
FISCAL TOPICS

Fiscal Services Division

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Secure an Advanced Vision for Education (SAVE)

Beginning July 1, 2008, 2008 Iowa Acts chapter [1134](#) (State Sales and Use Tax for School Infrastructure Act) repealed the School Infrastructure Local Option (SILO) Sales Tax, increased the State sales tax from 5.0% to 6.0%, and designated the increase to be used for school infrastructure purposes or property tax relief. Originally set to be repealed at the end of calendar year (CY) 2029, the 2019 Iowa Acts chapter [166](#) (Secure an Advanced Vision for Education, Extension Act) renewed the increase until the end of CY 2050.

Secure an Advanced Vision for Education (SAVE)

The majority of the revenue from the State sales/use tax for school infrastructure is deposited in the SAVE Fund. In general, funds from the SAVE Fund are distributed to school districts in the same manner that the SILO sales tax funding was distributed on a per pupil basis using the budget year's certified enrollment.

School districts receive monthly payments based on Department of Revenue estimates. The payments are based on 95.0% of the overall estimates with a reconciliation payment made in November following the end of the fiscal year. The reconciliation payment includes adjustments for the difference between the estimated payments and the actual Iowa sales/use tax accumulated during the fiscal year. Approved uses of SAVE funds received by a school district are designated by each school district's revenue purpose statement.

Property Tax Equity and Relief (PTER)

Between FY 2015 and FY 2019, 2.1% of the total amount of funds collected annually for SAVE, prior to school district distribution, was deposited into the PTER Fund. These revenues, along with a \$24.0 million standing appropriation from the General Fund, were used for property tax relief provided through the school aid formula. The Secure an Advanced Vision for Education, Extension Act increased the percentage of funds collected from SAVE. Allocations of the funds from PTER work as follows:

- The first step is to provide property tax relief to all school districts that have an adjusted additional levy rate above the statewide average. If funding is insufficient to reduce those rates to the statewide average, the funding is used to provide property tax relief to the districts with the highest levy rates until the funds are exhausted.
- If there are funds remaining after the statewide average levy rate goal is achieved, then the remaining funds are used to increase the foundation level. The increase in the foundation level for the specific fiscal year is based on the funds available. This action provides property tax relief to all school districts. Since the inception of PTER, this portion of the provision has not been funded.

Due to timing issues, the PTER funding providing property tax relief is provided in the fiscal year after the PTER Fund amount is determined. For example, the excess school infrastructure sales/use tax revenues from FY 2020 are determined in November following the fiscal year. The Department of Management (DOM) applies the PTER funding formula and lowers FY 2022 property tax totals for eligible school districts based on the amount of PTER funds.

More Information

Department of Education:

www.educateiowa.gov/pk-12/school-facilities/funding/secure-advanced-vision-education-save

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Secure an Advanced Vision for Education, Extension Act

Legislation passed during the 2019 Legislative Session extended the State sales tax until the end of 2050. The legislation changed how the PTER allocation is calculated, created the Foundation Base Supplement Fund, created the Career Academy Incentive Fund, made changes to requirements for revenue purpose statements under SAVE, and requirements for the issuance of bonds under SAVE.

- **Property Tax Equity and Relief (PTER)** — Beginning in FY 2020, the new percentage rate of SAVE revenue directed to the PTER Fund is 3.1%. Starting in FY 2021, for fiscal years in which the growth of SAVE revenue is more than 2.0% over the previous fiscal year, the amount directed into the PTER Fund will increase by 1.0% until it reaches a cap of 30.0% of the funds generated by SAVE. The FY 2020 increase will first impact School aid in FY 2022. See **ATTACHMENT A** for PTER estimates in future fiscal years.
- **The Foundation Base Supplement Fund (FBSF)** — Beginning in FY 2021, one-half of the increase in funds each year will flow into a newly created FBSF within the PTER Fund, which will function to increase the State cost per pupil foundation level. This will lower additional levy property taxes for all districts. The current foundation level is set in Iowa Code section [257.1\(2\)\(b\)](#) as 87.5% of the State cost per pupil. The FY 2021 allocation to the FBSF will first impact State school aid in FY 2023. See **ATTACHMENT A** for FBSF estimates in future fiscal years.
- **Career Academy Incentive Fund** — The Act also created the [Career Academy Incentive Fund](#) under control of the Department of Education, which will receive an annual distribution from SAVE. The Fund provides targeted grants to support partnerships between school districts and community colleges that expand access to career academy programs, with a focus on programming delivered through regional centers. There was a \$1.0 million allocation in FY 2020 for the Career Academy Incentive Fund. If the growth of SAVE is more than 2.5% over the previous fiscal year, the amount allocated to the Career Academies Fund is to increase by 0.5% of the amount of SAVE funds available after the distribution to the PTER Fund and the FBSF, up to a maximum of \$5.0 million. See **ATTACHMENT A** for Career Academy Incentive Fund estimates in future fiscal years.
- **Revenue Purpose Statements** — The Act made changes to requirements for revenue purpose statements under SAVE and requirements for the issuance of bonds under SAVE. The changes include requiring the completion of a cost-benefit analysis of remodeling or repairing existing buildings for districts completing a certificate of need and requiring that if a school district proposes an athletic infrastructure project using SAVE funds, the district must hold a public hearing on the proposed use of the funds. After the public hearing on a proposed sports or athletic facility, if a vote is successfully petitioned, the district must hold a vote on the use of the funds. All bond sales must receive public notice and are subject to a petitioned vote.

Secure an Advanced Vision for Education (SAVE) Revenue and Allocation Estimates (In Millions)

Fiscal Year	Est. SAVE Fund Growth Rate	Projected Sales	SAVE Fund	SAVE Allocation to School Districts	Career Academy Incentive Fund	Est. PTER Distribution			Funding Allocated to FBSF	PTER Standing Appropriation	Est. Total Adj. Additional Levy
						Percent Allocated to PTER	Est. SAVE Allocated to PTER	Adj. Additional Levy Allocation From SAVE			
FY 2019	2.67%	\$ 49,432.1	\$ 494.3	\$ 483.9	\$ 0.0	2.10%	\$ 10.4	\$ 10.4	\$ 0.0	\$ 24.0	\$ 34.4
FY 2020	5.76%	52,280.0	522.8	505.6	1.0	3.10%	16.2	16.2	0.0	24.0	40.2
FY 2021	3.10%	53,900.7	539.0	513.3	3.6	4.10%	22.1	19.4	2.7	24.0	43.4
FY 2022	3.60%	55,841.2	558.4	524.9	5.0	5.10%	28.5	22.9	5.6	24.0	46.9
FY 2023	3.44%	57,762.1	577.6	537.4	5.0	6.10%	35.2	26.6	8.7	24.0	50.6
FY 2024	3.54%	59,806.9	598.1	550.6	5.0	7.10%	42.5	30.5	12.0	24.0	54.5
FY 2025	3.65%	61,989.8	619.9	564.7	5.0	8.10%	50.2	34.7	15.5	24.0	58.7
FY 2026	3.62%	64,233.8	642.3	578.9	5.0	9.10%	58.5	39.2	19.3	24.0	63.2
FY 2027	2.43%	65,794.7	657.9	586.5	5.0	10.10%	66.5	43.4	23.0	24.0	67.4
FY 2028	2.56%	67,476.8	674.8	594.9	5.0	11.10%	74.9	47.9	27.0	24.0	71.9
FY 2029	2.56%	69,205.1	692.1	603.3	5.0	12.10%	83.7	52.6	31.1	24.0	76.6
FY 2030	2.62%	71,018.4	710.2	612.1	5.0	13.10%	93.0	57.5	35.5	24.0	81.5
FY 2031	2.45%	72,758.3	727.6	620.0	5.0	14.10%	102.6	62.6	40.0	24.0	86.6
FY 2032	2.45%	74,540.9	745.4	627.9	5.0	15.10%	112.6	67.8	44.7	24.0	91.8
FY 2033	2.45%	76,367.2	763.7	635.7	5.0	16.10%	123.0	73.3	49.6	24.0	97.3
FY 2034	2.45%	78,238.2	782.4	643.6	5.0	17.10%	133.8	79.0	54.8	24.0	103.0
FY 2035	2.45%	80,155.0	801.5	651.5	5.0	18.10%	145.1	85.0	60.1	24.0	109.0
FY 2036	2.45%	82,118.8	821.2	659.3	5.0	19.10%	156.8	91.2	65.7	24.0	115.2
FY 2037	2.45%	84,130.7	841.3	667.2	5.0	20.10%	169.1	97.6	71.5	24.0	121.6
FY 2038	2.45%	86,191.9	861.9	675.1	5.0	21.10%	181.9	104.3	77.6	24.0	128.3
FY 2039	2.45%	88,303.6	883.0	682.9	5.0	22.10%	195.2	111.3	83.9	24.0	135.3
FY 2040	2.45%	90,467.0	904.7	690.7	5.0	23.10%	209.0	118.5	90.5	24.0	142.5
FY 2041	2.45%	92,683.5	926.8	698.5	5.0	24.10%	223.4	126.0	97.3	24.0	150.0
FY 2042	2.45%	94,954.2	949.5	706.2	5.0	25.10%	238.3	133.9	104.4	24.0	157.9
FY 2043	2.45%	97,280.6	972.8	713.9	5.0	26.10%	253.9	142.0	111.9	24.0	166.0
FY 2044	2.45%	99,664.0	996.6	721.6	5.0	27.10%	270.1	150.5	119.6	24.0	174.5
FY 2045	2.45%	102,105.7	1,021.1	729.1	5.0	28.10%	286.9	159.3	127.6	24.0	183.3
FY 2046	2.45%	104,607.3	1,046.1	736.7	5.0	29.10%	304.4	168.4	136.0	24.0	192.4
FY 2047	2.45%	107,170.2	1,071.7	745.2	5.0	30.00%	321.5	177.4	144.1	24.0	201.4
FY 2048	2.45%	109,795.9	1,098.0	763.6	5.0	30.00%	329.4	181.7	147.7	24.0	205.7
FY 2049	2.45%	112,485.9	1,124.9	782.4	5.0	30.00%	337.5	186.2	151.3	24.0	210.2
FY 2050	2.45%	115,241.8	1,152.4	801.7	5.0	30.00%	345.7	190.7	155.0	24.0	214.7
FY 2051	2.45%	59,032.6	590.3	408.2	5.0	30.00%	177.1	97.7	79.4	24.0	121.7