

Senate File 2393 - Introduced

SENATE FILE 2393

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2216)

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 This subparagraph (3) is repealed ~~December 31, 2029~~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22 repealed ~~December 31, 2029~~ January 1, 2050.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 1, paragraph d, Code
21 2018, is amended to read as follows:

22 d. For any authorized infrastructure purpose of the school
23 district as defined in [subsection 6](#), excluding the construction
24 or purchase of an extracurricular athletic facility.

25 Sec. 7. Section 423F.3, subsection 3, paragraph b, Code
26 2018, is amended to read as follows:

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

1 included in the existing revenue purpose statement. If the
2 board of directors intends to use funds for the construction
3 or purchase of an extracurricular athletic facility that is
4 approved by the board on or after July 1, 2018, such use
5 must first be specifically included in the school district's
6 revenue purpose statement, subject to approval of the electors.
7 For purposes of this subparagraph, "extracurricular athletic
8 facility" means a building or structure, or portion thereof,
9 that is not physically attached to a student attendance
10 center and that is primarily used for extracurricular athletic
11 activities or nonschool sponsored activities. For purposes of
12 this subparagraph, "construction" does not include repair or
13 maintenance of an existing facility.

14 (2) Notwithstanding any provision of law to the contrary,
15 for each school district with an existing revenue purpose
16 statement for the use of revenues from the secure an advanced
17 vision for education fund adopted under this paragraph or
18 adopted under another provision of law before July 1, 2018,
19 such revenue purpose statement shall terminate and be of no
20 further force and effect on January 1, 2023. If such a school
21 district intends to use funds for purposes other than those
22 listed in paragraph "a" and does not intend to operate without
23 a revenue purpose statement on or after January 1, 2023, the
24 board of directors shall submit a revenue purpose statement for
25 approval by the electors under subparagraph (1) on or after
26 July 1, 2018, and such revenue purpose statement submitted to
27 the electors shall include all proposed uses including those
28 previously approved by the electors, if applicable. If a
29 revenue purpose statement is terminated under the provisions
30 of this subparagraph, such termination shall not affect the
31 validity of or a first lien on bonds issued under section
32 423E.5, Code 2018, or section 423F.5 prior to January 1, 2023.

33 Sec. 8. Section 423F.3, subsection 5, unnumbered paragraph
34 1, Code 2018, is amended to read as follows:

35 A school district with a certified enrollment of fewer

1 than ~~two~~ three hundred fifty pupils in the entire district or
2 certified enrollment of fewer than one hundred forty pupils
3 in high school shall not expend the amount received for new
4 construction without prior application to the department of
5 education and receipt of a certificate of need pursuant to
6 this subsection. A certificate of need is not required for
7 repairing schoolhouses or buildings, equipment, technology, or
8 transportation equipment for transporting students as provided
9 in [section 298.3](#), or for construction necessary for compliance
10 with the federal Americans With Disabilities Act pursuant to 42
11 U.S.C. §12101 – 12117. In determining whether a certificate of
12 need shall be issued or denied, the department shall consider
13 all of the following:

14 Sec. 9. Section 423F.3, subsection 5, paragraph b, Code
15 2018, is amended to read as follows:

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

18 Sec. 10. Section 423F.3, subsection 5, Code 2018, is amended
19 by adding the following new paragraph:

20 NEW PARAGRAPH. *i.* Benefits and effects of the new
21 construction on student learning.

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

24 **423F.4 Borrowing authority for school districts.**

25 1. A Subject to the conditions established under subsection
26 2, 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 2. a. Bonds issued on or after July 1, 2018, shall not
2 be sold at public sale as provided in chapter 75, or at a
3 private sale, without notice and hearing as provided in section
4 73A.12 as if the school district were a municipality within the
5 meaning of chapter 73A.

6 b. For bonds subject to the requirements of paragraph
7 "a", if at any time prior to the fifteenth day following the
8 hearing, the secretary of the board of directors receives a
9 petition containing the required number of signatures and
10 asking that the question of the issuance of such bonds be
11 submitted to the voters of the school district, the board shall
12 either rescind its adoption of the resolution or direct the
13 county commissioner of elections to submit the question to the
14 registered voters of the school district at an election held
15 on a date specified in section 39.2, subsection 4, paragraph
16 "c". The petition must be signed by eligible electors equal in
17 number to not less than one hundred or thirty percent of the
18 number of voters at the last preceding regular school election,
19 whichever is greater. If the board submits the question at an
20 election and a majority of those voting on the question favors
21 issuance of the bonds, the board shall be authorized to issue
22 the bonds.

23 c. After fourteen days from the date of the hearing under
24 paragraph "a" or fourteen days after the date of the election
25 held under paragraph "b", if applicable, whichever is later,
26 an action shall not be brought questioning the legality of
27 any bonds or the power of the authority to issue any bonds
28 or to the legality of any proceedings in connection with the
29 authorization or issuance of the bonds.

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

32 **423F.6 Repeal.**

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

34 Sec. 13. STATE MANDATE FUNDING SPECIFIED. In accordance
35 with section 25B.2, subsection 3, the state cost of requiring

1 compliance with any state mandate included in this Act shall
2 be paid by a school district from state school foundation aid
3 received by the school district under section 257.16. This
4 specification of the payment of the state cost shall be deemed
5 to meet all of the state funding-related requirements of
6 section 25B.2, subsection 3, and no additional state funding
7 shall be necessary for the full implementation of this Act
8 by and enforcement of this Act against all affected school
9 districts.

10

EXPLANATION

11

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

12

13

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

30

This bill extends the 6 percent sales tax rate, the
31 allocation to the SAVE fund, and the statutory repeal of Code
32 chapter 423F until January 1, 2050.

33

Current law requires that one-sixth of the revenue from the
34 6 percent statewide sales tax be deposited in the SAVE fund
35 for distribution to school districts on a per pupil basis.

1 Code section 423F.2 provides that prior to such distribution,
2 2.1 percent of the moneys available in the SAVE fund are
3 distributed and credited to the property tax equity and relief
4 (PTER) fund to be used for additional property tax levy aid.
5 The bill provides that for each fiscal year beginning on or
6 after July 1, 2018, the percentage used to determine the
7 amount of the transfer from the SAVE fund to the PTER fund is
8 equal to the percentage for the immediately preceding fiscal
9 year, unless the amount of money available in the SAVE fund
10 in the fiscal year is equal to or exceeds 102 percent of the
11 amount of money available in the SAVE fund for the immediately
12 preceding fiscal year, in which case the percentage shall be
13 the percentage for the immediately preceding fiscal year plus 1
14 percent. However, the bill caps the percentage at 10 percent.

15 Code section 423F.3(1) generally describes the uses for
16 which a school district may use revenues from the SAVE fund
17 if the school district does not have a valid revenue purpose
18 statement. The bill excludes the construction or purchase of
19 an extracurricular athletic facility, as defined in the bill,
20 approved by the school board on or after July 1, 2018, from
21 that list of authorized uses. The bill also provides that if
22 a school board intends to use SAVE funds for the construction
23 or purchase of an extracurricular athletic facility that is
24 approved by the board on or after July 1, 2018, such use must
25 first be specifically included in the school district's revenue
26 purpose statement, subject to approval of the electors.

27 Under the bill, revenue purpose statements for the use of
28 SAVE fund revenues adopted before July 1, 2018, shall terminate
29 and be of no further force and effect on January 1, 2023.
30 If a school district intends to use SAVE fund revenues for
31 purposes other than those which can be approved by the school
32 board alone and does not intend to operate without a revenue
33 purpose statement on or after January 1, 2023, the school
34 board must submit a revenue purpose statement for approval
35 by the electors on or after July 1, 2018, and such revenue

1 purpose statement submitted to the electors shall include
2 all proposed uses including those previously approved by the
3 electors, if applicable. The bill specifies that if a revenue
4 purpose statement is terminated on January 1, 2023, under the
5 provisions of the bill, such termination shall not affect the
6 validity of or a first lien on bonds issued under Code sections
7 423E.5 and 423F.5 prior to January 1, 2023.

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.