

MAR 11 2003  
EDUCATION

HOUSE FILE 499  
BY DOLECHECK and MYERS

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

**A BILL FOR**

1 An Act providing an additional property tax levy for community  
2 colleges, and providing an effective date.

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

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HF 499

1 Section 1. NEW SECTION. 260C.26 ADDITIONAL INSTRUCTIONAL  
2 SUPPORT LEVY.

3 1. In addition to the tax authorized under sections  
4 260C.17, 260C.22, and 260C.28, and notwithstanding section  
5 260C.17, unnumbered paragraph 2, the voters in any merged area  
6 may at the annual school election vote a tax not exceeding ten  
7 cents per thousand dollars of assessed value in any one year  
8 for a period not to exceed ten years for additional  
9 instructional support. The tax shall be collected by the  
10 county treasurers and remitted to the department of revenue  
11 and finance, to be deposited in a separate fund established  
12 within the state treasury to be known as the additional  
13 instructional support fund. The tax shall be distributed to  
14 the merged areas as provided in subsection 3.

15 2. In order to make immediately available to the merged  
16 area the proceeds of the voted tax authorized to be levied in  
17 subsection 1, the board of directors of any such merged area  
18 is authorized, without the necessity for any further election,  
19 to borrow money and enter into loan agreements in anticipation  
20 of the collection of the tax, in the same manner and subject  
21 to the same conditions as provided for the facilities levy  
22 imposed pursuant to section 260C.22, subsection 1, paragraphs  
23 "b" through "e".

24 3. In order to assure an equitable distribution of  
25 additional support levy revenue between merged areas that have  
26 imposed the tax, the tax collected and deposited into the  
27 additional instructional support fund pursuant to subsection 1  
28 shall be allocated to each merged area imposing the levy in  
29 the following manner and sequence:

30 a. BASE FUNDING. The amount of additional instructional  
31 support levy revenue each community college received as an  
32 allocation from the additional instructional support levy fund  
33 in the base year.

34 b. INFLATION RATE. After the base funding has been  
35 determined, a two percent inflation increase shall be

1 multiplied by each college's additional instructional support  
2 levy revenue allocation from the base year.

3 c. If the increase in the amount of additional  
4 instructional support levy revenue exceeds two percent, an  
5 amount up to one percent shall be distributed based upon each  
6 college's most recently determined proportional share of full-  
7 time equivalent enrollment.

8 d. ADDITIONAL INFLATION RATE. If the inflation rate  
9 exceeds two percent and the increase in levy revenue permits,  
10 each community college's allocation shall be increased until  
11 the inflation rate is satisfied.

12 e. ADDITIONAL PROPORTIONAL SHARE OF TOTAL FULL-TIME  
13 EQUIVALENT ENROLLMENT. If the increase in the amount of  
14 additional instructional support levy revenue exceeds the  
15 funds needed to meet the allocation requirements in paragraphs  
16 "a" through "d" above, the remaining amount shall be  
17 distributed based on each college's most recent proportional  
18 share of full-time equivalent enrollment.

19 f. If the increase in the amount of additional  
20 instructional support levy revenue is equal to or less than  
21 two percent, the increase shall be distributed as inflation.

22 For the purposes of this section, one full-time equivalent  
23 enrollment equals twenty-four credit hours for credit courses,  
24 or six hundred contact hours for noncredit courses, generated  
25 by all eligible community college students enrolled in  
26 eligible courses. The department of revenue and finance, in  
27 consultation with the department of education, shall establish  
28 by rule a method or formula for determining the amount of base  
29 funding in the first year of imposition of the levy.

30 Sec. 2. EFFECTIVE DATE. This Act, being deemed of  
31 immediate importance, takes effect upon enactment.

32 EXPLANATION

33 This bill provides for the imposition of an additional  
34 property tax levy for community colleges.

35 The bill provides that the voters in any merged area may at

1 the annual school election vote a tax not exceeding 10 cents  
2 per \$1,000 of assessed value in any one year for a period not  
3 to exceed 10 years for additional instructional support. The  
4 bill provides that the tax shall be collected by the county  
5 treasurers and remitted to the department of revenue and  
6 finance, to be deposited in a separate fund established within  
7 the state treasury to be known as the additional instructional  
8 support fund.

9 The bill provides that provisions contained in Code section  
10 260C.22, relating to making proceeds immediately available to  
11 the merged area via entering into loan agreements in  
12 anticipation of the collection of such tax, shall be  
13 applicable to the new tax for additional instructional  
14 support.

15 The bill provides that to assure an equitable distribution  
16 of revenue, the tax revenue shall be subject to reallocation  
17 by the department of revenue and finance. The bill provides  
18 that the tax shall be distributed to each merged area based  
19 upon an allocation formula which provides for base funding in  
20 an amount of additional instructional support levy revenue  
21 which each community college received as an allocation from  
22 the additional instructional support levy fund in the base  
23 year, followed by a 2 percent inflation increase multiplied by  
24 each college's additional instructional support levy revenue  
25 allocation from the base year. The bill provides that if the  
26 increase in the amount of additional instructional support  
27 levy revenue exceeds 2 percent, an amount up to 1 percent  
28 shall be distributed based upon each college's most recently  
29 determined proportional share of full-time equivalent  
30 enrollment. The bill provides that if the inflation rate  
31 exceeds 2 percent and the increase in revenue permits, each  
32 community college's allocation shall be increased until the  
33 inflation rate is satisfied. The bill provides that if the  
34 increase in the amount of additional instructional support  
35 levy revenue exceeds the funds needed to meet these allocation

1 requirements, the remaining amount shall be distributed based  
2 on each college's most recent proportional share of full-time  
3 equivalent enrollment, and that if the increase in the amount  
4 of additional instructional support levy revenue is equal to  
5 or less than 2 percent, the increase shall be distributed as  
6 inflation. The bill provides a definition of full-time  
7 equivalent enrollment, and provides that for purposes of  
8 determining the amount of base funding in the first year of  
9 imposition of the levy, the department of revenue and finance,  
10 in consultation with the department of education, shall by  
11 rule determine a formula or procedure for establishing the  
12 base funding amount.

13 The bill takes effect upon enactment.

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