

MAR 3 2006
WAYS AND MEANS

HOUSE FILE 2617
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 726)

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

A BILL FOR

1 An Act providing for the extension of a reduction in the
2 foundation property tax levy for reorganized or dissolved
3 districts, and the extension of the period during which
4 supplementary weighting may be received as a reorganization
5 incentive by school districts, and providing an effective
6 date.

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

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HF 2617

1 Section 1. Section 257.3, subsection 2, paragraph d, Code
2 2005, is amended to read as follows:

3 d. For purposes of this section, a reorganized school
4 district is one which absorbs at least thirty percent of the
5 enrollment of the school district affected by a reorganization
6 or dissolved during a dissolution and in which action to bring
7 about a reorganization or dissolution is initiated by a vote
8 of the board of directors or jointly by the affected boards of
9 directors to take effect on or after July 1, ~~2002~~ 2006, and on
10 or before July 1, ~~2006~~ 2009. Each district which initiated,
11 by a vote of the board of directors or jointly by the affected
12 boards, action to bring about a reorganization or dissolution
13 to take effect on or after July 1, ~~2002~~ 2006, and on or before
14 July 1, ~~2006~~ 2009, shall certify the date and the nature of
15 the action taken to the department of education by January 1
16 of the year in which the reorganization or dissolution takes
17 effect.

18 Sec. 2. Section 257.11, subsection 2, paragraph c, Code
19 Supplement 2005, is amended by striking the paragraph and
20 inserting in lieu thereof the following:

21 c. Pupils attending class for all or a substantial portion
22 of a school day pursuant to a whole grade sharing agreement
23 executed under sections 282.10 through 282.12 shall be
24 eligible for supplementary weighting pursuant to this
25 subsection. A school district which executes a whole grade
26 sharing agreement and which adopts a resolution jointly with
27 the other affected boards to study the question of undergoing
28 a reorganization or dissolution to take effect on or before
29 July 1, 2009, shall receive a weighting of one-tenth of the
30 percentage of the pupil's school day during which the pupil
31 attends classes in another district, attends classes taught by
32 a teacher who is jointly employed under section 280.15, or
33 attends classes taught by a teacher who is employed by another
34 school district. A district shall be eligible for
35 supplementary weighting pursuant to this paragraph for a

1 maximum of three years. Receipt of supplementary weighting
2 for a second and third year shall be conditioned upon
3 submission of information resulting from the study to the
4 school budget review committee indicating progress toward the
5 objective of reorganization on or before July 1, 2009.

6 Sec. 3. Section 257.11A, Code 2005, is amended to read as
7 follows:

8 257.11A SUPPLEMENTARY WEIGHTING AND SCHOOL REORGANIZATION.

9 1. In determining weighted enrollment under section 257.6,
10 if the board of directors of a school district has approved a
11 contract for sharing pursuant to section 257.11 and the school
12 district has approved an action to bring about a
13 reorganization to take effect on and after July 1, ~~2002~~ 2006,
14 and on or before July 1, ~~2006~~ 2009, the reorganized school
15 district shall include, for a period of three years following
16 the effective date of the reorganization, additional pupils
17 added by the application of the supplementary weighting plan,
18 equal to the pupils added by the application of the
19 supplementary weighting plan in the year preceding the
20 reorganization. For the purposes of this subsection, the
21 weighted enrollment for the period of three years following
22 the effective date of reorganization shall include the
23 supplementary weighting in the base year used for determining
24 the combined district cost for the first year of the
25 reorganization. However, the weighting shall be reduced by
26 the supplementary weighting added for a pupil whose residency
27 is not within the reorganized district.

28 2. For purposes of this section, a reorganized district is
29 one in which the reorganization was approved in an election
30 pursuant to sections 275.18 and 275.20 and takes effect on or
31 after July 1, ~~2002~~ 2006, and on or before July 1, ~~2006~~ 2009.
32 Each district which initiates, by a vote of the board of
33 directors or jointly by the affected boards, action to bring
34 about a reorganization or dissolution to take effect on or
35 after July 1, ~~2002~~ 2006, and on or before July 1, ~~2006~~ 2009,

1 shall certify the date and the nature of the action taken to
2 the department of education by January 1 of the year in which
3 the reorganization or dissolution takes effect.

4 ~~3.--Notwithstanding subsection 17-a school district which~~
5 ~~was participating in a whole grade sharing arrangement during~~
6 ~~the budget year beginning July 1, 2001, and which received a~~
7 ~~maximum of two years of supplementary weighting pursuant to~~
8 ~~section 257.11, subsection 2, paragraph "c", shall include~~
9 ~~additional pupils added by the application of the~~
10 ~~supplementary weighting plan, equal to the pupils added by the~~
11 ~~application of the supplementary weighting plan in the year~~
12 ~~preceding the reorganization, for a period of four years~~
13 ~~following the effective date of the reorganization.~~

14 4. 3. A school district shall be eligible for a combined
15 maximum total of six years of supplementary weighting under
16 the provisions of this section and section 257.11, subsection
17 2, paragraph "c".

18 4. If the board of directors of a school district approved
19 a contract for sharing pursuant to section 257.11 and the
20 school district approved an action to bring about a
21 reorganization to take effect on and after July 1, 2002, and
22 on or before July 1, 2006, the reorganized school district
23 shall include the additional pupils added by the application
24 of the supplementary weighting plan equal in amount and
25 duration to the supplementary weighting for which the school
26 district was eligible pursuant to the provisions of this
27 section in effect prior to July 1, 2006.

28 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
29 immediate importance, takes effect upon enactment.

30 EXPLANATION

31 This bill extends existing provisions relating to a reduced
32 foundation property tax levy, and to the receipt of
33 supplementary weighting, as reorganization incentives to
34 school districts.

35 The bill provides for an extension of current provisions

1 which reduce the level of the foundation property tax levy in
2 school districts which have undergone a reorganization or
3 dissolution. Currently, the reduction takes place if a school
4 district reorganizes or dissolves taking effect on or after
5 July 1, 2002, and on or before July 1, 2006. The bill changes
6 these dates to 2006 and 2009, respectively.

7 The bill extends the dates contained in Code section
8 257.11, subsection 2, paragraph "c", for a period of three
9 years. Currently, the paragraph provides that a specified
10 amount of supplementary weighting may be received by a school
11 district that has entered into a whole grade sharing agreement
12 pursuant to Code sections 282.10 through 282.12, for a maximum
13 of three years, if the school district adopts a resolution
14 jointly with the other affected boards to study the question
15 of undergoing a reorganization or dissolution to take effect
16 on or after July 1, 2001, and on or before July 1, 2006. The
17 paragraph also currently provides that a school district that
18 was not participating in a whole grade sharing agreement
19 during the budget year beginning July 1, 2000, and which
20 executes a whole grade sharing agreement in any succeeding
21 budget year through the budget year beginning July 1, 2005,
22 and that adopts a resolution jointly with the other affected
23 boards to study the question of undergoing a reorganization or
24 dissolution to take effect on or before July 1, 2006, shall
25 receive the supplementary weighting for a period of three
26 years. The bill changes the applicable dates so that the
27 supplementary weighting is now available to school districts
28 participating in a whole grade sharing agreement and studying
29 the question of reorganization or dissolution to take effect
30 for the school budget year beginning July 1, 2006, through the
31 budget year beginning July 1, 2009. The bill also eliminates
32 the provision making a distinction between receiving
33 supplementary weighting for two versus three years depending
34 on whether or not the school district had previously entered
35 into a whole grade sharing agreement, such that all school

1 districts entering into a whole grade sharing agreement
2 qualify for three years of supplementary weighting.

3 The bill makes corresponding date changes to Code section
4 257.11A, which provides an additional three years of
5 supplementary weighting for school districts that were
6 receiving it pursuant to Code section 257.11, subsection 2,
7 paragraph "c", and then went on to actually reorganize or
8 dissolve. Accordingly, the weighting will be available if a
9 board of directors of a school district has approved a
10 contract for sharing pursuant to Code section 257.11 and the
11 school district has approved an action to bring about a
12 reorganization to take effect on and after July 1, 2006, and
13 on or before July 1, 2009. Additionally, the bill provides
14 that school districts shall continue to receive the
15 supplementary weighting for which they qualified pursuant to
16 the current provisions of Code section 257.11A if the district
17 reorganized or dissolved prior to July 1, 2006.

18 The bill takes effect upon enactment.

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Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2617 - Reorganization Incentives (LSB 5592 HV)
Analyst: Dwayne Ferguson (Phone: (515) 281-6561) (dwayne.ferguson@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 2617 extends the incentive reduction to the Uniform Levy for school districts that reorganize to July 1, 2009. It was to end July 1, 2006. Merged school districts receive \$1 per \$1,000 taxable valuation in the first year after reorganization; \$0.50 per \$1,000 reduction the second year; and \$0.25 per \$1,000 reduction in the last year. The whole-grade sharing incentive is also extended to July 1, 2009.

Assumptions

1. The number of school districts that merged and received the Uniform Levy reduction incentive varies in any given year. No districts reorganized in FY 2003; two school districts merged in FY 2004; two pairs of school districts merged and one dissolved in FY 2005; and two pairs of school districts merged in FY 2006. Nine districts received the incentive in FY 2006 totaling \$537,000. This amount can vary significantly because of the small number of school districts typically involved.
2. Whole-grade sharing weighting began in FY 2003. The lowest annual cost was estimated to be \$423,000 in FY 2004, and the highest annual cost was estimated to be \$612,000 in FY 2006.

Fiscal Impact

Extending the Uniform Levy reduction and the whole-grade sharing weighting could cost the State General Fund over \$1.0 million per year in State Foundation Aid if usage continues at a rate similar to recent years.

Sources

Department of Education
Department of Management

/s/ Holly M. Lyons

March 7, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

HSB 726

EDUCATION

Introduced By

SF 02617

HOUSE FILE

BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY
CHAIRPERSON TYMESON)

Dolecheck-CH
Schickel
Wise

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

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