
Secure an Advanced Vision for Education (SAVE)

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Tax Expenditure Committee - November 30, 2016



Iowa Department of
REVENUE

Outline

- Brief Program History
 - SAVE and PTER Funding
 - Department of Revenue Administration
 - Forecasted Growth
 - Sales Tax Base
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SAVE Program History

- Statewide one cent sales tax dedicated to the Secure an Advanced Vision for Education effective July 1, 2008 (Iowa Code 423F)
 - Replaced one cent School Infrastructure Local Option (SILO) tax adopted by all 99 counties
 - Existing SILO distribution grandfathered for some counties through FY 2014
 - SAVE effective through December 31, 2029
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SAVE Legislation

- Per Code section 423F, spending limited to
 - Reduction of bond levies
 - Reduction of regular and voter-approved physical plant and equipment levy
 - Reduction of public educational and recreational levy
 - For any authorized infrastructure purpose of the school district
 - For the payment of principal and interest on bonds issued under SILO or SAVE
 - Cannot change from infrastructure or property tax relief unless approved by a vote of at least two-thirds of the members of both chambers of the General Assembly and signed by the Governor
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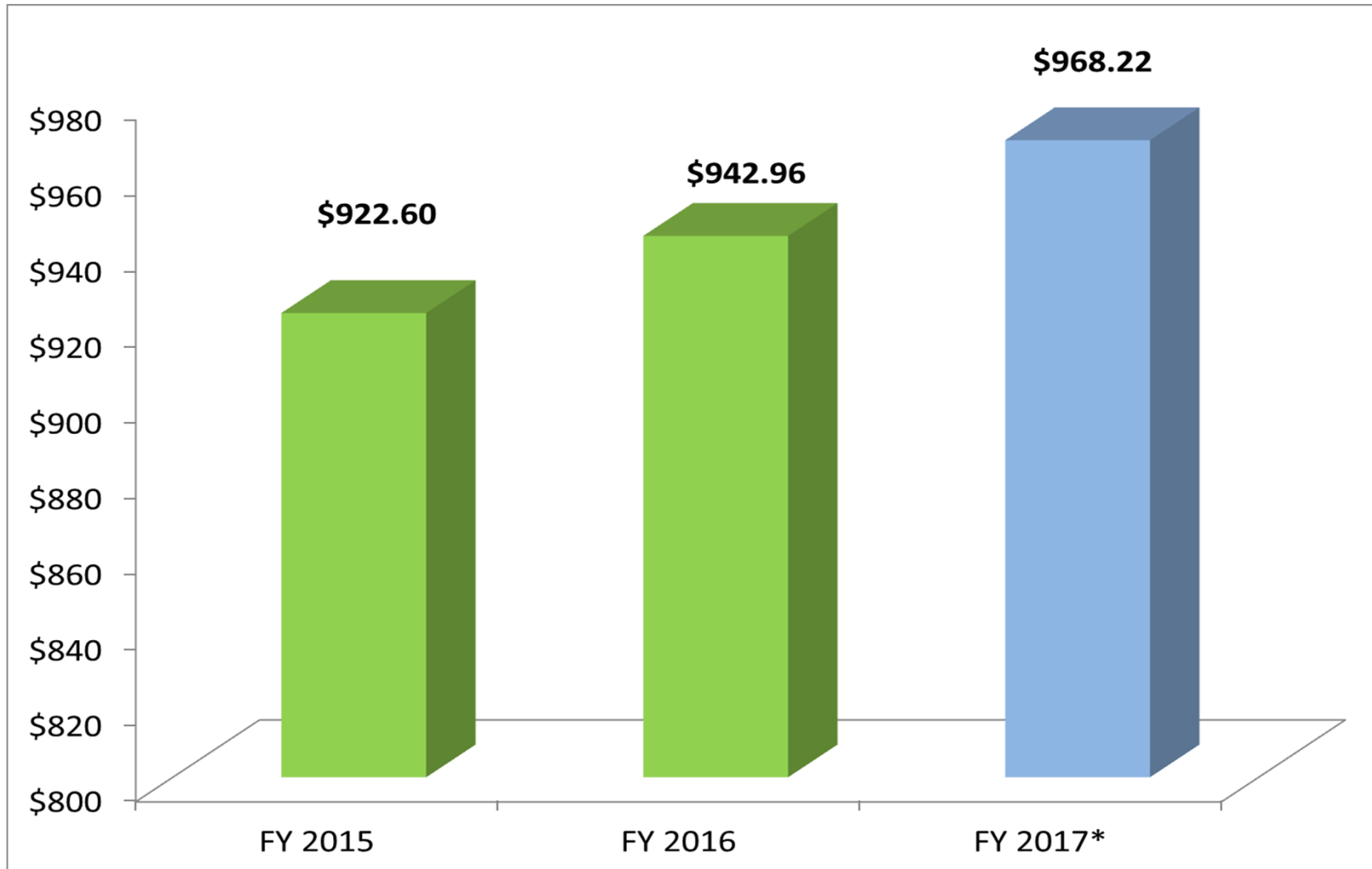
SAVE and PTER Funding

Beginning in FY 2015, extra penny in sales and use tax receipts split:

- SAVE (97.9%)
 - Distributed among all public school districts on per-pupil basis



SAVE Per- Pupil Funding



*FY 2017 is forecasted

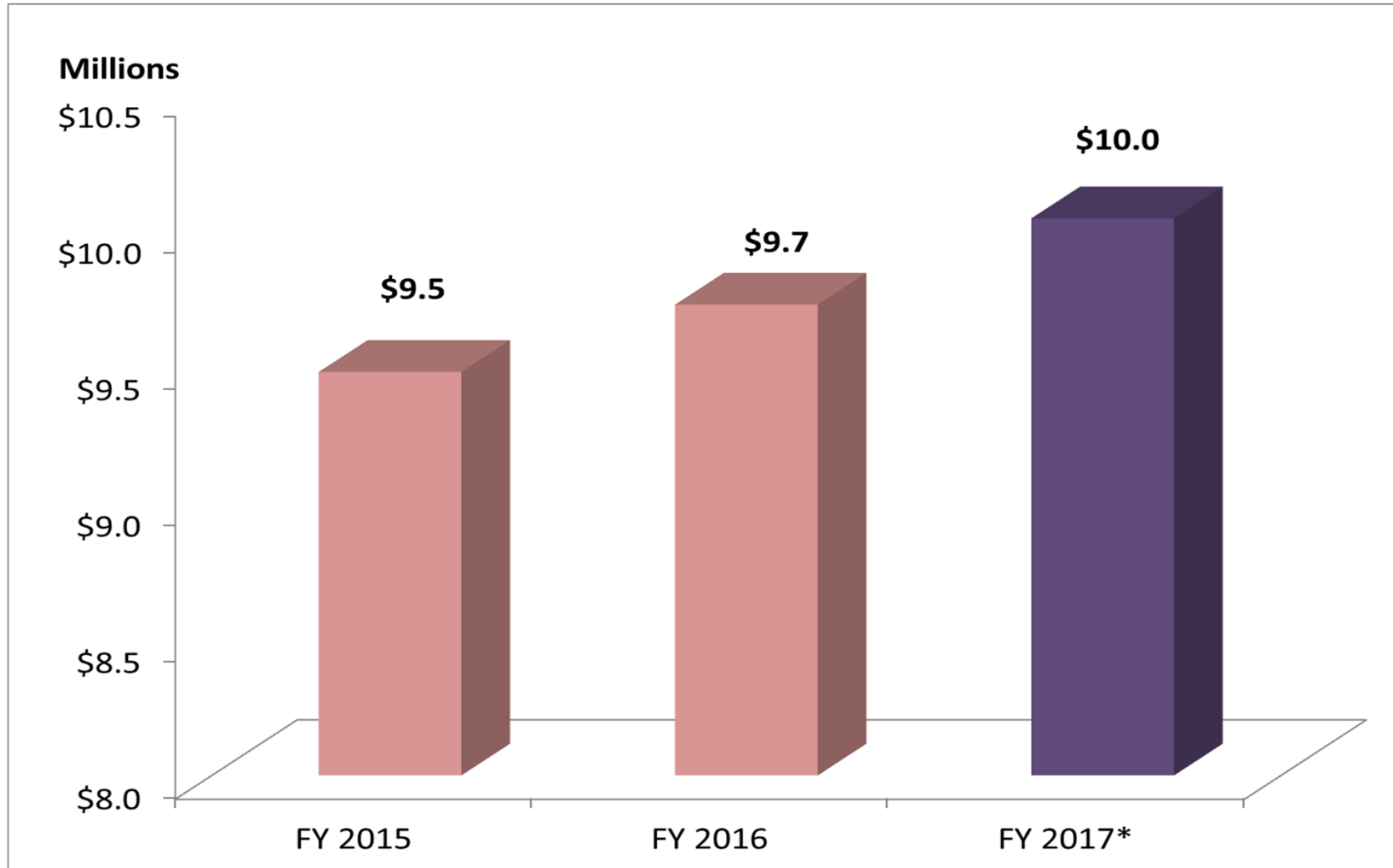
Current SAVE and PTER Funding

Beginning in FY 2015, extra penny in sales and use tax receipts split:

- ❑ SAVE (97.9%)
 - Distributed among all school districts on per-pupil basis

 - ❑ Property Tax Equity and Relief (PTER) fund (2.1%)
 - PTER provides relief to school districts that have an adjusted additional levy rate above the statewide average, starting with the highest levy rates until the funds are exhausted
 - Administered by Department of Management
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PTER Funding

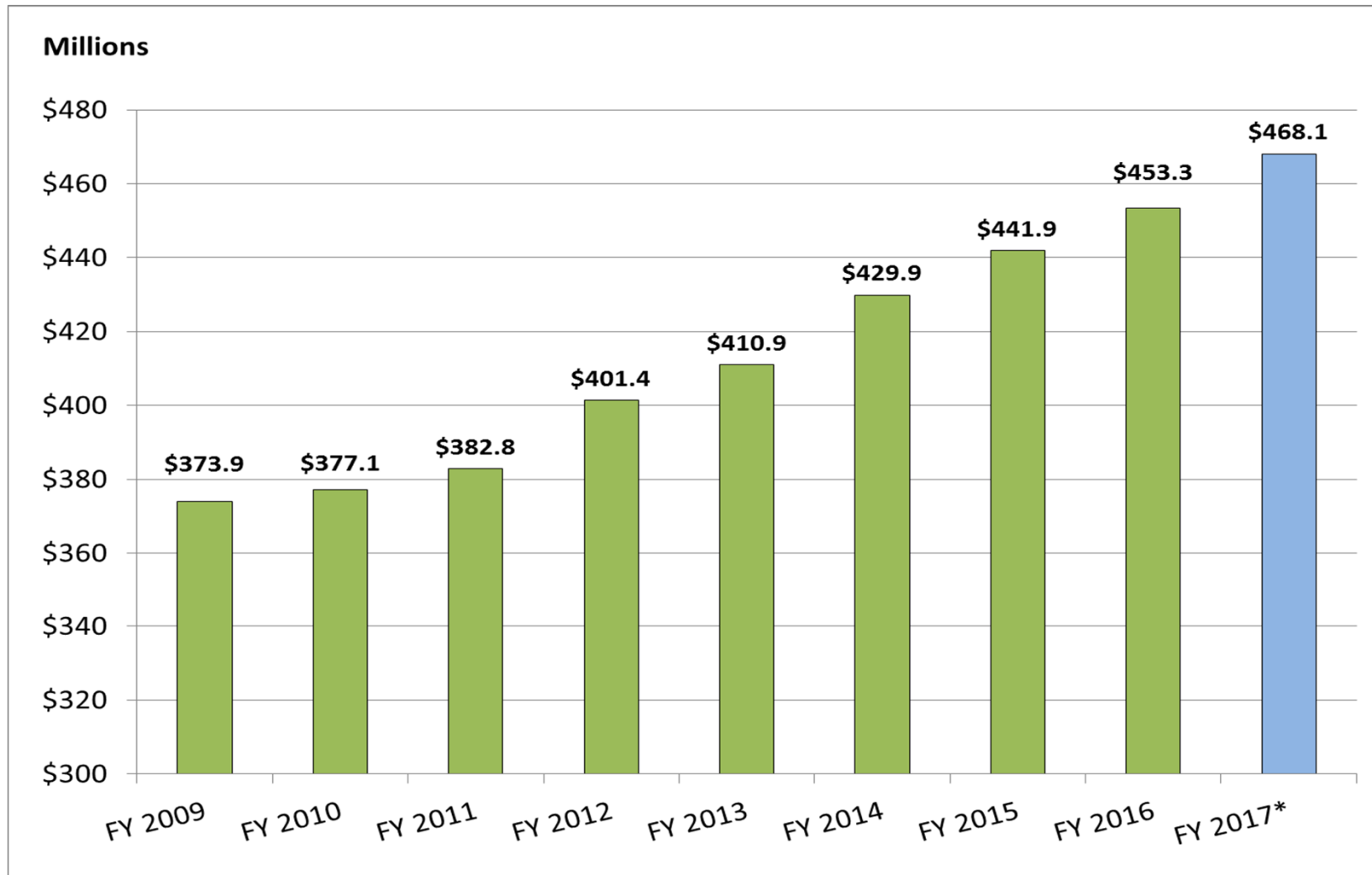


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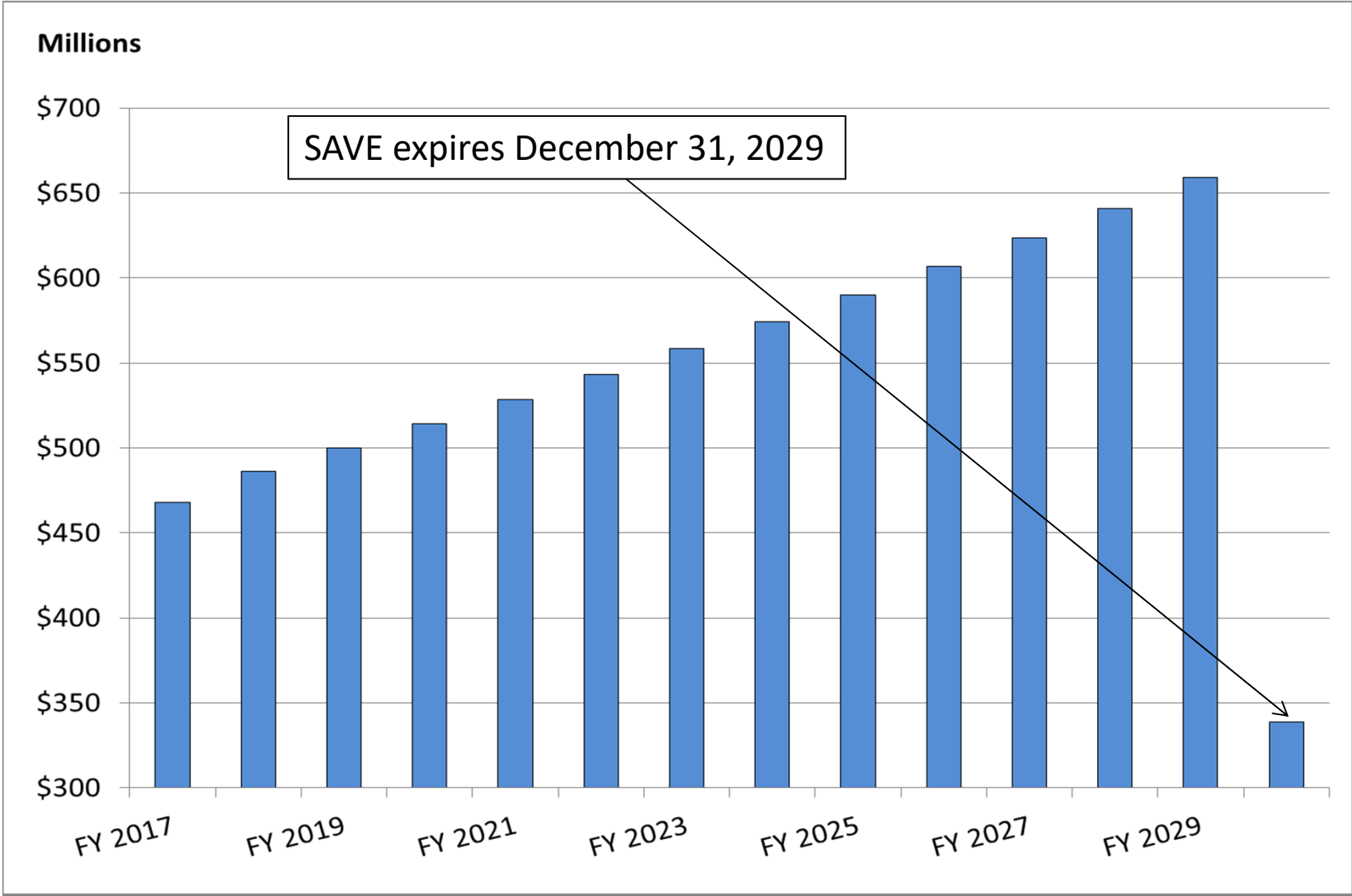
Department of Revenue Administration

- Forecasts SAVE revenues for current fiscal year and per-pupil distribution in August
 - Calculates monthly distributions based on historical patterns
 - Collects SAVE revenues as part of sales and use tax administration
 - Each month, transfers 100% of monthly distribution out of General Fund
 - Each month, distributes 95% to school districts based on certified enrollment
 - Assesses forecasted distributions in May using actuals for first two quarters and adjusts final quarter distributions
 - Distributes the remaining 5% in November and reconciles full year with actual state-wide collections
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SAVE History and FY 2017 Forecast



SAVE Forecast



Forecasted using 2.8% average year-over-year growth observed for FY 2010-2016

Forecasted Growth in SAVE

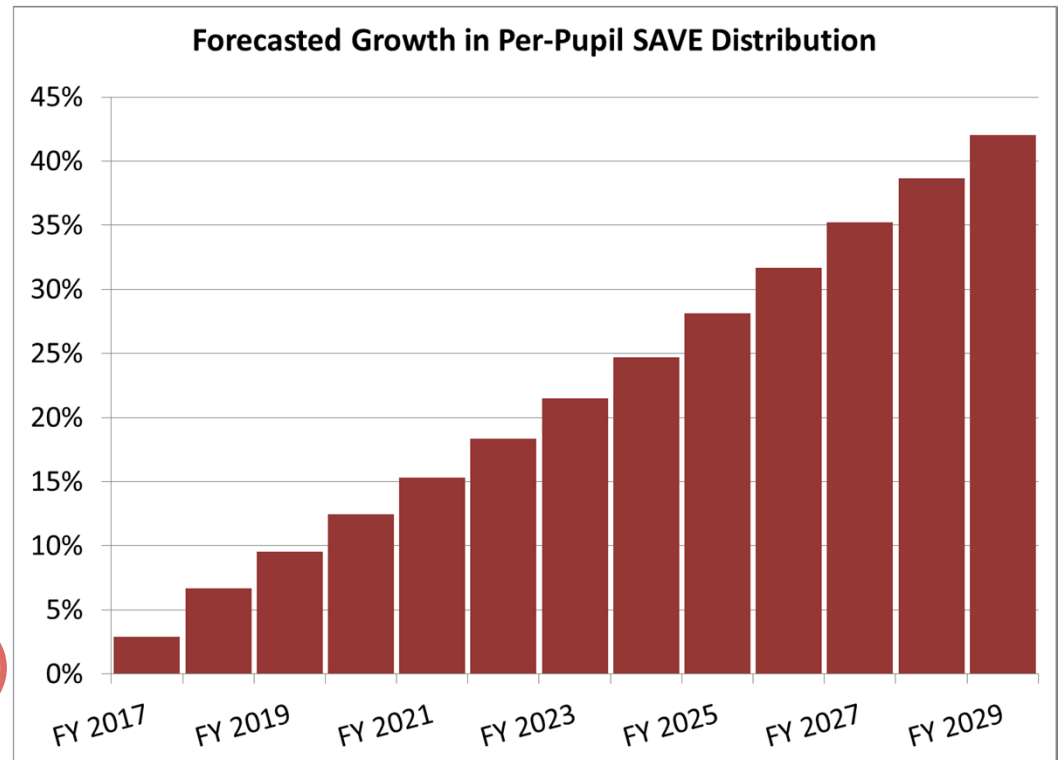
- Assuming average historical growth in SAVE receipts and using REMI population forecast for Iowa to project student enrollment

- Suggests per-pupil SAVE distribution will increase 42% between FY 2016 and FY 2029

\$943 FY 2016

\$1,339 FY 2029

(\$977 2016 dollars)



Sales Tax Base

- SAVE collections are a direct function of the Iowa sales tax base
 - Exemptions reduce General Fund and SAVE collections – Estimated CY 2015/per-pupil SAVE impacts
 - ❑ Transportation and shipping: \$320.7 M/\$108.84
 - ❑ Food for home consumption not purchased with SNAP benefits: \$435.8 M/\$147.90
 - ❑ Residential utilities: \$127.1 M/\$43.14
 - ❑ Consumer legal services: \$19.4 M/\$6.58
 - ❑ Digitally delivered goods: \$17.0 M/\$5.77
 - ❑ Clothing sales tax holiday: \$3.6 M/\$1.22
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Questions??
