

House File 546 - Reprinted

HOUSE FILE 546

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 425)

(SUCCESSOR TO HSB 18)

(As Amended and Passed by the House March 13, 2019)

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 2019, is
2 amended by adding the following new paragraph:

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

5 Sec. 2. Section 257.4, subsection 1, paragraph a, Code 2019,
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 257.16D.

10 Sec. 3. Section 257.4, subsection 1, paragraph b, Code 2019,
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 257.16D. 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 2019, 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. 257.16D 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 management 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), minus the amount of the school district's property tax
7 replacement payment under section 257.16B for the budget year.

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

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

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

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

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

33 3. The department of education shall adopt rules to
34 establish and administer a career academy grant program
35 to provide for the allocation of money in the fund in

1 the form of competitive grants, not to exceed one million
2 dollars per grant, to school corporations for career academy
3 infrastructure, career academy equipment, or both, in
4 accordance with the goals of this section and to further the
5 goals of the establishment and operation of career academies
6 under section 258.15. The rules adopted by the department
7 of education shall specify the eligibility of applicants
8 and eligible items for grant funding. Priority for grants
9 shall first be given to applications to establish new career
10 academies that are organized as regional centers pursuant
11 to chapter 258. Subsequent priority shall be given to
12 applications for expanding existing career academies.

13 Sec. 7. Section 423.2, subsection 12, Code 2019, is amended
14 to read as follows:

15 12. The sales tax rate of six percent is reduced to five
16 percent on January 1, ~~2030~~ 2051.

17 Sec. 8. Section 423.2A, subsection 2, paragraph c, Code
18 2019, is amended to read as follows:

19 c. Transfer one-sixth of the remaining revenues to the
20 secure an advanced vision for education fund created in section
21 423F.2. This paragraph "c" is repealed ~~December 31, 2029~~
22 January 1, 2051.

23 Sec. 9. Section 423.5, subsection 4, Code 2019, is amended
24 to read as follows:

25 4. The use tax rate of six percent is reduced to five
26 percent on January 1, ~~2030~~ 2051.

27 Sec. 10. Section 423.43, subsection 1, paragraph b, Code
28 2019, is amended to read as follows:

29 b. Subsequent to the deposit into the general fund of
30 the state and after the transfer of such revenues collected
31 under [chapter 423B](#), the department shall transfer one-sixth of
32 such remaining revenues to the secure an advanced vision for
33 education fund created in [section 423F.2](#). This paragraph is
34 repealed ~~December 31, 2029~~ January 1, 2051.

35 Sec. 11. Section 423F.2, subsection 3, Code 2019, is amended

1 to read as follows:

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

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

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

23 (a) For the fiscal year beginning July 1, 2018, the equity
24 transfer percentage is two and one-tenth percent. For the
25 fiscal year beginning July 1, 2019, the equity transfer
26 percentage is three and one-tenth percent.

27 (b) For each fiscal year beginning on or after July 1, 2020,
28 the equity transfer percentage is equal to the equity transfer
29 percentage for the immediately preceding fiscal year, unless
30 the amount of moneys available in the secure an advanced vision
31 for education fund in the immediately preceding fiscal year
32 equals or exceeds one hundred two percent of the amount of
33 moneys available in the fund for the fiscal year prior to the
34 immediately preceding fiscal year, in which case the equity
35 transfer percentage shall be the equity transfer percentage for

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

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

7 (3) For purposes of this subsection, the foundation base
8 transfer amount for the fiscal year beginning July 1, 2019, is
9 zero, and for each fiscal year beginning on or after July 1,
10 2020, the foundation base transfer amount equals the equity
11 transfer amount for the fiscal year under subparagraph (2)
12 minus the sum of the following:

13 (a) Three and one-tenth percent of the amount of the moneys
14 available in the secure an advanced vision for education fund
15 in the fiscal year.

16 (b) One-half of the product of the equity transfer
17 percentage for the fiscal year minus three and one-tenth
18 percent multiplied by the moneys available in the secure an
19 advanced vision for education fund in the fiscal year.

20 (4) (a) For purposes of this subsection, the career academy
21 transfer amount for the fiscal year beginning July 1, 2019, is
22 one million dollars.

23 (b) For each fiscal year beginning on or after July 1,
24 2020, the career academy transfer amount is equal to the lesser
25 of five million dollars or the amount of the career academy
26 transfer amount for the immediately preceding fiscal year,
27 unless the amount of moneys available in the secure an advanced
28 vision for education fund in the immediately preceding fiscal
29 year equals or exceeds one hundred two and one-half percent of
30 the amount of moneys available in the fund for the fiscal year
31 prior to the immediately preceding fiscal year, in which case
32 the career academy transfer amount equals the lesser of five
33 million dollars or the sum of the amount of the career academy
34 transfer amount for the immediately preceding fiscal year plus
35 one-half percent of the amount of moneys available in the

1 secure an advanced vision for education fund in the fiscal year
2 following the deposit of revenues in the property tax equity
3 and relief fund and the foundation base supplement fund.

4 Sec. 12. Section 423F.3, subsection 3, paragraph b, Code
5 2019, is amended to read as follows:

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

16 (2) (a) Notwithstanding any provision of law to the
17 contrary, for each school district with an existing revenue
18 purpose statement for the use of revenues from the secure an
19 advanced vision for education fund adopted under this paragraph
20 or adopted under another provision of law before July 1,
21 2019, such revenue purpose statement shall terminate and be
22 of no further force and effect on January 1, 2031, or the
23 expiration date of the revenue purpose statement, whichever is
24 earlier. If such a school district intends to use funds for
25 purposes other than those listed in paragraph "a" and does not
26 intend to operate without a revenue purpose statement on or
27 after January 1, 2031, or the expiration date of the revenue
28 purpose statement, whichever is earlier, the board of directors
29 shall submit a revenue purpose statement for approval by the
30 electors under subparagraph (1) on or after July 1, 2019,
31 and such revenue purpose statement submitted to the electors
32 shall include all proposed uses including those previously
33 approved by the electors, if applicable. The following, in
34 substantially the following form, shall be included in the
35 notice of the election published under paragraph "d" and

1 published on the school district's internet site:

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

10 (b) Unless a new revenue purpose statement is adopted by
11 the electors, the existing revenue purpose statement remains
12 in effect until January 1, 2031, or the expiration date of the
13 revenue purpose statement, whichever is earlier. If a revenue
14 purpose statement is terminated under the provisions of this
15 subparagraph, such termination shall not affect the validity
16 of or a first lien on bonds issued under section 423E.5, Code
17 2019, or section 423F.5 prior to the date the revenue purpose
18 statement is terminated under subparagraph division (a), or
19 the validity of a contract or other obligation of the school
20 district secured in whole or in part by or requiring the
21 payment of funds received under this chapter in effect prior
22 to the date the revenue purpose statement is terminated under
23 subparagraph division (a).

24 Sec. 13. Section 423F.3, subsection 5, paragraph b, Code
25 2019, is amended to read as follows:

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

28 Sec. 14. Section 423F.3, subsection 5, Code 2019, is amended
29 by adding the following new paragraph:

30 NEW PARAGRAPH. *i.* Benefits and effects of the new
31 construction on student learning.

32 Sec. 15. Section 423F.3, subsection 6, Code 2019, is amended
33 by adding the following new paragraph:

34 NEW PARAGRAPH. *od.* Additionally, "*school infrastructure*"
35 includes school safety and security infrastructure. For

1 purposes of this paragraph, "*school safety and security*
 2 *infrastructure*" includes but is not limited to safe rooms,
 3 remote entry technology and equipment, security camera systems,
 4 card access systems, and communication systems with access to
 5 fire and police emergency frequencies. For purposes of this
 6 paragraph, "*school safety and security infrastructure*" does
 7 not include the cost of personnel, development of safety and
 8 security plans, or training related to the implementation of
 9 safety and security plans. It is the intent of the general
 10 assembly that each school district prioritize the use of
 11 revenues under this chapter for secure entries for the
 12 district's attendance centers before expending such revenues
 13 for athletic facility infrastructure projects.

14 Sec. 16. Section 423F.3, Code 2019, is amended by adding the
 15 following new subsection:

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

1 the athletic facility infrastructure project or direct the
2 county commissioner of elections to submit the question to the
3 registered voters of the school district at an election held
4 on a date specified in section 39.2, subsection 4, paragraph
5 "c". The petition must be signed by eligible electors equal
6 in number to not less than one hundred or thirty percent of
7 the number of voters at the last preceding election of school
8 officials under section 277.1, whichever is greater. If a
9 majority of those voting on the question favors the use of the
10 revenues for the athletic facility infrastructure project, the
11 board shall be authorized to approve such use by resolution of
12 the board. If a majority of those voting on the question does
13 not favor the use of the revenues for the athletic facility
14 infrastructure project, the board of directors shall rescind
15 the board's resolution for the use of revenues for the athletic
16 facility infrastructure project. If a petition is not received
17 by the board of directors within the prescribed time period,
18 the board of directors may approve the use of revenues for
19 the athletic facility infrastructure project without voter
20 approval.

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

28 *c.* For purposes of this subsection:

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

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

35 (3) "*Construction*" does not include repair or maintenance

1 of an existing facility.

2 Sec. 17. Section 423F.4, Code 2019, 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 2019. 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, 2019, 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
34 in number to not less than one hundred or thirty percent of
35 the number of voters at the last preceding election of school

1 officials under section 277.1, whichever is greater. If the
2 board submits the question at an election and a majority of
3 those voting on the question favors issuance of the bonds, the
4 board shall be authorized to issue 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. 18. Section 423F.6, Code 2019, is amended to read as
13 follows:

14 **423F.6 Repeal.**

15 This chapter is repealed ~~December 31, 2029~~ January 1, 2051.

16 Sec. 19. 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.