

House Study Bill 647 - Introduced

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

A BILL FOR

1 An Act relating to the collection of sales tax for deposit in
2 the secure an advanced vision for education fund and to the
3 use of tax revenue from the secure an advanced vision for
4 education fund.

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

1 Section 1. Section 423.2, subsection 11, paragraph b,
2 subparagraph (3), Code 2018, is amended to read as follows:

3 (3) Transfer one-sixth of the remaining revenues to the
4 secure an advanced vision for education fund created in section
5 423F.2. This subparagraph (3) is repealed ~~December 31, 2029~~
6 January 1, 2050.

7 Sec. 2. Section 423.2, subsection 14, Code 2018, is amended
8 to read as follows:

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

11 Sec. 3. Section 423.5, subsection 5, Code 2018, is amended
12 to read as follows:

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

15 Sec. 4. Section 423.43, subsection 1, paragraph b, Code
16 2018, is amended to read as follows:

17 *b.* Subsequent to the deposit into the general fund of
18 the state and after the transfer of such revenues collected
19 under [chapter 423B](#), the department shall transfer one-sixth of
20 such remaining revenues to the secure an advanced vision for
21 education fund created in [section 423F.2](#). This paragraph is
22 repealed ~~December 31, 2029~~ January 1, 2050.

23 Sec. 5. Section 423F.2, subsection 3, Code 2018, is amended
24 to read as follows:

25 3. *a.* The moneys available in a fiscal year in the secure
26 an advanced vision for education fund shall be distributed by
27 the department of revenue to each school district on a per
28 pupil basis calculated using each school district's budget
29 enrollment, as defined in [section 257.6](#), for that fiscal year.

30 *b.* (1) Prior to distribution of moneys in the secure an
31 advanced vision for education fund to school districts, ~~two and~~
32 ~~one-tenths percent of the moneys available in a~~ an amount equal
33 to the equity transfer amount for the fiscal year shall be
34 distributed and credited to the property tax equity and relief
35 fund created in [section 257.16A](#).

1 (2) For purposes of this subsection, the equity transfer
2 amount is determined by multiplying the equity transfer
3 percentage by the amount of moneys available in the secure an
4 advanced vision for education fund in the fiscal year.

5 (a) For the fiscal year beginning July 1, 2017, the equity
6 transfer percentage is two and one-tenths percent.

7 (b) For each fiscal year beginning on or after July 1, 2018,
8 the equity transfer percentage is equal to the equity transfer
9 percentage for the immediately preceding fiscal year, unless
10 the amount of moneys available in the secure an advanced vision
11 for education fund in the fiscal year equals or exceeds one
12 hundred two percent of the amount of moneys available in the
13 fund for the immediately preceding fiscal year, in which case
14 the equity transfer percentage shall be the equity transfer
15 percentage for the immediately preceding fiscal year plus one
16 percent subject to the limitation in subparagraph division (c).

17 (c) If the equity transfer percentage calculated under
18 subparagraph division (b) exceeds ten percent, the equity
19 transfer percentage for that fiscal year shall be ten percent.

20 Sec. 6. Section 423F.3, subsection 3, paragraph b, Code
21 2018, is amended to read as follows:

22 b. (1) If the board of directors intends to use funds for
23 purposes other than those listed in paragraph "a", or change the
24 use of funds to purposes other than those listed in paragraph
25 "a", the board shall adopt a revenue purpose statement or amend
26 an existing revenue purpose statement, subject to approval of
27 the electors, listing the proposed use of the funds. School
28 districts shall submit the statement to the voters no later
29 than sixty days prior to the expiration of any existing revenue
30 purpose statement or change in use not included in the existing
31 revenue purpose statement.

32 (2) (a) Notwithstanding any provision of law to the
33 contrary, for each school district with an existing revenue
34 purpose statement for the use of revenues from the secure an
35 advanced vision for education fund adopted under this paragraph

1 or adopted under another provision of law before July 1, 2018,
2 such revenue purpose statement shall terminate and be of no
3 further force and effect on January 1, 2023. If such a school
4 district intends to use funds for purposes other than those
5 listed in paragraph "a" and does not intend to operate without
6 a revenue purpose statement on or after January 1, 2023, the
7 board of directors shall submit a revenue purpose statement for
8 approval by the electors under subparagraph (1) on or after
9 July 1, 2018, and such revenue purpose statement submitted
10 to the electors shall include all proposed uses including
11 those previously approved by the electors, if applicable. A
12 revenue purpose statement submitted to the electors under this
13 subparagraph shall include the following statement on the
14 ballot:

15 If a majority of eligible electors voting on the question
16 fail to approve this revenue purpose statement, revenues
17 received by the school district from the secure an advanced
18 vision for education fund shall first be expended to pay
19 principal and interest on outstanding bonds for which the
20 revenues have been pledged and then expended to reduce
21 bond levies and all other debt levies, the regular and
22 voter-approved physical plant and equipment levies, and the
23 public educational and recreational levy.

24 (b) If a revenue purpose statement is terminated under the
25 provisions of this subparagraph, such termination shall not
26 affect the validity of or a first lien on bonds issued under
27 section 423E.5, Code 2018, or section 423F.5 prior to January
28 1, 2023.

29 Sec. 7. Section 423F.3, subsection 5, unnumbered paragraph
30 1, Code 2018, is amended to read as follows:

31 A school district with a certified enrollment of fewer
32 than ~~two~~ three hundred fifty pupils in the entire district or
33 certified enrollment of fewer than one hundred forty pupils
34 in high school shall not expend the amount received for new
35 construction without prior application to the department of

1 education and receipt of a certificate of need pursuant to
2 this subsection. A certificate of need is not required for
3 repairing schoolhouses or buildings, equipment, technology, or
4 transportation equipment for transporting students as provided
5 in [section 298.3](#), or for construction necessary for compliance
6 with the federal Americans With Disabilities Act pursuant to 42
7 U.S.C. §12101 – 12117. In determining whether a certificate of
8 need shall be issued or denied, the department shall consider
9 all of the following:

10 Sec. 8. Section 423F.3, subsection 5, paragraph b, Code
11 2018, is amended to read as follows:

12 *b.* The ~~infeasibility~~ cost-benefit analysis of remodeling,
13 reconstructing, or repairing existing buildings.

14 Sec. 9. Section 423F.3, subsection 5, Code 2018, is amended
15 by adding the following new paragraph:

16 NEW PARAGRAPH. *i.* Benefits and effects of the new
17 construction on student learning.

18 Sec. 10. Section 423F.3, Code 2018, is amended by adding the
19 following new subsection:

20 NEW SUBSECTION. 6A. *a.* Prior to approving the use
21 of revenues received under this chapter for a school
22 infrastructure project within the scope of the school
23 district's approved revenue purpose statement or pursuant
24 to subsection 4 for a school district without an approved
25 revenue statement and that includes in whole or in part the
26 construction of an athletic facility, the board of directors
27 shall adopt a resolution setting forth the proposal for the
28 school infrastructure project and hold an additional public
29 hearing on the issue of the athletic facility. Notice of
30 the time and place of the public hearing shall be published
31 not less than ten nor more than twenty days before the
32 public hearing in a newspaper which is a newspaper of general
33 circulation in the school district. If at any time prior to
34 the fifteenth day following the hearing, the secretary of the
35 board of directors receives a petition containing the required

1 number of signatures and asking that the question of the
2 approval of the use of revenues for the school infrastructure
3 project be submitted to the voters of the school district, the
4 board of directors shall either rescind the board's resolution
5 and abandon approval of the use of revenues for the school
6 infrastructure project or direct the county commissioner of
7 elections to submit the question to the registered voters of
8 the school district at an election held on a date specified in
9 section 39.2, subsection 4, paragraph "c". The petition must be
10 signed by eligible electors equal in number to not less than
11 one hundred or thirty percent of the number of voters at the
12 last preceding regular school election, whichever is greater.
13 If a majority of those voting on the question favors the use of
14 the revenues for the school infrastructure project, the board
15 shall be authorized to approve such use by resolution of the
16 board. If a majority of those voting on the question does not
17 favor the use of the revenues for the school infrastructure
18 project, the board of directors shall rescind the board's
19 resolution and abandon approval of the use of revenues for the
20 school infrastructure project. If a petition is not received
21 by the board of directors within the prescribed time period,
22 the board of directors may approve the use of revenues for the
23 school infrastructure project without voter approval.

24 *b.* After fourteen days from the date of the hearing under
25 paragraph "a" or fourteen days after the date of the election
26 held under paragraph "b", if applicable, whichever is later, an
27 action shall not be brought questioning the board of directors'
28 authority to use funds for the school infrastructure project or
29 questioning the legality of any proceedings in connection with
30 the authorization of such use.

31 *c.* For purposes of this subsection:

32 (1) "*Athletic facility*" means a building or structure, or
33 portion thereof, that is not physically attached to a student
34 attendance center.

35 (2) "*Construction*" does not include replacement, upgrade,

1 repair, or maintenance of an existing facility.

2 Sec. 11. Section 423F.4, Code 2018, is amended to read as
3 follows:

4 **423F.4 Borrowing authority for school districts.**

5 1. A Subject to the conditions established under subsection
6 2, a school district may anticipate its share of the revenues
7 under section 423F.2 by issuing bonds in the manner provided in
8 section 423E.5, Code 2018. However, to the extent any school
9 district has issued bonds anticipating the proceeds of an
10 extended local sales and services tax for school infrastructure
11 purposes imposed by a county pursuant to former chapter 423E,
12 Code and Code Supplement 2007, prior to July 1, 2008, the
13 pledge of such revenues for the payment of principal and
14 interest on such bonds shall be replaced by a pledge of its
15 share of the revenues under section 423F.2.

16 2. a. Bonds issued on or after July 1, 2018, shall not be
17 sold at public sale as provided in chapter 75, or at a private
18 sale, without notice and hearing. Notice of the time and place
19 of the public hearing shall be published not less than ten nor
20 more than twenty days before the public hearing in a newspaper
21 which is a newspaper of general circulation in the school
22 district.

23 b. For bonds subject to the requirements of paragraph
24 "a", if at any time prior to the fifteenth day following the
25 hearing, the secretary of the board of directors receives a
26 petition containing the required number of signatures and
27 asking that the question of the issuance of such bonds be
28 submitted to the voters of the school district, the board shall
29 either rescind its adoption of the resolution or direct the
30 county commissioner of elections to submit the question to the
31 registered voters of the school district at an election held
32 on a date specified in section 39.2, subsection 4, paragraph
33 "c". The petition must be signed by eligible electors equal in
34 number to not less than one hundred or thirty percent of the
35 number of voters at the last preceding regular school election,

1 whichever is greater. If the board submits the question at an
2 election and a majority of those voting on the question favors
3 issuance of the bonds, the board shall be authorized to issue
4 the bonds.

5 c. After fourteen days from the date of the hearing under
6 paragraph "a" or fourteen days after the date of the election
7 held under paragraph "b", if applicable, whichever is later,
8 an action shall not be brought questioning the legality of
9 any bonds or the power of the authority to issue any bonds
10 or to the legality of any proceedings in connection with the
11 authorization or issuance of the bonds.

12 Sec. 12. Section 423F.6, Code 2018, is amended to read as
13 follows:

14 **423F.6 Repeal.**

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

16 Sec. 13. STATE MANDATE FUNDING SPECIFIED. In accordance
17 with section 25B.2, subsection 3, the state cost of requiring
18 compliance with any state mandate included in this Act shall
19 be paid by a school district from state school foundation aid
20 received by the school district under section 257.16. This
21 specification of the payment of the state cost shall be deemed
22 to meet all of the state funding-related requirements of
23 section 25B.2, subsection 3, and no additional state funding
24 shall be necessary for the full implementation of this Act
25 by and enforcement of this Act against all affected school
26 districts.

27

EXPLANATION

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

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 consumers
34 or users, 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 by statute, if applicable, one-sixth of
3 the remaining state sales tax revenue from the 6 percent tax
4 is transferred to the secure an advanced vision for education
5 (SAVE) fund created in Code section 423F.2. Moneys in the SAVE
6 fund are allocated to school districts on a per pupil basis to
7 be 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 This bill extends the 6 percent sales tax rate, the
13 allocation to the SAVE fund, and the statutory repeal of Code
14 chapter 423F until January 1, 2050.

15 Current law requires that one-sixth of the revenue from the
16 6 percent statewide sales tax be deposited in the SAVE fund
17 for distribution to school districts on a per pupil basis.
18 Code section 423F.2 provides that prior to such distribution,
19 2.1 percent of the moneys available in the SAVE fund are
20 distributed and credited to the property tax equity and relief
21 (PTER) fund to be used for additional property tax levy aid.
22 The bill provides that for each fiscal year beginning on or
23 after July 1, 2018, the percentage used to determine the
24 amount of the transfer from the SAVE fund to the PTER fund is
25 equal to the percentage for the immediately preceding fiscal
26 year, unless the amount of money available in the SAVE fund
27 in the fiscal year is equal to or exceeds 102 percent of the
28 amount of money available in the SAVE fund for the immediately
29 preceding fiscal year, in which case the percentage shall be
30 the percentage for the immediately preceding fiscal year plus 1
31 percent. However, the bill caps the percentage at 10 percent.

32 Under the bill, revenue purpose statements for the use of
33 SAVE fund revenues adopted before July 1, 2018, shall terminate
34 and be of no further force and effect on January 1, 2023.

35 If a school district intends to use SAVE fund revenues for

1 purposes other than those which can be approved by the school
2 board alone and does not intend to operate without a revenue
3 purpose statement on or after January 1, 2023, the school
4 board must submit a revenue purpose statement for approval
5 by the electors on or after July 1, 2018, and such revenue
6 purpose statement submitted to the electors shall include
7 all proposed uses including those previously approved by the
8 electors, if applicable. The bill specifies that if a revenue
9 purpose statement is terminated on January 1, 2023, under the
10 provisions of the bill, such termination shall not affect the
11 validity of or a first lien on bonds issued under Code sections
12 423E.5 and 423F.5 prior to January 1, 2023.

13 The bill provides that prior to approving the use of SAVE
14 revenues for a school infrastructure project that includes in
15 whole or in part the construction of an athletic facility, as
16 defined in the bill, the board of directors must first hold
17 an additional public hearing on the issue of the athletic
18 facility. If at any time prior to the fifteenth day following
19 the hearing, the secretary of the board of directors receives
20 a petition containing the required number of signatures and
21 asking that the question of the approval of the use of revenues
22 for the school infrastructure project be submitted to the
23 voters of the school district, the board of directors shall
24 either abandon approval of the use of SAVE revenues for the
25 school infrastructure project or direct the county commissioner
26 of elections to submit the question to the registered voters
27 of the school district. If a majority of those voting on the
28 question favors the use of the SAVE revenues for the school
29 infrastructure project, the board shall be authorized to
30 approve such use by resolution of the board. If a majority
31 of those voting on the question does not favor the use of
32 the SAVE revenues for the school infrastructure project, the
33 board of directors shall rescind the board's resolution and
34 abandon approval of the use of SAVE revenues for the school
35 infrastructure project. If a petition is not received by the

1 board of directors within the prescribed time period, the
2 board of directors may approve the use of SAVE revenues for
3 the school infrastructure project without voter approval. The
4 bill also establishes limitations on the period of time to
5 bring an action to question the authority to use funds for such
6 purpose or the legality of any proceedings in connection with
7 the authorization of such use.

8 Current law authorizes a school district to anticipate
9 its share of SAVE fund revenues by issuing bonds without
10 voter approval. The bill provides that revenue bonds issued
11 on or after July 1, 2018, shall not be sold at public sale
12 or at a private sale without notice and a public hearing.
13 Additionally, if at any time prior to the 15th day following
14 the hearing, the secretary of the board of directors receives
15 a petition containing the required number of signatures and
16 asking that the question of the issuance of such bonds be
17 submitted to the voters of the school district, the school
18 board shall either rescind its adoption of the resolution or
19 direct the county commissioner of elections to submit the
20 question to the registered voters of the school district. The
21 petition must be signed by eligible electors equal in number to
22 not less than 100 or 30 percent of the number of voters at the
23 last preceding regular school election, whichever is greater.
24 If the school board submits the question at an election and a
25 majority of those voting on the question favors issuance of the
26 bonds, the board shall be authorized to issue the bonds. The
27 bill also places limitations on the period of time during which
28 an action questioning the legality or procedural compliance for
29 the issuance of such bonds may be brought.

30 Currently, a school district with a certified enrollment
31 of fewer than 250 pupils in the entire district or certified
32 enrollment of fewer than 100 pupils in high school must apply
33 to the department of education for a certificate of need
34 before the school district can expend the supplemental school
35 infrastructure amount received for new construction or for

1 payments for bonds issued for new construction against the
2 supplemental school infrastructure amount. The bill increases
3 the enrollment thresholds to a total enrollment of 350 pupils
4 and to a high school enrollment of 140 pupils.

5 The bill also modifies the criteria to be used by the
6 department of education in determining whether to issue a
7 certificate of need to include the cost-benefit analysis of
8 remodeling, reconstructing, or repairing existing buildings
9 versus new construction and consideration of the benefit of the
10 new construction on student learning.

11 The bill may include a state mandate as defined in Code
12 section 25B.3. The bill requires that the state cost of
13 any state mandate included in the bill be paid by a school
14 district from state school foundation aid received by the
15 school district under section 257.16. The specification is
16 deemed to constitute state compliance with any state mandate
17 funding-related requirements of Code section 25B.2. The
18 inclusion of this specification is intended to reinstate the
19 requirement of political subdivisions to comply with any state
20 mandates included in the bill.