

**House File 2260 - Introduced**

HOUSE FILE 2260  
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 551)

**A BILL FOR**

1 An Act relating to education funding by extending the period  
2 of time for collecting sales tax for deposit in the secure  
3 an advanced vision for education fund, modifying uses for  
4 funding received from the secure an advanced vision for  
5 education fund, and authorizing school districts to adopt a  
6 district cost per pupil equity budget adjustment.  
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.2, subsection 2, Code 2016, is  
2 amended by striking the subsection.

3 Sec. 2. Section 257.4, subsection 1, paragraph a, Code 2016,  
4 is amended by adding the following new subparagraph:

5 NEW SUBPARAGRAPH. (10) The amount of revenue received from  
6 the secure an advanced vision for education fund and approved  
7 by the school district for reducing the school district's  
8 additional property tax levy pursuant to a revenue purpose  
9 statement adopted under section 423F.3.

10 Sec. 3. NEW SECTION. **257.14A District cost per pupil equity**  
11 **— budget adjustment.**

12 1. The board of directors of a school district with a  
13 regular program district cost per pupil that is less than the  
14 highest regular program district cost per pupil among all  
15 school districts in the state for the same budget year that  
16 wishes to receive the budget adjustment under this section may  
17 adopt a resolution by May 15 preceding the budget year and  
18 shall notify the department of management of the adoption of  
19 the resolution and the amount of the budget adjustment to be  
20 received.

21 2. *a.* For budget years beginning on or after July 1,  
22 2017, each school district that satisfies the requirements of  
23 subsection 1 shall be eligible for a budget adjustment for that  
24 budget year in an amount not to exceed the difference between  
25 the school district's regular program district cost per pupil  
26 and the highest regular program district cost per pupil among  
27 all school districts in the state multiplied by the district's  
28 budget enrollment. The resolution adopted under subsection 1  
29 may specify a budget adjustment amount that is less than the  
30 maximum amount authorized under this paragraph "a".

31 *b.* The school district shall fund the budget adjustment  
32 solely using moneys from its distribution of moneys received  
33 from the secure an advanced vision for education fund under  
34 section 423F.3 and authorized for such purpose by a  
35 revenue purpose statement. Amounts used to fund the budget

1 adjustment shall be excluded from collective bargaining and  
2 shall be used solely for instructional expenditures and shall  
3 supplement, not supplant, existing school district funding for  
4 instructional expenditures.

5 3. A budget adjustment received under this section shall  
6 not affect the eligibility for or amount of any other budget  
7 adjustment authorized by law for the same budget year. In  
8 addition, a budget adjustment under this section shall be  
9 limited to the budget year for which the adjustment was  
10 authorized and shall not be included in any computation of a  
11 school district's cost for any future budget year.

12 4. a. For purposes of this section, "*instructional*  
13 *expenditures*" means any of the following:

- 14 (1) Textbooks, as defined in section 301.1.  
15 (2) Library books.  
16 (3) Other instructional materials and equipment used  
17 directly by students.

18 b. "*Instructional expenditures*" does not include the  
19 salary, benefits, or other compensation of any school district  
20 employee.

21 Sec. 4. Section 423.2, subsection 11, paragraph b,  
22 subparagraph (3), Code 2016, is amended to read as follows:

23 (3) Transfer one-sixth of the remaining revenues to the  
24 secure an advanced vision for education fund created in section  
25 423F.2. This subparagraph (3) is repealed ~~December 31, 2029~~  
26 January 1, 2050.

27 Sec. 5. Section 423.2, subsection 14, Code 2016, is amended  
28 to read as follows:

29 14. The sales tax rate of six percent is reduced to five  
30 percent beginning on January 1, ~~2030~~ 2050.

31 Sec. 6. Section 423.5, subsection 5, Code 2016, is amended  
32 to read as follows:

33 5. The use tax rate of six percent is reduced to five  
34 percent beginning on January 1, ~~2030~~ 2050.

35 Sec. 7. Section 423.43, subsection 1, paragraph b, Code

1 2016, is amended to read as follows:

2     **b.** Subsequent to the deposit into the general fund of  
3 the state and after the transfer of such revenues collected  
4 under **chapter 423B**, the department shall transfer one-sixth of  
5 such remaining revenues to the secure an advanced vision for  
6 education fund created in **section 423F.2**. This paragraph is  
7 repealed ~~December 31, 2029~~ January 1, 2050.

8     Sec. 8. Section 423F.3, subsection 1, paragraph d, Code  
9 2016, is amended to read as follows:

10     **d.** For any authorized infrastructure purpose of the school  
11 district as defined in subsection 6, excluding purposes  
12 specified in subsection 6, paragraph "0d".

13     Sec. 9. Section 423F.3, subsection 3, paragraph b, Code  
14 2016, is amended to read as follows:

15     **b.** If the board of directors intends to use funds for  
16 purposes other than those listed in paragraph "a", or change the  
17 use of funds to purposes other than those listed in paragraph  
18 "a", the board shall adopt a revenue purpose statement or amend  
19 an existing revenue purpose statement, subject to approval of  
20 the electors, listing the proposed use of the funds. School  
21 districts shall submit the statement to the voters no later  
22 than sixty days prior to the expiration of any existing revenue  
23 purpose statement or change in use not included in the existing  
24 revenue purpose statement.

25     Sec. 10. Section 423F.3, subsection 6, paragraph a, Code  
26 2016, is amended to read as follows:

27     **a.** For purposes of **this chapter**, "school infrastructure"  
28 means those activities authorized in section 423E.1, subsection  
29 3, Code 2007, excluding the construction, reconstruction,  
30 repair, demolition, purchase, or remodeling of a stadium unless  
31 such stadium-related activity is specifically included in a  
32 revenue purpose statement approved by the electors on or before  
33 July 1, 2016.

34     Sec. 11. Section 423F.3, subsection 6, Code 2016, is amended  
35 by adding the following new paragraph:

1 NEW PARAGRAPH. *Od.* For school budget years beginning on or  
2 after July 1, 2017, "school infrastructure" includes any of the  
3 following if specified in a revenue purpose statement approved  
4 at election:

5 (1) If a school district's average transportation costs  
6 per pupil exceed the state average transportation costs per  
7 pupil determined under section 257.31, subsection 17, paragraph  
8 "c", the payment of school district transportation costs not  
9 to exceed an amount equal to the district's actual enrollment  
10 for the school year multiplied by the difference between the  
11 district's average transportation costs per pupil and the state  
12 average transportation costs per pupil for the school year.

13 (2) Funding a district cost per pupil equity budget  
14 adjustment under section 257.14A.

15 (3) Reduction of the school district's additional property  
16 tax levy under section 257.4.

17 Sec. 12. Section 423F.6, Code 2016, is amended to read as  
18 follows:

19 **423F.6 Repeal.**

20 This chapter is repealed ~~December 31, 2029~~ January 1, 2050.

21

EXPLANATION

22 The inclusion of this explanation does not constitute agreement with  
23 the explanation's substance by the members of the general assembly.

24 This bill relates to education funding by extending the  
25 period of time for collecting sales tax for deposit in the  
26 secure an advanced vision for education (SAVE) fund, specifying  
27 uses for funding received from the secure an advanced vision  
28 for education fund, and authorizing school districts to adopt a  
29 district cost per pupil equity budget adjustment.

30 Code section 423.2 imposes a state tax of 6 percent upon  
31 the sales price of all sales of tangible personal property,  
32 consisting of goods, wares, merchandise, and other items  
33 designated by statute, sold at retail in the state to  
34 consumers, except as otherwise provided by Code chapter 423.  
35 Generally, by operation of law, a sale subject to the sales

1 tax is also subject to the use tax. Following the transfer  
2 of amounts required for the natural resources and outdoor  
3 recreation trust fund, one-sixth of the remaining state sales  
4 tax revenue from the 6 percent tax is transferred to the SAVE  
5 fund created in Code section 423F.2. Moneys in the SAVE fund  
6 are allocated to school districts on a per pupil basis to be  
7 used for infrastructure and property tax reduction purposes  
8 specified in Code chapter 423F. Under current law, the sales  
9 tax rate of 6 percent is reduced to 5 percent on January 1,  
10 2030, and Code chapter 423F, along with other corresponding  
11 provisions, is repealed December 31, 2029.

12 The bill extends the 6 percent sales tax rate and the  
13 statutory repeal of Code chapter 423F until January 1, 2050.

14 The bill establishes a district cost per pupil equity budget  
15 adjustment. The board of directors of a school district with  
16 a regular program district cost per pupil that is less than  
17 the highest regular program district cost per pupil among all  
18 school districts in the state for the same budget year may  
19 annually adopt a resolution to receive the budget adjustment  
20 authorized in the bill. Following adoption of the resolution  
21 the board of directors must notify the department of management  
22 of the adoption of the resolution and the amount of the budget  
23 adjustment to be received.

24 For budget years beginning on or after July 1, 2017, each  
25 eligible school district is eligible for a budget adjustment  
26 for that budget year in an amount equal to the difference  
27 between the school district's regular program district cost  
28 per pupil and the highest regular program district cost per  
29 pupil among all school districts in the state multiplied by the  
30 district's budget enrollment. The resolution authorizing the  
31 budget adjustment may specify a budget adjustment amount that  
32 is less than the maximum amount authorized under the bill. The  
33 bill requires the school district to fund the budget adjustment  
34 by using moneys received from the SAVE fund and authorized for  
35 such purpose in a revenue purpose statement. Amounts used to

1 fund the budget adjustment are required to be excluded from  
2 collective bargaining and must be used solely for instructional  
3 expenditures and must supplement, not supplant, existing school  
4 funding for instructional expenditures. The bill defines  
5 "instructional expenditures".

6 The bill specifies that the budget adjustment received does  
7 not affect the eligibility for or amount of any other budget  
8 adjustment authorized by law for the same budget year and that  
9 the budget adjustment under the bill is limited to the budget  
10 year for which the adjustment was authorized and shall not be  
11 included in any computation of a school district's cost for any  
12 future budget year.

13 As part of the restrictions on the use of revenues  
14 received from the SAVE fund, Code section 423F.3 defines  
15 "school infrastructure" to mean, in part, those activities  
16 authorized in Code section 423E.1(3), Code 2007, which  
17 includes the construction, reconstruction, repair, demolition,  
18 purchase, or remodeling of a stadium. The bill excludes such  
19 stadium-related activities unless specifically included in a  
20 revenue purpose statement approved by the electors on or before  
21 July 1, 2016.

22 The bill also specifies additional purposes for which a  
23 school district may use funds received from the SAVE fund  
24 in school budget years beginning on or after July 1, 2017,  
25 if the purpose is included in a voter-approved revenue  
26 purpose statement. Those additional purposes include: (1)  
27 certain transportation costs if a school district's average  
28 transportation costs per pupil exceed the state average  
29 transportation costs per pupil; (2) funding a district cost per  
30 pupil equity budget adjustment, as authorized in the bill; and  
31 (3) a reduction of the school district's additional property  
32 tax levy.

33 Code section 423F.3, subsection 7, provides that the  
34 general assembly shall not alter the purposes for which the  
35 revenues received under Code section 423F.3 may be used from

1 infrastructure and property tax relief purposes to any other  
2 purpose unless the bill is approved by a vote of at least  
3 two-thirds of the members of both chambers of the general  
4 assembly and is signed by the governor.