

House File 2481 - Reprinted

HOUSE FILE 2481

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2438)

(SUCCESSOR TO HSB 647)

(As Amended and Passed by the House April 10, 2018)

A BILL FOR

1 An Act relating to school funding by modifying provisions
2 relating to the collection of sales tax for deposit in the
3 secure an advanced vision for education fund, provisions
4 relating to the use of tax revenue from the secure an
5 advanced vision for education fund, and provisions relating
6 to the calculation of the additional property tax levy, and
7 making appropriations.

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

1 Section 1. Section 257.2, subsection 8, Code 2018, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. e. Foundation base supplement payments
4 received under section 257.16C.

5 Sec. 2. Section 257.4, subsection 1, paragraph a, Code 2018,
6 is amended by adding the following new subparagraph:

7 NEW SUBPARAGRAPH. (10) The amount of the foundation base
8 supplement payment to be received by the school district under
9 section 257.16C.

10 Sec. 3. Section 257.4, subsection 1, paragraph b, Code 2018,
11 is amended to read as follows:

12 b. For the budget year beginning July 1, 2008, and
13 succeeding budget years, the department of management shall
14 annually determine an adjusted additional property tax levy
15 and a statewide maximum adjusted additional property tax
16 levy rate, not to exceed the statewide average additional
17 property tax levy rate, calculated by dividing the total
18 adjusted additional property tax levy dollars statewide by the
19 statewide total net taxable valuation. For purposes of this
20 paragraph, the adjusted additional property tax levy shall be
21 that portion of the additional property tax levy corresponding
22 to the state cost per pupil multiplied by a school district's
23 weighted enrollment, and then multiplied by one hundred
24 percent less the regular program foundation base per pupil
25 percentage pursuant to [section 257.1](#), and then reduced by the
26 amount of the property tax replacement payment to be received
27 under [section 257.16B](#) and the amount of the foundation base
28 supplement payment to be received under section 257.16C. The
29 district shall receive adjusted additional property tax levy
30 aid in an amount equal to the difference between the adjusted
31 additional property tax levy rate and the statewide maximum
32 adjusted additional property tax levy rate, as applied per
33 thousand dollars of assessed valuation on all taxable property
34 in the district. The statewide maximum adjusted additional
35 property tax levy rate shall be annually determined by the

1 department taking into account amounts allocated pursuant to
2 section 257.15, subsection 4, and the balance of the property
3 tax equity and relief fund created in [section 257.16A](#) at the
4 end of the calendar year.

5 Sec. 4. Section 257.15, subsection 4, paragraph b, Code
6 2018, is amended to read as follows:

7 *b.* After lowering all school district adjusted additional
8 property tax levy rates to the statewide maximum adjusted
9 additional property tax levy rate under paragraph *"a"*, the
10 department of management shall use any remaining funds at the
11 end of the calendar year to further lower additional property
12 taxes by increasing for the budget year beginning the following
13 July 1, the state regular program foundation base per pupil
14 percentage under section 257.1. Moneys used pursuant to this
15 paragraph shall supplant an equal amount of the appropriation
16 made from the general fund of the state pursuant to section
17 257.16 that represents the increase in state foundation aid.

18 Sec. 5. NEW SECTION. 257.16C Foundation base supplement
19 fund.

20 1. A foundation base supplement fund is created as a
21 separate and distinct fund in the state treasury under the
22 control of the department of management. Moneys in the fund
23 include revenues credited to the fund, appropriations made to
24 the fund, and other moneys deposited into the fund.

25 2. *a.* There is appropriated annually from the fund to
26 the department of management an amount necessary to make all
27 foundation base supplement payments under this section. The
28 department of management shall calculate each school district's
29 foundation base supplement payment based on the distribution
30 methodology under paragraph *"b"*.

31 *b.* The moneys available in a fiscal year in the foundation
32 base supplement fund shall be distributed by the department
33 of revenue to each school district on a per pupil basis
34 calculated using each school district's weighted enrollment,
35 as defined in section 257.6, for that fiscal year. However,

1 the amount of a school district's foundation base supplement
2 payment for a budget year shall not exceed an amount equal to
3 the school district's weighted enrollment for the budget year
4 multiplied by the amount for the budget year calculated under
5 section 257.16B, subsection 2, paragraph "f", subparagraph
6 (2), as enacted in 2018 Iowa Acts, House File 2230, §4, minus
7 the amount of the school district's property tax replacement
8 payment under section 257.16B for the budget year.

9 3. Notwithstanding section 8.33, any moneys remaining in
10 the foundation base supplement fund at the end of a fiscal year
11 shall not revert to any other fund but shall remain in the
12 foundation base supplement fund for use as provided in this
13 section for the following fiscal year.

14 Sec. 6. NEW SECTION. 257.51 Career academy fund — grant
15 program.

16 1. A career academy fund is created and established as
17 a separate and distinct fund in the state treasury under the
18 control of the department of education.

19 2. a. In addition to moneys deposited in the career
20 academy fund pursuant to section 423F.2, the department of
21 education may accept gifts, grants, bequests, and other private
22 contributions, as well as state or federal funds, and shall
23 deposit the moneys in the fund to be used for purposes of
24 this section. Moneys in the fund are appropriated to the
25 department of education and shall be used for the purposes of
26 this section.

27 b. Notwithstanding section 8.33, moneys in the fund
28 that remain unencumbered or unobligated at the close of the
29 fiscal year shall not revert but shall remain available for
30 expenditure for the purposes of this section in succeeding
31 fiscal years. Notwithstanding section 12C.7, subsection 2,
32 interest earned on moneys in the career academy fund shall be
33 credited to the fund.

34 3. The department of education shall adopt rules to
35 establish and administer a career academy grant program

1 to provide for the allocation of money in the fund in
2 the form of competitive grants, not to exceed one million
3 dollars per grant, to school corporations for career academy
4 infrastructure, career academy equipment, or both, in
5 accordance with the goals of this section and to further the
6 goals of the establishment and operation of career academies
7 under section 258.15. The rules adopted by the department
8 of education shall specify the eligibility of applicants
9 and eligible items for grant funding. Priority for grants
10 shall first be given to applications to establish new career
11 academies that are organized as regional career and technical
12 education planning partnerships pursuant to section 258.14 with
13 three or more school districts. Subsequent priority shall
14 be given to applications for expanding and updating existing
15 facilities and infrastructure to serve as career academies.

16 Sec. 7. Section 423.2, subsection 11, paragraph b,
17 subparagraph (3), Code 2018, is amended to read as follows:

18 (3) Transfer one-sixth of the remaining revenues to the
19 secure an advanced vision for education fund created in section
20 423F.2. This subparagraph (3) is repealed ~~December 31, 2029~~
21 January 1, 2050.

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

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

26 Sec. 9. Section 423.5, subsection 5, Code 2018, is amended
27 to read as follows:

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

30 Sec. 10. Section 423.43, subsection 1, paragraph b, Code
31 2018, is amended to read as follows:

32 b. Subsequent to the deposit into the general fund of
33 the state and after the transfer of such revenues collected
34 under [chapter 423B](#), the department shall transfer one-sixth of
35 such remaining revenues to the secure an advanced vision for

1 education fund created in section 423F.2. This paragraph is
2 repealed ~~December 31, 2029~~ January 1, 2050.

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

5 3. a. The moneys available in a fiscal year in the secure
6 an advanced vision for education fund shall be distributed by
7 the department of revenue to each school district on a per
8 pupil basis calculated using each school district's budget
9 enrollment, as defined in section 257.6, for that fiscal year.

10 b. (1) Prior to distribution of moneys in the secure an
11 advanced vision for education fund to school districts, ~~two~~
12 ~~and one-tenths percent of the moneys available in a~~ an amount
13 equal to the equity transfer amount for the fiscal year minus
14 the foundation base transfer amount for the fiscal year shall
15 be distributed and credited to the property tax equity and
16 relief fund created in section 257.16A, an amount equal to
17 the foundation base transfer amount shall be distributed and
18 credited to the foundation base supplement fund created in
19 section 257.16C, and an amount equal to the career academy
20 transfer amount for the fiscal year shall be distributed and
21 credited to the career academy fund created in section 257.51.

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

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

28 (b) For each fiscal year beginning on or after July 1, 2018,
29 the equity transfer percentage is equal to the equity transfer
30 percentage for the immediately preceding fiscal year, unless
31 the amount of moneys available in the secure an advanced vision
32 for education fund in the fiscal year equals or exceeds one
33 hundred two percent of the amount of moneys available in the
34 fund for the immediately preceding fiscal year, in which case
35 the equity transfer percentage shall be the equity transfer

1 percentage for the immediately preceding fiscal year plus one
2 percent subject to the limitation in subparagraph division (c).

3 (c) If the equity transfer percentage calculated under
4 subparagraph division (b) exceeds twelve percent, the equity
5 transfer percentage for that fiscal year shall be twelve
6 percent.

7 (3) For purposes of this subsection, the foundation
8 base transfer amount equals the equity transfer amount for
9 the fiscal year under subparagraph (2) minus the sum of the
10 following:

11 (a) Two and one-tenths percent of the amount of the moneys
12 available in the secure an advanced vision for education fund
13 in the fiscal year.

14 (b) Two-thirds of the product of the equity transfer
15 percentage for the fiscal year minus two and one-tenths percent
16 multiplied by the moneys available in the secure an advanced
17 vision for education fund in the fiscal year.

18 (4) (a) For purposes of this subsection, the career academy
19 transfer amount for the fiscal year beginning July 1, 2018, is
20 one million dollars.

21 (b) For each fiscal year beginning on or after July 1,
22 2019, the career academy transfer amount is equal to the lesser
23 of five million dollars or the amount of the career academy
24 transfer amount for the immediately preceding fiscal year,
25 unless the amount of moneys available in the secure an advanced
26 vision for education fund in the fiscal year equals or exceeds
27 one hundred two and one-half percent of the amount of moneys
28 available in the fund for the immediately preceding fiscal
29 year, in which case the career academy transfer amount equals
30 the lesser of five million dollars or the sum of the amount
31 of the career academy transfer amount for the immediately
32 preceding fiscal year plus one-half percent of the amount of
33 moneys available in the secure an advanced vision for education
34 fund in the fiscal year following the deposit of revenues in
35 the property tax equity and relief fund and the foundation base

1 supplement fund.

2 Sec. 12. Section 423F.3, subsection 3, paragraph b, Code
3 2018, is amended to read as follows:

4 b. (1) If the board of directors intends to use funds for
5 purposes other than those listed in paragraph "a", or change the
6 use of funds to purposes other than those listed in paragraph
7 "a", the board shall adopt a revenue purpose statement or amend
8 an existing revenue purpose statement, subject to approval of
9 the electors, listing the proposed use of the funds. ~~School~~
10 ~~districts shall submit the statement to the voters no later~~
11 ~~than sixty days prior to the expiration of any existing revenue~~
12 ~~purpose statement or change in use not included in the existing~~
13 ~~revenue purpose statement.~~

14 (2) (a) Notwithstanding any provision of law to the
15 contrary, for each school district with an existing revenue
16 purpose statement for the use of revenues from the secure an
17 advanced vision for education fund adopted under this paragraph
18 or adopted under another provision of law before July 1,
19 2018, such revenue purpose statement shall terminate and be
20 of no further force and effect on January 1, 2030, or the
21 expiration date of the revenue purpose statement, whichever is
22 earlier. If such a school district intends to use funds for
23 purposes other than those listed in paragraph "a" and does not
24 intend to operate without a revenue purpose statement on or
25 after January 1, 2030, or the expiration date of the revenue
26 purpose statement, whichever is earlier, the board of directors
27 shall submit a revenue purpose statement for approval by the
28 electors under subparagraph (1) on or after July 1, 2018,
29 and such revenue purpose statement submitted to the electors
30 shall include all proposed uses including those previously
31 approved by the electors, if applicable. The following, in
32 substantially the following form, shall be included in the
33 notice of the election published under paragraph "d" and
34 published on the school district's internet site:

35 If a majority of eligible electors voting on the question

1 fail to approve this revenue purpose statement, revenues
2 received by the school district from the secure an advanced
3 vision for education fund shall first be expended for
4 (State the purposes in the order listed in subsection 1 and as
5 required by subsection 4 of this section for which the revenues
6 received by the school district under this chapter will be
7 expended.)

8 (b) Unless a new revenue purpose statement is adopted by
9 the electors, the existing revenue purpose statement remains
10 in effect until January 1, 2030, or the expiration date of the
11 revenue purpose statement, whichever is earlier. If a revenue
12 purpose statement is terminated under the provisions of this
13 subparagraph, such termination shall not affect the validity
14 of or a first lien on bonds issued under section 423E.5, Code
15 2018, or section 423F.5 prior to the date the revenue purpose
16 statement is terminated under subparagraph division (a), or
17 the validity of a contract or other obligation of the school
18 district secured in whole or in part by or requiring the
19 payment of funds received under this chapter in effect prior
20 to the date the revenue purpose statement is terminated under
21 subparagraph division (a).

22 Sec. 13. Section 423F.3, subsection 5, paragraph b, Code
23 2018, is amended to read as follows:

24 b. The infeasibility cost-benefit analysis of remodeling,
25 reconstructing, or repairing existing buildings.

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

28 NEW PARAGRAPH. i. Benefits and effects of the new
29 construction on student learning.

30 Sec. 15. Section 423F.3, subsection 6, Code 2018, is amended
31 by adding the following new paragraph:

32 NEW PARAGRAPH. Od. Additionally, "school infrastructure"
33 includes school safety and security infrastructure. For
34 purposes of this paragraph, "school safety and security
35 infrastructure" includes but is not limited to safe rooms,

1 remote entry technology and equipment, security camera systems,
2 card access systems, and communication systems with access to
3 fire and police emergency frequencies. For purposes of this
4 paragraph, "*school safety and security infrastructure*" does
5 not include the cost of personnel, development of safety and
6 security plans, or training related to the implementation of
7 safety and security plans.

8 Sec. 16. Section 423F.3, Code 2018, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 6A. a. Prior to approving the use
11 of revenues received under this chapter for an athletic
12 facility infrastructure project within the scope of the
13 school district's approved revenue purpose statement or
14 pursuant to subsection 4 for a school district without an
15 approved revenue statement, the board of directors shall adopt
16 a resolution setting forth the proposal for the athletic
17 facility infrastructure project and hold an additional public
18 hearing on the issue of construction of the athletic facility.
19 Notice of the time and place of the public hearing shall be
20 published not less than ten nor more than twenty days before
21 the public hearing in a newspaper which is a newspaper of
22 general circulation in the school district. If at any time
23 prior to the fifteenth day following the hearing, the secretary
24 of the board of directors receives a petition containing the
25 required number of signatures and asking that the question
26 of the approval of the use of revenues for the athletic
27 facility infrastructure project be submitted to the voters
28 of the school district, the board of directors shall either
29 rescind the board's resolution for the use of revenues for
30 the athletic facility infrastructure project or direct the
31 county commissioner of elections to submit the question to the
32 registered voters of the school district at an election held
33 on a date specified in section 39.2, subsection 4, paragraph
34 "c". The petition must be signed by eligible electors equal
35 in number to not less than one hundred or thirty percent of

1 the number of voters at the last preceding election of school
2 officials under section 277.1, whichever is greater. If a
3 majority of those voting on the question favors the use of the
4 revenues for the athletic facility infrastructure project, the
5 board shall be authorized to approve such use by resolution of
6 the board. If a majority of those voting on the question does
7 not favor the use of the revenues for the athletic facility
8 infrastructure project, the board of directors shall rescind
9 the board's resolution for the use of revenues for the athletic
10 facility infrastructure project. If a petition is not received
11 by the board of directors within the prescribed time period,
12 the board of directors may approve the use of revenues for
13 the athletic facility infrastructure project without voter
14 approval.

15 *b.* After fourteen days from the date of the hearing under
16 paragraph "a" or fourteen days after the date of the election
17 held under paragraph "a", if applicable, whichever is later, an
18 action shall not be brought questioning the board of directors'
19 authority to use funds for the athletic facility infrastructure
20 project or questioning the legality of any proceedings in
21 connection with the authorization of such use.

22 *c.* For purposes of this subsection:

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

26 (2) "*Athletic facility infrastructure project*" means a school
27 infrastructure project that includes in whole or in part the
28 construction of an athletic facility.

29 (3) "*Construction*" does not include repair or maintenance
30 of an existing facility.

31 Sec. 17. Section 423F.4, Code 2018, is amended to read as
32 follows:

33 **423F.4 Borrowing authority for school districts.**

34 1. A Subject to the conditions established under subsection
35 2, a school district may anticipate its share of the revenues

1 under [section 423F.2](#) by issuing bonds in the manner provided in
2 [section 423E.5, Code 2018](#). However, to the extent any school
3 district has issued bonds anticipating the proceeds of an
4 extended local sales and services tax for school infrastructure
5 purposes imposed by a county pursuant to former chapter 423E,
6 Code and Code Supplement 2007, prior to July 1, 2008, the
7 pledge of such revenues for the payment of principal and
8 interest on such bonds shall be replaced by a pledge of its
9 share of the revenues under [section 423F.2](#).

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

17 b. For bonds subject to the requirements of paragraph
18 "a", if at any time prior to the fifteenth day following the
19 hearing, the secretary of the board of directors receives a
20 petition containing the required number of signatures and
21 asking that the question of the issuance of such bonds be
22 submitted to the voters of the school district, the board shall
23 either rescind its adoption of the resolution or direct the
24 county commissioner of elections to submit the question to the
25 registered voters of the school district at an election held
26 on a date specified in section 39.2, subsection 4, paragraph
27 "c". The petition must be signed by eligible electors equal
28 in number to not less than one hundred or thirty percent of
29 the number of voters at the last preceding election of school
30 officials under section 277.1, whichever is greater. If the
31 board submits the question at an election and a majority of
32 those voting on the question favors issuance of the bonds, the
33 board shall be authorized to issue the bonds.

34 c. After fourteen days from the date of the hearing under
35 paragraph "a" or fourteen days after the date of the election

1 held under paragraph "b", if applicable, whichever is later,
2 an action shall not be brought questioning the legality of
3 any bonds or the power of the authority to issue any bonds
4 or to the legality of any proceedings in connection with the
5 authorization or issuance of the bonds.

6 Sec. 18. Section 423F.6, Code 2018, is amended to read as
7 follows:

8 **423F.6 Repeal.**

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

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