

**Senate File 2077 - Introduced**

SENATE FILE 2077

BY D. JOHNSON

**A BILL FOR**

1 An Act relating to public education funding by establishing  
2 the state percent of growth and the categorical state  
3 percent of growth for the budget year beginning July 1,  
4 2018, eliminating future repeal provisions for collection of  
5 sales tax for deposit in the secure an advanced vision for  
6 education fund, and authorizing uses for revenues received  
7 from the fund.

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

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DIVISION I

STATE PERCENTS OF GROWTH

Section 1. Section 257.8, subsections 1 and 2, Code 2018, are amended to read as follows:

1. *State percent of growth.* ~~The state percent of growth for the budget year beginning July 1, 2015, is one and twenty-five hundredths percent.~~ The state percent of growth for the budget year beginning July 1, 2016, is two and twenty-five hundredths percent. The state percent of growth for the budget year beginning July 1, 2017, is one and eleven hundredths percent. The state percent of growth for the budget year beginning July 1, 2018, is zero percent. The state percent of growth for each subsequent budget year shall be established by statute which shall be enacted within thirty days of the transmission of the governor's budget required by February 1 under [section 8.21](#) during the regular legislative session beginning in the base year.

2. *Categorical state percent of growth.* ~~The categorical state percent of growth for the budget year beginning July 1, 2015, is one and twenty-five hundredths percent.~~ The categorical state percent of growth for the budget year beginning July 1, 2016, is two and twenty-five hundredths percent. The categorical state percent of growth for the budget year beginning July 1, 2017, is one and eleven hundredths percent. The categorical state percent of growth for the budget year beginning July 1, 2018, is zero percent. The categorical state percent of growth for each budget year shall be established by statute which shall be enacted within thirty days of the transmission of the governor's budget required by February 1 under [section 8.21](#) during the regular legislative session beginning in the base year. The categorical state percent of growth may include state percents of growth for the teacher salary supplement, the professional development supplement, the early intervention supplement, and the teacher leadership supplement.

DIVISION II

SECURE AN ADVANCED VISION FOR EDUCATION FUND

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

5 (3) Transfer one-sixth of the remaining revenues to the  
6 secure an advanced vision for education fund created in section  
7 423F.2. ~~This subparagraph (3) is repealed December 31, 2029.~~

8 Sec. 3. Section 423.2, subsection 14, Code 2018, is amended  
9 by striking the subsection.

10 Sec. 4. Section 423.5, subsection 5, Code 2018, is amended  
11 by striking the subsection.

12 Sec. 5. Section 423.43, subsection 1, paragraph b, Code  
13 2018, is amended to read as follows:

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

20 Sec. 6. Section 423F.3, subsection 1, unnumbered paragraph  
21 1, Code 2018, is amended to read as follows:

22 A school district receiving revenues from the secure an  
23 advanced vision for education fund under [this chapter](#) without  
24 a valid revenue purpose statement or if the valid revenue  
25 purpose statement does not specify purposes for all revenues  
26 received shall expend the revenues or unspecified revenues, as  
27 applicable, subject to [subsections 2 and 3](#) for the following  
28 purposes:

29 Sec. 7. Section 423F.3, subsection 1, Code 2018, is amended  
30 by adding the following new paragraph:

31 NEW PARAGRAPH. f. School district direct transportation  
32 costs, as defined in subsection 3, paragraph "a".

33 Sec. 8. Section 423F.3, subsection 3, paragraph a, Code  
34 2018, is amended to read as follows:

35 a. If the board of directors adopts a resolution to use

1 funds received under the operation of **this chapter** solely for  
2 providing property tax relief by reducing indebtedness from  
3 the levies specified under **section 298.2** or **298.18**, for the  
4 payment of direct transportation costs of the school district,  
5 or for both, the board of directors may approve a revenue  
6 purpose statement for that purpose without submitting the  
7 revenue purpose statement to a vote of the electors. If the  
8 board of directors adopts a resolution to use funds received  
9 under this chapter for the payment of direct transportation  
10 costs, the amount used for such purpose shall not exceed  
11 twenty-five percent of the total amount received by the  
12 district for the fiscal year. For purposes of this paragraph,  
13 "direct transportation costs" means costs incurred by a school  
14 district for the transportation of pupils required under  
15 chapter 285, including the purchase of transportation equipment  
16 for transporting students, the repair and maintenance of  
17 such transportation equipment, and the cost of fuel for such  
18 transportation equipment. "Direct transportation costs" do not  
19 include the cost of salaries, wages, or benefits of a school  
20 bus driver or other employee of the school district or of a  
21 person with whom the school district has contracted to provide  
22 transportation services.

23 Sec. 9. Section 423F.4, Code 2018, is amended to read as  
24 follows:

25 **423F.4 Borrowing authority for school districts.**

26 A school district may anticipate its share of the revenues  
27 under **section 423F.2** by issuing bonds in the manner provided in  
28 **section 423E.5, Code 2018**. However, to the extent any school  
29 district has issued bonds anticipating the proceeds of an  
30 extended local sales and services tax for school infrastructure  
31 purposes imposed by a county pursuant to former chapter 423E,  
32 Code and Code Supplement 2007, prior to July 1, 2008, the  
33 pledge of such revenues for the payment of principal and  
34 interest on such bonds shall be replaced by a pledge of its  
35 share of the revenues under **section 423F.2**.

1     Sec. 10. REPEAL. Section 423F.6, Code 2018, is repealed.

2                                     EXPLANATION

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

5     Division I of this bill establishes the state percent of  
6 growth and the categorical state percent of growth for the  
7 budget year beginning July 1, 2018. The bill establishes  
8 a state percent of growth of 0 percent for the budget year  
9 beginning July 1, 2018. The state percent of growth is used  
10 to calculate the amount of supplemental state aid for a budget  
11 year as part of the state school foundation program.

12     Division I of the bill also establishes a categorical state  
13 percent of growth of 0 percent for the budget year beginning  
14 July 1, 2018. The categorical state percent of growth is used  
15 to calculate the amount of supplemental state aid for each of  
16 the categorical funding supplements.

17     Code section 423.2 imposes a state sales tax of 6 percent  
18 upon the sales price of all sales of tangible personal  
19 property, consisting of goods, wares, merchandise, and other  
20 items designated by statute, sold at retail in the state to  
21 consumers, except as otherwise provided by Code chapter 423.  
22 Generally, by operation of law, a sale subject to the sales  
23 tax is also subject to the use tax. Following the transfer  
24 of amounts required by statute, if applicable, one-sixth of  
25 the remaining state sales tax revenue from the 6 percent tax  
26 is transferred to the secure an advanced vision for education  
27 (SAVE) fund created in Code section 423F.2. Moneys in the SAVE  
28 fund are allocated to school districts on a per pupil basis to  
29 be used for infrastructure and property tax reduction purposes  
30 specified in Code chapter 423F. Under current law, the sales  
31 and use tax rate of 6 percent is reduced to 5 percent on January  
32 1, 2030, and Code chapter 423F, along with other corresponding  
33 provisions, is repealed December 31, 2029.

34     Division II of the bill repeals Code section 423F.6, which  
35 currently provides for the repeal of Code chapter 423F on

1 December 31, 2029. The bill also strikes corresponding repeal  
2 provisions relating to the allocation of sales tax revenue and  
3 provisions that reduce the state sales and use tax rate from 6  
4 percent to 5 percent beginning January 1, 2030, and specifies a  
5 Code year for a statutory reference related to the manner by  
6 which school districts may issue bonds in anticipation of SAVE  
7 fund revenues.

8 Code section 423F.3 authorizes the school district board  
9 of directors to approve a revenue purpose statement to use  
10 funds received from the SAVE fund solely for providing property  
11 tax relief by reducing indebtedness from the physical plant  
12 and equipment levy and the school district debt service  
13 levy without submitting the revenue purpose statement to  
14 a vote of the electors. The bill authorizes the board of  
15 directors to similarly approve a revenue purpose statement for  
16 the payment of school district direct transportation costs  
17 without submitting the revenue purpose statement to a vote of  
18 the electors. The bill provides, however, if the board of  
19 directors adopts a resolution to use funds received under this  
20 Code chapter for the payment of direct transportation costs,  
21 the amount used for such purpose shall not exceed 25 percent  
22 of the total amount received by the district for the fiscal  
23 year. The bill defines "direct transportation costs" to mean  
24 costs incurred for the transportation of pupils required under  
25 Code chapter 285, including the purchase of transportation  
26 equipment for transporting students, the repair and maintenance  
27 of such transportation equipment, and the cost of fuel for  
28 such transportation equipment. The bill excludes the cost  
29 of salaries, wages, or benefits of a school bus driver or  
30 other employee of the school district or of a person with whom  
31 the school district has contracted to provide transportation  
32 services from the definition of direct transportation costs.

33 Code section 423F.3 provides that a school district  
34 receiving revenues from the SAVE fund without a valid revenue  
35 purpose statement is required to use such revenues for

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1 specified purposes in the order prescribed in the Code. The  
2 bill adds direct transportation costs to the end of that list  
3 of authorized uses.