall include the supplementary weighting in
14 the base year used for determining the combined district cost
15 for the first year of the reorganization. However, the
16 weighting shall be reduced by the supplementary weighting
17 added for a pupil whose residency is not within the
18 reorganized district.

19 2. For purposes of this section, a reorganized district is
20 one in which the reorganization was approved in an election
21 pursuant to sections 275.18 and 275.20 and takes effect on or
22 after July 1, 2002, and on or before July 1, 2006. Each
23 district which initiates, by a vote of the board of directors
24 or jointly by the affected boards, action to bring about a
25 reorganization or dissolution to take effect on or after July
26 1, 2002, and on or before July 1, 2006, shall certify the date
27 and the nature of the action taken to the department of
28 education by January 1 of the year in which the reorganization
29 or dissolution takes effect.

30 3. Notwithstanding subsection 1, a school district which
31 was participating in a whole grade sharing arrangement during
32 the budget year beginning July 1, 2001, and which received a
33 maximum of two years of supplementary weighting pursuant to
34 section 257.11, subsection 2, paragraph "c", shall include
35 additional pupils added by the application of the

1 supplementary weighting plan, equal to the pupils added by the
2 application of the supplementary weighting plan in the year
3 preceding the reorganization, for a period of four years
4 following the effective date of the reorganization.

5 4. A school district shall be eligible for a combined
6 maximum total of six years of supplementary weighting under
7 the provisions of this section and section 257.11, subsection
8 2, paragraph "c".

9 Sec. 7. Section 257.13, subsections 1 and 2, Code 2001,
10 are amended to read as follows:

11 1. For the school budget year beginning July 1, ~~2000~~ 2001,
12 and succeeding budget years, if a district's actual enrollment
13 for the budget year, determined under section 257.6, is
14 greater than its budget enrollment for the budget year, the
15 district shall be eligible to receive an on-time funding
16 budget adjustment. The adjustment shall be in an amount equal
17 to ~~fifty-percent-of~~ the difference between the actual
18 enrollment for the budget year and the budget enrollment for
19 the budget year, multiplied by the district cost per pupil.

20 2. The board of directors of a school district that wishes
21 to receive an on-time funding budget adjustment shall adopt a
22 resolution to receive the adjustment and notify the school
23 budget review committee by November 1, ~~2000~~ annually. The
24 school budget review committee shall establish a modified
25 allowable growth in an amount determined pursuant to
26 subsection 1.

27 Sec. 8. Section 257.14, subsection 1, Code 2001, is
28 amended to read as follows:

29 1. For the budget year commencing July 1, ~~2000~~ 2001, if
30 the department of management determines that the regular
31 program district cost of a school district for a budget year
32 is less than the total of the regular program district cost
33 plus any adjustment added under this section for the base year
34 for that school district, the school district shall be
35 eligible to receive a budget adjustment for that district for

1 that budget year up to an amount equal to the difference. The
2 board of directors of a school district that wishes to receive
3 a budget adjustment pursuant to this subsection shall,
4 notwithstanding the public notice and hearing provisions of
5 chapter 24 or any other provision to the contrary, within
6 thirty days following ~~April-67-2000~~ the effective date of this
7 Act, adopt a resolution to receive the budget adjustment and
8 immediately notify the department of management of the
9 adoption of the resolution and the amount of the budget
10 adjustment to be received.

11 Sec. 9. Section 257.14, subsection 2, Code 2001, is
12 amended by striking the subsection and inserting in lieu
13 thereof the following:

14 2. For the budget year commencing July 1, 2002, and
15 succeeding budget years, if the department of management
16 determines that the regular program district cost of a school
17 district for a budget year is less than one hundred one
18 percent of the regular program district cost for the base year
19 for that school district, a district shall be eligible for a
20 budget adjustment corresponding to the following schedule:

21 a. For the budget year commencing July 1, 2002, the
22 greater of the difference between the regular program district
23 cost for the budget year and one hundred one percent of the
24 regular program district cost for the base year, or ninety
25 percent of the amount by which the budget guarantee as
26 calculated for the budget year beginning July 1, 2001, exceeds
27 the adjusted guarantee amount. For purposes of this
28 paragraph, the "adjusted guarantee amount" means the amount
29 which would be applicable for the budget year beginning July
30 1, 2002, if the budget guarantee were determined for that
31 budget year as calculated for the budget year beginning July
32 1, 2001.

33 b. For the budget year commencing July 1, 2003, the
34 greater of the difference between the regular program district
35 cost for the budget year and one hundred one percent of the

1 regular program district cost for the base year, or eighty
2 percent of the amount by which the budget guarantee as
3 calculated for the budget year beginning July 1, 2001, exceeds
4 the adjusted guarantee amount. For purposes of this
5 paragraph, the "adjusted guarantee amount" means the amount
6 which would be applicable for the budget year beginning July
7 1, 2003, if the budget guarantee were determined for that
8 budget year as calculated for the budget year beginning July
9 1, 2001.

10 c. For the budget year commencing July 1, 2004, the
11 greater of the difference between the regular program district
12 cost for the budget year and one hundred one percent of the
13 regular program district cost for the base year, or seventy
14 percent of the amount by which the budget guarantee as
15 calculated for the budget year beginning July 1, 2001, exceeds
16 the adjusted guarantee amount. For purposes of this
17 paragraph, the "adjusted guarantee amount" means the amount
18 which would be applicable for the budget year beginning July
19 1, 2004, if the budget guarantee were determined for that
20 budget year as calculated for the budget year beginning July
21 1, 2001.

22 d. For the budget year commencing July 1, 2005, the
23 greater of the difference between the regular program district
24 cost for the budget year and one hundred one percent of the
25 regular program district cost for the base year, or sixty
26 percent of the amount by which the budget guarantee as
27 calculated for the budget year beginning July 1, 2001, exceeds
28 the adjusted guarantee amount. For purposes of this
29 paragraph, the "adjusted guarantee amount" means the amount
30 which would be applicable for the budget year beginning July
31 1, 2005, if the budget guarantee were determined for that
32 budget year as calculated for the budget year beginning July
33 1, 2001.

34 e. For the budget year commencing July 1, 2006, and each
35 budget year thereafter, the difference between the regular

1 program district cost for the budget year and one hundred one
2 percent of the regular program district cost for the base
3 year.

4 For the purposes of this subsection, a school district
5 shall be eligible to apply the eighty, seventy, and sixty
6 percent provisions in paragraphs "b", "c", and "d", only if
7 the school district received a budget adjustment for the
8 budget year beginning July 1, 2002, based on the ninety
9 percent provision in paragraph "a".

10 The board of directors of a school district that wishes to
11 receive a budget adjustment pursuant to this subsection shall
12 adopt a resolution to receive the budget adjustment and shall,
13 by April 1, annually, notify the department of management of
14 the adoption of the resolution and the amount of the budget
15 adjustment to be received.

16 Sec. 10. EFFECTIVE DATE. Section 8 of this Act, being
17 deemed of immediate importance, takes effect upon enactment.

18 EXPLANATION

19 This bill modifies several school finance provisions.

20 FOUNDATION PROPERTY TAX LEVY FOR REORGANIZED AND DISSOLVED
21 DISTRICTS. The bill provides that, in a school district which
22 reorganizes or dissolves and which had a certified enrollment
23 of fewer than six hundred pupils in the year prior to the
24 reorganization or dissolution, the uniform levy established at
25 \$5.40 per thousand dollars of assessed valuation shall be
26 lowered to \$4.40 per thousand dollars of assessed valuation,
27 and raised over the next three succeeding years until the
28 \$5.40 level is reached. The bill provides that a reorganized
29 school district shall be one which absorbs at least 30 percent
30 of the enrollment of the school district affected by a
31 reorganization or dissolution and in which action to bring
32 about the reorganization or dissolution is initiated to take
33 effect on or after July 1, 2002, and on or before July 1,
34 2006.

35 WHOLE GRADE SHARING WEIGHTING. The bill provides that a

1 school district which was participating in a whole grade
2 sharing arrangement during the budget year beginning July 1,
3 2001, and which adopts a resolution jointly with the other
4 affected boards to study the question of undergoing a
5 reorganization or dissolution to take effect on or before July
6 1, 2006, shall receive a weighting of one-tenth for a maximum
7 of two years, conditioned upon submission of information
8 resulting from the study to the school budget review committee
9 indicating progress toward the objective of reorganization on
10 or before July 1, 2006. The bill provides that a school
11 district which was not participating in a whole grade sharing
12 arrangement during the budget year beginning July 1, 2001,
13 which executes a whole grade sharing agreement pursuant to
14 sections 282.10 through 282.12 for the budget year beginning
15 July 1, 2003, and which adopts a resolution jointly with the
16 other affected boards to study the question of undergoing a
17 reorganization or dissolution to take effect on or before July
18 1, 2006, shall receive a weighting of one-tenth for a maximum
19 of three years, conditioned upon submission of information
20 resulting from the study to the school budget review committee
21 indicating progress toward the objective of reorganization on
22 or before July 1, 2006.

23 REGIONAL ACADEMY WEIGHTING. The bill provides that for the
24 school budget year beginning July 1, 2002, and succeeding
25 budget years, in order to provide additional funds for school
26 districts in which a regional academy is located, a school
27 district which establishes a regional academy shall be
28 eligible to assign its resident pupils attending classes at
29 the academy a weighting of one-tenth of the percentage of the
30 pupil's school day during which the pupil attends classes at
31 the regional academy. The bill provides that a regional
32 academy means an educational institution established by a
33 school district to which multiple schools send pupils in
34 grades seven through 12, which includes in its curriculum
35 advanced-level courses and may include in its curriculum

1 vocational-technical programs. The bill provides that the
2 maximum amount of additional weighting for which a school
3 district establishing a regional academy shall be eligible is
4 an amount corresponding to fifteen additional pupils.

5 REORGANIZATION SUPPLEMENTARY WEIGHTING. The bill provides
6 that if the board of directors of a school district has
7 approved a contract for sharing pursuant to section 257.11 and
8 the school district has approved an action to bring about a
9 reorganization to take effect on and after July 1, 2002, and
10 on or before July 1, 2006, the reorganized school district
11 shall include, for a period of three years following the
12 effective date of the reorganization, additional pupils added
13 by the application of supplementary weighting, equal to the
14 pupils added by the application of supplementary weighting in
15 the year preceding the reorganization.

16 The bill also provides that a school district which was
17 participating in a whole grade sharing arrangement during the
18 budget year beginning July 1, 2001, and which receives a
19 maximum of two years of supplementary weighting, shall include
20 additional pupils added by the application of the
21 supplementary weighting plan, equal to the pupils added by the
22 application of the supplementary weighting plan in the year
23 preceding the reorganization, for a period of four years
24 following the effective date of the reorganization. The bill
25 provides that a school district shall be eligible for a
26 combined maximum total of six years of supplementary weighting
27 for whole grade sharing prior to reorganizing and following a
28 reorganization.

29 ON-TIME FUNDING BUDGET ADJUSTMENT. The bill provides that
30 for the school budget year beginning July 1, 2001, and
31 succeeding budget years, if a school district's actual
32 enrollment for the budget year is greater than its budget
33 enrollment for the budget year, the school district is
34 eligible to receive an on-time funding budget adjustment in
35 the form of a modified allowable growth equal to the

1 difference, multiplied by district cost per pupil. This
2 extends the current on-time funding provision in Code section
3 257.13 for additional budget years, and increases the amount
4 from 50 to 100 percent of the difference. The bill provides
5 that in order to receive the on-time funding budget
6 adjustment, a school district board of directors must adopt a
7 resolution and notify the school budget review committee by
8 November 1, annually. Current law provides that a school
9 district which determines that a need exists for additional
10 on-time funding, beyond the on-time funding budget adjustment
11 for which the district is eligible, can submit a request to
12 the school budget review committee for additional modified
13 allowable growth pursuant to the provisions of Code section
14 257.31.

15 100 PERCENT BUDGET GUARANTEE. The bill also provides for
16 an extension of the 100 percent budget guarantee provision
17 currently in effect for an additional school budget year. The
18 bill provides that for the school budget year beginning July
19 1, 2001, if the department of management determines that the
20 regular program district cost of a school district for a
21 budget year is less than its regular program district cost
22 with the budget guarantee provision for the year preceding the
23 budget year, the school district is eligible to receive a
24 budget adjustment up to an amount equal to the difference.
25 The bill provides that a school district board of directors
26 that wishes to receive this budget adjustment shall adopt a
27 resolution to receive the adjustment and, within 30 days of
28 the bill's enactment, notify the department of management of
29 the adoption of the resolution and the amount of the budget
30 adjustment to be received. This portion of the bill takes
31 effect upon enactment.

32 101 PERCENT BUDGET GUARANTEE. The bill provides for
33 changes with respect to the budget guarantee provision for the
34 school budget year beginning July 1, 2002, and succeeding
35 budget years. The bill provides that if the department of

1 management determines that the regular program district cost
2 of a school district for a budget year is less than its
3 regular program district cost without the budget guarantee
4 provision for the year preceding the budget year, the school
5 district will be eligible to receive a budget adjustment of up
6 to 101 percent of the regular program district cost for the
7 year preceding the budget year. This increases the budget
8 guarantee amount from 100 percent to 101 percent, but removes
9 the provision that a school district is guaranteed an amount
10 equivalent to its previous year's regular program district
11 cost with the budget guarantee received in that year included.
12 The bill provides, however, that for the budget year beginning
13 July 1, 2002, a school district shall be eligible to receive
14 the greater of the difference between the regular program
15 district cost for the budget year and 101 percent of the
16 regular program district cost for the base year, or 90 percent
17 of the amount by which the budget guarantee as calculated for
18 the budget year beginning July 1, 2001, exceeds the adjusted
19 guarantee amount. The bill defines the adjusted guarantee
20 amount as the amount which would be applicable for the budget
21 year if the budget guarantee were determined as calculated for
22 the budget year beginning July 1, 2001. The bill provides
23 that this percentage is reduced each succeeding budget year,
24 until for the budget year beginning July 1, 2006, a school
25 district is eligible solely for up to a 101 percent guarantee
26 if the regular program district cost for the budget year is
27 less than the regular program district cost for the preceding
28 year without the addition of the guaranteed amount for that
29 year. The bill provides that the option of utilizing the 80,
30 70, and 60 percent provisions is available only if a school
31 district utilized the 90 percent provision for the school
32 budget year beginning July 1, 2002. The bill provides that
33 for the school budget year beginning July 1, 2002, and
34 succeeding budget years, the board of directors of a school
35 district that wishes to receive a budget adjustment shall

1 adopt a resolution and notify the department of management of
2 the adoption of the resolution and the amount of the budget
3 adjustment to be received by April 1, annually.

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HOUSE FILE 728

H-1645

1 Amend House File 728 as follows:

2 1. Page 9, by inserting after line 15, the
3 following:

4 "Sec. ____ . NEW SECTION. 285.17 TRANSPORTATION
5 FUNDING.

6 Transportation services provided by a school
7 district, other than for reimbursement of nonpublic
8 school pupil transportation pursuant to section 285.2,
9 shall be funded pursuant to the district
10 transportation levy established in section 298.4A. A
11 school district with an average transportation cost
12 exceeding the state average transportation cost by one
13 hundred fifty percent shall be eligible for
14 transportation assistance aid pursuant to section
15 257.31, subsection 17.

16 Sec. ____ . NEW SECTION. 298.4A DISTRICT
17 TRANSPORTATION LEVY.

18 1. The board of directors of an eligible school
19 district may certify for levy by April 15 of a school
20 year, a tax on all taxable property in the school
21 district for a district transportation levy. A school
22 district shall be eligible to levy for transportation
23 costs if the district's average transportation cost
24 exceeds one hundred seventy dollars per pupil. The
25 revenues from the tax levied in this section shall be
26 placed in the district transportation levy fund of the
27 school district. District transportation levy
28 revenues shall be expended for transportation costs
29 incurred pursuant to chapter 285 including, but not
30 limited to, costs for the following:

- 31 a. Transporting students.
32 b. Purchasing of transportation equipment.
33 c. Purchasing transportation services.
34 d. Leasing transportation equipment and lease-
35 purchasing transportation equipment.

36 2. The amount certified for levy shall not include
37 claims for reimbursement of nonpublic school pupil
38 transportation for which funds are appropriated to the
39 department of education pursuant to section 285.2.

40 Sec. ____ . NEW SECTION. 298A.3A DISTRICT
41 TRANSPORTATION LEVY FUND.

42 The district transportation levy fund is a special
43 revenue fund. A district transportation levy fund
44 must be established in any school corporation which
45 levies the tax authorized under section 298.4A."

46 2. By renumbering as necessary.

By HEATON of Henry

H-1645 FILED APRIL 23, 2001

Barry, Chair
Jacobs
Falck

HSB 198
APPROPRIATIONS

~~Submitted By~~

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON MILLAGE)

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

A BILL FOR

1 An Act repealing the linked investments for tomorrow Act.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Sections 12.31 through 12.43B, Code 2001, are
2 repealed.

3 Sec. 2. Section 15.204, Code 2001, is repealed.

4 Sec. 3. CONTINUATION OF CURRENT AGREEMENTS. This Act
5 shall not affect the terms or conditions of an investment
6 agreement executed by the treasurer of state with an eligible
7 lending institution that is in effect before the effective
8 date of this Act. This Act shall not affect the terms or
9 conditions of a loan agreement executed by an eligible lending
10 institution with an eligible borrower that is in effect before
11 the effective date of this Act.

12 EXPLANATION

13 This bill repeals the linked investments for tomorrow Act
14 in Code chapter 12, which allows the treasurer of state to
15 invest moneys of the state pooled money fund in certificates
16 of deposit in eligible lending institutions. The state
17 receives a lower interest rate as part of an investment
18 agreement in which the lending institution loans moneys to
19 eligible persons, under programs specified in the chapter, at
20 a reduced rate of interest.

21 The bill provides that the bill would not affect the terms
22 or conditions of an investment agreement executed by the
23 treasurer of state with an eligible lending institution that
24 is in effect before the effective date of the bill. The bill
25 provides that the bill would not affect the terms or
26 conditions of a loan agreement executed by an eligible lending
27 institution with an eligible borrower that is in effect before
28 the effective date of the bill.

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H. 4/9/02 Amend/Do Pass
H. 8566

APR 19 2001
APPROPRIATIONS CALENDAR

HOUSE FILE 729
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 198)

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

A BILL FOR.

1 An Act relating to the linked investments for tomorrow Act and
2 providing effective dates.

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

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HF 729

1 Section 1. Section 12.34, subsection 1, Code 2001, is
2 amended to read as follows:

3 1. The treasurer of state may invest up to the lesser of
4 ~~one-hundred-eight~~ sixty million dollars or ten percent of the
5 balance of the state pooled money fund in certificates of
6 deposit in eligible lending institutions as provided in this
7 division. The moneys invested pursuant to this section shall
8 be used as follows:

9 a. The treasurer of state may invest up to ~~sixty-eight~~
10 twenty million dollars to support programs provided in this
11 division other than the traditional livestock producers linked
12 investment loan program as provided in section 12.43A and the
13 value-added agricultural linked investment loan program as
14 provided in section 12.43B.

15 b. The treasurer of state shall invest the remaining
16 amount as follows:

17 (1) At least twenty million dollars shall be invested in
18 order to support the traditional livestock producers linked
19 investment loan program as provided in section 12.43A.

20 (2) At least twenty million dollars shall be invested in
21 order to support the value-added agricultural linked
22 investment loan program as provided in section 12.43B.

23 Sec. 2. NEW AGREEMENTS RESTRICTED. Beginning on the
24 effective date of this Act, the treasurer of state shall not
25 execute a new investment agreement with an eligible lending
26 institution and an eligible lending institution shall not
27 execute a new loan agreement with an eligible borrower until
28 the first July 1 of any year following a determination by the
29 treasurer of state that the balance of outstanding loans under
30 all of the linked investment loan programs is less than sixty
31 million dollars.

32 Sec. 3. REPORT TO GENERAL ASSEMBLY. Within sixty days
33 after receiving notice from the treasurer of state of a
34 determination by the treasurer of state that the balance of
35 outstanding loans under all of the linked investment loan

1 programs is less than seventy million dollars, the department
2 of economic development shall submit a report to the general
3 assembly recommending three new linked investment loan
4 programs which would complement the promotion of targeted
5 industries listed in section 15.329, subsection 2. The report
6 shall also include a recommendation of three current linked
7 investment loan programs that should be discontinued.

8 Sec. 4. NEW PROGRAMS. It is the intent of the general
9 assembly that any new linked investment loan program should be
10 enacted with a repeal date of three years following the
11 effective date of the program.

12 Sec. 5. CONTINUATION OF CURRENT AGREEMENTS. This Act
13 shall not affect the terms or conditions of an investment
14 agreement executed by the treasurer of state with an eligible
15 lending institution that is in effect before the effective
16 date of this Act. This Act shall not affect the terms or
17 conditions of a loan agreement executed by an eligible lending
18 institution with an eligible borrower that is in effect before
19 the effective date of this Act.

20 Sec. 6. EFFECTIVE DATES.

21 1. With the exception of section 1 of this Act, this Act,
22 being deemed of immediate importance, takes effect upon
23 enactment.

24 2. Section 1 of this Act takes effect upon the first July
25 1 of any year following a determination by the treasurer of
26 state that the balance of outstanding loans under all of the
27 linked investment loan programs is less than sixty million
28 dollars. The treasurer of state shall provide notice to the
29 Iowa Code editor of such a determination.

30 EXPLANATION

31 This bill amends the linked investments for tomorrow Act in
32 Code chapter 12, which allows the treasurer of state to invest
33 moneys of the state pooled money fund in certificates of
34 deposit in eligible lending institutions. The state receives
35 a lower interest rate as part of an investment agreement in

1 which the lending institution loans moneys to eligible
2 persons, under programs specified in the chapter, at a reduced
3 rate of interest.

4 The bill provides that the treasurer of state shall not
5 execute a new investment agreement and eligible lending
6 institutions shall not execute a new loan agreement until the
7 first July 1 of any year following a determination by the
8 treasurer of state that the balance of outstanding loans under
9 all of the linked investment loan programs is less than \$60
10 million. This provision takes effect upon enactment.

11 The bill provides that 60 days after receiving notice from
12 the treasurer of state of a determination by the treasurer
13 that the balance of outstanding loans under all of the linked
14 investment loan programs is less than \$70 million, the
15 department of economic development shall submit a report to
16 the general assembly recommending three new linked investment
17 loan programs which would complement the promotion of targeted
18 industries and recommending three current linked investment
19 loan programs that should be discontinued. This provision
20 takes effect upon enactment.

21 The bill provides that it is the intent of the general
22 assembly that any new linked investment loan program should be
23 enacted with a repeal date of three years following the
24 effective date of the program. This provision takes effect
25 upon enactment.

26 The bill provides that, on the first July 1 of any year
27 following a determination by the treasurer of state that the
28 balance of outstanding loans under all of the linked
29 investment loan programs is less than \$60 million, the maximum
30 amount of state pooled money which may be invested by the
31 treasurer shall be reduced from \$108 million to \$60 million
32 and the amount that the treasurer may invest to support
33 programs other than the traditional livestock producers linked
34 investment loan program and the value-added agricultural
35 linked investment loan program shall be reduced from \$68

1 million to \$20 million.

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HOUSE FILE 729

H-1762

1 Amend House File 729 as follows:

2 1. Page 2, by striking lines 3 through 11 and
3 inserting the following: "assembly evaluating the
4 current linked investment loan programs regarding the
5 necessity of continuing the programs and recommending
6 new linked investment loan programs which would
7 complement the promotion of targeted industries listed
8 in section 15.329, subsection 2.

9 Sec. ____ . PROGRAM REVIEW. It is the intent of the
10 general assembly that all linked investment loan
11 programs shall be reviewed on a continual basis to
12 determine the necessity for or need for updating the
13 programs."

14 2. By renumbering as necessary.

By METCALF of Polk

H-1762 FILED APRIL 30, 2001

H-8566

- 1 Amend House File 729 as follows:
2 1. Page 1, by striking lines 1 through 22.
3 2. By striking page 1, line 27, through page 2,
4 line 7, and inserting the following: "execute a new
5 loan agreement with an eligible borrower."
6 3. Page 2, line 8, by striking the words "NEW
7 PROGRAMS" and inserting the following: "LEGISLATIVE
8 INTENT".
9 4. Page 2, line 9, by striking the words "any
10 new" and inserting the following: "the current".
11 5. Page 2, by striking lines 10 and 11 and
12 inserting the following: "repealed."
13 6. Page 2, by striking lines 20 through 29 and
14 inserting the following:
15 "Sec. _____. REPORT TO GENERAL ASSEMBLY. Within
16 sixty days after receiving notice from the treasurer
17 of state of a determination by the treasurer of state
18 that the balance of outstanding loans under all of the
19 linked investment loan programs is less than seventy
20 million dollars, the department of economic
21 development shall submit a report to the general
22 assembly evaluating the current linked investment loan
23 programs.
24 Sec. _____. EFFECTIVE DATE. This Act, being deemed
25 of immediate importance, takes effect upon enactment."
26 7. By renumbering as necessary.

By COMMITTEE ON APPROPRIATIONS
MILLAGE of Scott, Chairperson

H-8566 FILED APRIL 9, 2002

HOUSE FILE 729
FISCAL NOTE

A fiscal note for **House File 729** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 729 provides for the following changes to the Linked Investments for Tomorrow Program: decreases the total maximum loan amount available from \$108.0 million to \$68.0 million; decreases the amount available for investment for Horticulture and Alternative Crops, Targeted Small Business, Rural Small Business, and Focused Small Business from \$68.0 million to \$20.0 million; provides for \$20.0 million to be available for investment for the Traditional Livestock Program and \$20.0 million to be available for the Value-Added Agriculture Program; instructs the Office of the Treasurer of State to suspend entering new loan agreements until the total loan amount is under \$60.0 million dollars; and requires the Department of Economic Development to report to the General Assembly recommending three investment loan programs which would compliment the promotion of industries in the State.

ASSUMPTIONS

1. Average Linked Investments for Tomorrow (LIFT) CD interest rate is approximately 6%, and the average General Fund subsidy is approximately 3%.
2. Total maximum loan amount for all LIFT programs will decrease from \$108.0 million to \$68.0 million.
3. The current amount loaned for LIFT programs, excluding Value-Added Agriculture and Traditional Livestock, is \$60.0 million.
4. The total loan amount for LIFT programs, except Value-Added Agriculture and Traditional Livestock, will come down from the \$20.0 million limit in FY 2006.
5. Value-Added Agriculture and Traditional Livestock programs have not currently reached the \$20.0 million limit.
6. The cost to the Department of Economic Development to develop and issue a report recommending three investment loan programs which would compliment the promotion of industries in the State cannot be determined due to insufficient information.

FISCAL IMPACT

House File 729 will result in increased interest income to the General Fund of approximately \$112,000 in FY 2002, \$236,000 in FY 2003, and \$452,000 in FY 2004.

PAGE 2 , FISCAL NOTE, HOUSE FILE 729

-2-

SOURCES

Office of the Treasurer of State
Department of Economic Development
Department of Management

(LSB 3165hv, CRS)

FILED APRIL 25, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR