

House Study Bill 548 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act relating to education funding by extending the period of
2 time for collecting sales tax for deposit in the secure an
3 advanced vision for education fund, modifying allocations
4 of state sales and use tax revenue collections, specifying
5 uses for certain funding received from the secure an
6 advanced vision for education fund, creating a district levy
7 reduction fund, and making appropriations.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 76.4, Code 2016, is amended to read as
2 follows:

3 **76.4 Permissive application of funds.**

4 Whenever the governing authority of such political
5 subdivision shall have on hand funds derived from any other
6 source than taxation which may be appropriated to the payment
7 either of interest or principal, or both principal and interest
8 of such bonds, such funds may be so appropriated and used and
9 the levy for the payment of the bonds correspondingly reduced.
10 This section shall not restrict the authority of a political
11 subdivision to apply sales and services tax receipts collected
12 pursuant to [chapter 423B](#) for such purpose. Notwithstanding
13 [section sections 423F.3 and 423F.5A](#), a school district may
14 apply tax receipts and funds received pursuant to [chapter 423F](#)
15 for the purposes of [this section](#).

16 Sec. 2. Section 423.2, subsection 11, paragraph b,
17 subparagraph (3), Code 2016, is amended by striking the
18 subparagraph and inserting in lieu thereof the following:

19 (3) (a) Of the one-sixth of the remaining revenues:

20 (i) Transfer to the secure an advanced vision for
21 education fund created in section 423F.2, an amount not to
22 exceed the product of the statewide budget enrollment for
23 the current school budget year multiplied by the per pupil
24 amount distributed to school districts under section 423F.2,
25 subsection 3, for the fiscal year beginning July 1, 2015.

26 (ii) Following the transfer under subparagraph subdivision
27 (i), transfer the remaining amount to the district levy
28 reduction fund created in section 423F.5A.

29 (b) This subparagraph (3) is repealed January 1, 2047.

30 Sec. 3. Section 423.2, subsection 14, Code 2016, is amended
31 to read as follows:

32 14. The sales tax rate of six percent is reduced to five
33 percent beginning on January 1, ~~2030~~ 2047.

34 Sec. 4. Section 423.5, subsection 5, Code 2016, is amended
35 to read as follows:

1 5. The use tax rate of six percent is reduced to five
2 percent beginning on January 1, 2030 2047.

3 Sec. 5. Section 423.43, subsection 1, paragraph b, Code
4 2016, is amended to read as follows:

5 *b.* Subsequent to the deposit into the general fund of
6 the state and after the transfer of such revenues collected
7 under chapter 423B, the department shall transfer one-sixth
8 of such remaining revenues to the secure an advanced vision
9 for education fund created in section 423F.2 and the district
10 levy reduction fund created in section 423F.5A, in amounts
11 proportionate to the transfers to such funds under section
12 423.2, subsection 11, paragraph "b", subparagraph (3). This
13 paragraph is repealed ~~December 31, 2029~~ January 1, 2047.

14 Sec. 6. Section 423F.3, subsection 1, paragraph d, Code
15 2016, is amended to read as follows:

16 *d.* For any authorized school infrastructure purpose or
17 project of the school district as defined in subsection 6, if
18 the total cost of the authorized infrastructure purpose does
19 not exceed one million dollars.

20 Sec. 7. Section 423F.3, subsection 3, Code 2016, is amended
21 to read as follows:

22 3. *a.* If the board of directors adopts a resolution to use
23 funds received from the secure an advanced vision for education
24 fund under the operation of this chapter solely for providing
25 property tax relief by reducing indebtedness from the levies
26 specified under section 298.2 or 298.18, the board of directors
27 may approve a revenue purpose statement for that purpose
28 without submitting the revenue purpose statement to a vote of
29 the electors.

30 *b.* If the board of directors intends to use funds for
31 purposes or projects other than those listed in paragraph
32 "a", or change the use of funds to purposes or projects other
33 than those listed in paragraph "a", the board shall adopt
34 a revenue purpose statement or amend an existing revenue
35 purpose statement, subject to approval of the electors, listing

1 the proposed use of the funds. If the board of directors
2 intends to use funds for a school infrastructure purpose or
3 project that was approved by the board on or after July 1,
4 2016, the total cost of which exceeds one million dollars,
5 the board shall adopt a revenue purpose statement or amend
6 an existing revenue purpose statement, subject to approval
7 of the electors, to specifically authorize the use of funds
8 for that school infrastructure purpose or project. Both the
9 ballot presented to the electors and the revenue purpose
10 statement shall describe each school infrastructure purpose or
11 project that has a total cost exceeding one million dollars,
12 specify the estimated commencement and completion dates for
13 each such purpose or project, and specify a maximum amount of
14 funds received under this section that may be used for each
15 such purpose or project. School districts shall submit the
16 statement to the voters no later than sixty days prior to the
17 expiration of any existing revenue purpose statement or change
18 in use not included in the existing revenue purpose statement.

19 c. The board of directors may use funds received from
20 the secure an advanced vision for education fund under the
21 operation of [this chapter](#) for a joint infrastructure project
22 with one or more school districts or one or more school
23 districts and a community college established under chapter
24 260C, for which buildings or facilities are constructed
25 or leased for the purpose of offering classes under a
26 district-to-community college sharing agreement or concurrent
27 enrollment program that meets the requirements for funding
28 under [section 257.11, subsection 3](#). If the board intends
29 to use funds received from the secure an advanced vision
30 for education fund under the operation of [this chapter](#) for
31 such a joint infrastructure project, the board shall adopt a
32 revenue purpose statement or amend an existing revenue purpose
33 statement, subject to approval of the electors, stating the
34 proposed use of the funds.

35 d. The board secretary shall notify the county commissioner

1 of elections of the intent to take an issue to the voters
2 pursuant to paragraph "b" or "c". The county commissioner of
3 elections shall publish the notices required by law for special
4 or general elections, and the election shall be held on a date
5 specified in [section 39.2, subsection 4](#), paragraph "c". A
6 majority of those voting on the question must favor approval
7 of the revenue purpose statement. However, if the proposed
8 revenue purpose statement or proposed amendment to an existing
9 revenue purpose statement authorizes the use of funds received
10 from the secure an advanced vision for education fund for a
11 school infrastructure purpose or project the cost of which
12 exceeds one million dollars, sixty percent of those voting
13 on the question must favor approval. If the proposal is not
14 approved, the school district shall not submit the same or new
15 revenue purpose statement to the electors for a period of six
16 months from the date of the previous election.

17 Sec. 8. Section 423F.3, subsection 4, Code 2016, is amended
18 to read as follows:

19 4. The revenues received from the secure an advanced vision
20 for education fund pursuant to [this chapter](#) shall be expended
21 for the purposes specified in the revenue purpose statement.
22 If a board of directors has not approved a revenue purpose
23 statement, the revenues shall be expended in the order listed
24 in [subsection 1](#) except that the payment of bonds for which the
25 revenues have been pledged shall be paid first. Once approved,
26 a revenue purpose statement is effective until amended or
27 repealed by the foregoing procedures. A revenue purpose
28 statement shall not be amended or repealed to reduce the amount
29 of revenue pledged to the payment of principal and interest
30 on bonds as long as any bonds authorized by [sections 423E.5](#)
31 and [423F.4](#) are outstanding unless funds sufficient to pay
32 principal, interest, and premium, if any, on the outstanding
33 obligations at or prior to maturity have been properly set
34 aside and pledged for that purpose.

35 Sec. 9. NEW SECTION. **423F.5A District levy reduction fund.**

1 1. A district levy reduction fund is created as a separate
2 and distinct fund in the state treasury under the control of
3 the department of revenue. Moneys in the fund include revenues
4 credited to the fund, appropriations made to the fund, and
5 other moneys deposited into the fund.

6 2. The moneys available in a fiscal year in the district
7 levy reduction fund shall be distributed by the department of
8 revenue to each school district on a per pupil basis calculated
9 using each school district's budget enrollment, as defined in
10 section 257.6, for that fiscal year.

11 3. *a.* The director of revenue by August 15 of each fiscal
12 year shall send to each school district an estimate of the
13 amount of tax moneys each school district will receive for
14 the year and for each month of the year. At the end of each
15 month, the director may revise the estimates for the year and
16 remaining months.

17 *b.* The director shall remit ninety-five percent of the
18 estimated tax receipts for the school district to the school
19 district on or before August 31 of the fiscal year and on or
20 before the last day of each following month.

21 *c.* The director shall remit a final payment of the remainder
22 of tax moneys due for the fiscal year before November 10 of the
23 next fiscal year. If an overpayment has resulted during the
24 previous fiscal year, the November payment shall be adjusted to
25 reflect any overpayment.

26 4. A school district receiving revenues from the district
27 levy reduction fund shall expend the revenues for one or more
28 of the following purposes:

29 *a.* Reduction of bond levies under sections 298.18 and
30 298.18A and all other debt levies.

31 *b.* Reduction of the regular and voter-approved physical
32 plant and equipment levy under section 298.2.

33 *c.* Reduction of the public educational and recreational levy
34 under section 300.2.

35 5. *a.* A school district shall include as part of its

1 financial audit for the budget year beginning July 1, 2016,
2 and for each subsequent budget year the amount received during
3 the year pursuant to this section. In addition, the financial
4 audit shall include the amount of bond levies, physical plant
5 and equipment levy, and public educational and recreational
6 levy reduced as a result of the moneys received under this
7 section. The amount of the reductions shall be stated in terms
8 of dollars and cents per one thousand dollars of valuation and
9 in total amount of property tax dollars.

10 b. The auditor of state may prescribe necessary forms and
11 procedures for the consistent collection of the information
12 required by this subsection.

13 Sec. 10. Section 423F.6, Code 2016, is amended to read as
14 follows:

15 **423F.6 Repeal.**

16 This chapter is repealed ~~December 31, 2029~~ January 1, 2047.

17

EXPLANATION

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

20 This bill relates to education funding by extending the
21 period of time for collecting sales tax for deposit in the
22 secure an advanced vision for education (SAVE) fund, modifying
23 allocations of sales tax revenue collections, specifying uses
24 for certain funding received from the secure an advanced vision
25 for education fund, and establishing a district levy reduction
26 fund.

27 Code section 423.2 imposes a state tax of 6 percent upon
28 the sales price of all sales of tangible personal property,
29 consisting of goods, wares, merchandise, and other items
30 designated by statute, sold at retail in the state to
31 consumers, except as otherwise provided by Code chapter 423.
32 Generally, by operation of law, a sale subject to the sales tax
33 is also subject to the use tax. Following transfers currently
34 required by statute, one-sixth of the remaining state sales
35 tax revenue from the 6 percent tax is transferred to the SAVE

1 fund created in Code section 423F.2. Moneys in the SAVE fund
2 are allocated to school districts on a per pupil basis to be
3 used for infrastructure and property tax reduction purposes
4 specified in Code chapter 423F. Under current law, the sales
5 tax rate of 6 percent is reduced to 5 percent on January 1,
6 2030, and Code chapter 423F, along with other corresponding
7 provisions, is repealed December 31, 2029.

8 This bill extends the 6 percent sales tax rate and the
9 statutory repeal of Code chapter 423F until January 1, 2047.
10 In addition, the bill modifies the allocation and transfer of
11 sales tax revenues currently transferred to the SAVE fund.
12 Of the one-sixth of the remaining revenues following the
13 current statutorily required transfers, the bill requires the
14 following: (1) a transfer to the SAVE fund in an amount not to
15 exceed the product of the statewide budget enrollment for the
16 current school budget year multiplied by the per pupil amount
17 distributed to school districts from the SAVE fund for the
18 fiscal year beginning July 1, 2015; (2) following the transfer
19 to the SAVE fund, a transfer of the amount remaining to the
20 district levy reduction fund established in the bill.

21 The bill establishes a district levy reduction fund under
22 the control of the department of revenue. The bill requires
23 that moneys available in the district levy reduction fund
24 be distributed to each school district on a per pupil basis
25 calculated using each school district's budget enrollment
26 for that fiscal year, which is similar to the distribution
27 of moneys in the SAVE fund under Code chapter 423F. The
28 bill establishes estimating and payment procedures for the
29 department regarding distribution of moneys in the fund.

30 The bill requires school districts receiving revenues from
31 the district levy reduction fund to expend the revenues for
32 one or more of the following purposes: reduction of bond
33 levies under Code sections 298.18 and 298.18A and all other
34 debt levies, reduction of the regular and voter-approved
35 physical plant and equipment levy, and reduction of the public

1 educational and recreational levy.

2 Similar to what is allowed under current law for revenues
3 received by a school district under Code chapter 423F, the bill
4 allows a school district to allocate funds derived from the
5 district levy reduction fund to the payment of principal and
6 interest on bonds if the levy for the payment of the bonds is
7 correspondingly reduced.

8 Current Code section 423F.3 provides that a school district
9 receiving revenues from the secure an advanced vision for
10 education fund under Code chapter 423F without a valid revenue
11 purpose statement shall expend the revenues for specified
12 purposes in the order prescribed by law. After required
13 reductions of specified property tax levies, such a district
14 may expend those revenues for authorized school infrastructure
15 purposes specified by law. The bill amends that provision to
16 allow only those authorized school infrastructure purposes or
17 projects the total cost of which is \$1 million or less.

18 Code chapter 423F provides that if the school board intends
19 to use funds for purposes or projects other than for providing
20 property tax relief by reducing indebtedness from the levies
21 specified under Code section 298.2 or 298.18 or to change the
22 use of funds to purposes or projects other than those purposes
23 or projects, the board must adopt a revenue purpose statement,
24 subject to approval of the electors, listing the proposed use
25 of the funds. The bill specifies that an existing revenue
26 purpose statement may be amended to provide for such a change
27 in the use of funds, subject to voter approval.

28 Under the bill, if the school board intends to use funds for
29 a school infrastructure purpose or project that was approved
30 by the board on or after July 1, 2016, the total cost of which
31 exceeds \$1 million, the board shall adopt a revenue purpose
32 statement or amend an existing revenue purpose statement,
33 subject to approval of the electors, to specifically authorize
34 the use of funds for that school infrastructure purpose or
35 project. The bill also requires both the ballot presented to

1 the electors and the revenue purpose statement to describe each
2 school infrastructure purpose or project that has a total cost
3 exceeding \$1 million, specify the estimated commencement and
4 completion dates for each such purpose or project, and specify
5 a maximum amount of funds received from the SAVE fund that may
6 be used for each such purpose or project.

7 The bill also provides that if the proposed revenue purpose
8 statement or proposed amendment to an existing revenue
9 purpose statement authorizes the use of funds for a school
10 infrastructure purpose or project the cost of which exceeds \$1
11 million, 60 percent of those voting on the question, rather
12 than a simple majority, must vote in favor of approval.