

APR 7 2005  
WAYS & MEANS CALENDAR

HOUSE FILE 848  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 288)  
(SUCCESSOR TO HF 139)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to education funding by increasing the regular  
2 program foundation base, establishing a community college  
3 local workforce and economic development fund and levy, and  
4 providing effective and applicability dates.

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

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HF 848

1 Section 1. Section 257.1, subsection 2, unnumbered  
2 paragraph 2, Code 2005, is amended by striking the unnumbered  
3 paragraph and inserting in lieu thereof the following:

4 The regular program foundation base per pupil is the  
5 following:

6 a. For the budget year commencing July 1, 2006, the  
7 regular program foundation base per pupil is eighty-nine and  
8 twenty-eight hundredths percent of the regular program state  
9 cost per pupil.

10 b. For the budget year commencing July 1, 2007, the  
11 regular program foundation base per pupil is ninety-one and  
12 six hundredths percent of the regular program state cost per  
13 pupil.

14 c. For the budget year commencing July 1, 2008, the  
15 regular program foundation base per pupil is ninety-two and  
16 eighty-four hundredths percent of the regular program state  
17 cost per pupil.

18 d. For the budget year commencing July 1, 2009, the  
19 regular program foundation base per pupil is ninety-four and  
20 sixty-two hundredths percent of the regular program state cost  
21 per pupil.

22 e. For the budget year commencing July 1, 2010, the  
23 regular program foundation base per pupil is ninety-six and  
24 forty hundredths percent of the regular program state cost per  
25 pupil.

26 f. For the budget year commencing July 1, 2011, the  
27 regular program foundation base per pupil is ninety-eight and  
28 eighteen hundredths percent of the regular program state cost  
29 per pupil.

30 g. For the budget year commencing July 1, 2012, and  
31 succeeding budget years, the regular program foundation base  
32 per pupil is one hundred percent of the regular program state  
33 cost per pupil.

34 For each budget year the special education support services  
35 foundation base is seventy-nine percent of the special

1 education support services state cost per pupil. The combined  
2 foundation base is the sum of the regular program foundation  
3 base and the special education support services foundation  
4 base.

5 Sec. 2. NEW SECTION. 260C.22A LOCAL WORKFORCE AND  
6 ECONOMIC DEVELOPMENT FUND -- LEVY.

7 1. LOCAL WORKFORCE AND ECONOMIC DEVELOPMENT FUND. A local  
8 workforce and economic development fund is created at each  
9 community college. Moneys shall be deposited and expended  
10 from the fund as provided under this section.

11 2. LEVY. In addition to the tax authorized under section  
12 260C.17, a local workforce and economic development levy is  
13 created. The board of directors of a community college may  
14 certify for levy by March 15 for collection in the subsequent  
15 fiscal year, a tax on all taxable property in the merged area  
16 for the community college local workforce and economic  
17 development fund. The sum of the moneys collected by a  
18 community college under the levy shall not exceed the sum of  
19 twenty percent of the following for the fiscal year beginning  
20 July 1, 2006, forty percent of the following for the fiscal  
21 year beginning July 1, 2007, sixty percent of the following  
22 for the fiscal year beginning July 1, 2008, and eighty percent  
23 of the following for fiscal years beginning on or after July  
24 1, 2009:

25 a. The community college's budgeted employer contributions  
26 under the Federal Insurance Contributions Act, as defined in  
27 section 97C.2, for the fiscal year of collection.

28 b. The community college's budgeted employer contributions  
29 to the community college's employees' retirement systems for  
30 the fiscal year of collection.

31 c. The community college's budgeted utility costs for the  
32 fiscal year of collection. As used in this paragraph,  
33 "utility costs" includes the cost of electricity, water, waste  
34 collection, fuel oil and gas for heating, heat, and air  
35 conditioning expenditures. "Utility costs" does not include

1 telephone service, or gas used in laboratories and shops for  
2 community college purposes.

3 d. The moneys the community college would receive from the  
4 collection of a property tax of ten cents per thousand dollars  
5 of assessed valuation for the fiscal year of collection.

6 Taxes imposed pursuant to this section shall be certified,  
7 levied, and collected in the manner provided for in section  
8 260C.17.

9 3. USE OF FUNDS. Moneys collected under the levy shall be  
10 deposited in the community college's local workforce and  
11 economic development fund. Moneys deposited in the fund are  
12 at the disposal of the community college to be spent only on  
13 the following, provided that no more than fifteen percent of  
14 the moneys deposited may be used as provided under paragraph  
15 "f" and provided that seventy percent of the moneys used as  
16 provided in paragraphs "a" through "e" shall be used on  
17 projects in the areas of advanced manufacturing, information  
18 technology and insurance, and life sciences which include the  
19 areas of biotechnology, health care technology, and nursing  
20 care technology:

21 a. Projects for which an agreement with the community  
22 college and an employer within the community college's merged  
23 area meet all of the requirements of the accelerated career  
24 education program under chapter 260G.

25 b. Projects for which an agreement with the community  
26 college and a business meet all the requirements of the Iowa  
27 jobs training Act under chapter 260F. However, such projects  
28 are not subject to the maximum advance or award limitations  
29 contained in section 260F.6, subsection 2, or the allocation  
30 limitations contained in section 260F.8, subsection 1.

31 c. For the development and implementation of career  
32 academies that are designed to provide new career preparation  
33 opportunities for high school students and that are formally  
34 linked with postsecondary career and technical education  
35 programs. For purposes of this section, "career academy"

1 means a program of study that combines a minimum of two years  
2 of secondary education with an associate degree, or the  
3 equivalent, career preparatory program in a nonduplicative,  
4 sequential course of study that is standards-based, integrates  
5 academic and technical instruction, utilizes work-based and  
6 worksite learning where appropriate and available, utilizes an  
7 individual career planning process with parent involvement,  
8 and leads to an associate degree or postsecondary diploma or  
9 certificate in a career field that prepares an individual for  
10 entry and advancement in a high-skill and rewarding career  
11 field and further education. The department of economic  
12 development, in conjunction with the state board of education  
13 and the division of community colleges and workforce  
14 preparation of the department of education, shall adopt  
15 administrative rules for the development and implementation of  
16 such career academies pursuant to section 256.11, subsection  
17 5, paragraph "g", section 260C.1, and Title II of Pub. L. No.  
18 105-332, the Carl D. Perkins Vocational and Technical  
19 Education Act of 1998.

20 d. Programs and courses that provide vocational and  
21 technical training and programs for in-service training and  
22 retraining of workers under section 260C.1, subsections 2 and  
23 3.

24 e. Job retention projects under section 260F.9.

25 f. Student support services, including but not limited to:

26 (1) Student counseling, including personal counseling,  
27 academic counseling, behavioral counseling, and career  
28 counseling.

29 (2) Support groups for high-need students.

30 (3) Student mentoring.

31 (4) Orientation to college classes taught in high school  
32 which include career planning.

33 (5) Back-to-college training for nontraditional students.

34 (6) Utilization of software for assessing the students'  
35 work interests, listing current job openings, and projecting

1 future job openings in the state of Iowa to assist students in  
2 planning their careers.

3 Sec. 3. Section 260G.3, subsection 2, paragraph e, Code  
4 2005, is amended to read as follows:

5 e. Moneys from a workforce training and economic  
6 development fund created in section 260C.18A or 260C.22A,  
7 based on the number of program job positions agreed to by the  
8 employer to be available under the agreement, the amount of  
9 which shall be calculated in the same manner as the program  
10 job credits provided for in section 260G.4A.

11 Sec. 4. EFFECTIVE AND APPLICABILITY DATES. This Act takes  
12 effect July 1, 2005, and is applicable to the school budget  
13 year beginning July 1, 2006, and succeeding budget years.

14 EXPLANATION

15 This bill provides for an increase in the regular program  
16 foundation base under the state school foundation program.  
17 The foundation base is the specified percentage of the state  
18 cost per pupil calculation which is paid as state aid to  
19 school districts, above and beyond the uniform property tax  
20 levy imposed in Code section 257.3. Beginning with the budget  
21 year commencing July 1, 2006, the increase would be gradually  
22 phased in over a seven-year period in equal annual increments,  
23 from the current foundation base level of 87.5 percent to the  
24 level of 100 percent.

25 The bill also establishes a community college local  
26 workforce and economic development fund and levy.

27 The bill provides that the levy shall be certified by the  
28 board of directors of each community college by March 15 for  
29 collection in the subsequent fiscal year, and that the sum of  
30 the moneys collected by a community college under the levy  
31 shall not exceed a specified percentage of the sum of  
32 designated community college employee-related contributions,  
33 utility costs, and projected revenues. The percentages  
34 correspond to 20 percent for the fiscal year beginning July 1,  
35 2006, 40 percent for the fiscal year beginning July 1, 2007,

1 60 percent for the fiscal year beginning July 1, 2008, and 80  
2 percent for fiscal years beginning on or after July 1, 2009.  
3 The bill applies these percentages, for the given fiscal year  
4 of collection, to the sum of a community college's budgeted  
5 employer contributions under the federal Insurance  
6 Contributions Act, a community college's budgeted employer  
7 contributions to employees' retirement systems, a community  
8 college's budgeted utility costs, as defined in the bill, and  
9 moneys a community college would receive from the collection  
10 of a property tax of 10 cents per \$1,000 of assessed valuation  
11 for the fiscal year of collection. The bill provides that the  
12 new levy shall be certified, levied, and collected in the  
13 manner provided for in Code section 260C.17.

14 The bill provides that levy revenue shall be deposited in  
15 the local workforce and economic development fund, and may be  
16 expended as specified in the bill. Authorized expenditures  
17 include projects in which an agreement with the community  
18 college and an employer within the community college's merged  
19 area meets all of the requirements of the accelerated career  
20 education program under Code chapter 260G; and projects in  
21 which an agreement with the community college and a business  
22 meets all the requirements of the Iowa jobs training Act under  
23 Code chapter 260F with stated exemptions from advance, award,  
24 and allocation limitations. The bill provides that revenue  
25 may also be expended for the development and implementation of  
26 career academies, as defined in the bill, designed to provide  
27 new career preparation opportunities for high school students  
28 that are formally linked with postsecondary career and  
29 technical education programs; for programs and courses that  
30 provide vocational and technical training and programs for in-  
31 service training and retraining under Code section 260C.1,  
32 subsections 2 and 3; for job retention projects under Code  
33 section 260F.9; and for student support services, as defined  
34 in the bill. The bill provides that no more than 15 percent  
35 of the revenue deposited in the fund may be expended for

1 student support services, and that 70 percent of the revenue  
2 allocated for all other authorized purposes shall be used on  
3 projects in the areas of advanced manufacturing, information  
4 technology and insurance, and life sciences.

5 The bill takes effect July 1, 2005, and is applicable for  
6 the school budget year beginning July 1, 2006.

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HOUSE FILE 848

H-1424

1 Amend the amendment, H-1410, to House File 848 as  
2 follows:

3 1. Page 1, by inserting after line 1 the  
4 following:

5 "\_\_\_\_. By striking page 1, line 2, through page 2,  
6 line 4, and inserting the following: "paragraph 2,  
7 Code 2005, is amended to read as follows:

8 For the budget year commencing July 1, ~~1999~~ 2006,  
9 and for each succeeding budget year the regular  
10 program foundation base per pupil is ~~eighty-seven and~~  
11 ~~five-tenths eighty-nine and twenty-eight hundredths~~  
12 percent of the regular program state cost per pupil.  
13 For the budget year commencing July 1, 1991, and for  
14 each succeeding budget year the special education  
15 support services foundation base is seventy-nine  
16 percent of the special education support services  
17 state cost per pupil. The combined foundation base is  
18 the sum of the regular program foundation base and the  
19 special education support services foundation base.""  
20 2. By renumbering as necessary.

By HOGG of Linn

H-1424 FILED APRIL 19, 2005

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HOUSE FILE 848

H-1410

1 Amend House File 848 as follows:

2 1. By striking page 2, line 5, through page 5,  
3 line 10, and inserting the following:

4 "Sec. \_\_\_\_ Section 260C.17, Code 2005, is amended  
5 by striking the section and inserting in lieu thereof  
6 the following:

7 260C.17 PREPARATION AND APPROVAL OF BUDGET --  
8 OPERATIONS LEVY.

9 1. BUDGET APPROVAL. The board of directors of  
10 each merged area shall prepare an annual budget  
11 designating the proposed expenditures for operation of  
12 the community college. The board shall further  
13 designate the amounts which are to be raised by local  
14 taxation and the amounts which are to be raised by  
15 other sources of revenue for the operation. The  
16 budget of each merged area shall be submitted to the  
17 state board no later than May 1 preceding the next  
18 fiscal year for approval. The state board shall  
19 review the proposed budget and shall, prior to June 1,  
20 either grant its approval or return the budget without  
21 approval with the comments of the state board attached  
22 to it. Any unapproved budget shall be resubmitted to  
23 the state board for final approval.

24 2. BASE LEVEL. Upon approval of the budget by the  
25 state board, the board of directors shall certify the  
26 amount to the respective county auditors and the  
27 boards of supervisors annually shall levy a tax of  
28 twenty and one-fourth cents per thousand dollars of  
29 assessed value on taxable property in a merged area  
30 for the operation of a community college.

31 3. OPTIONAL SUPPLEMENTAL AMOUNT. In addition to  
32 the amount of the operations levy under subsection 2,  
33 the board of directors of each community college may  
34 certify an additional amount for levy by March 15 to  
35 the respective county auditors for collection in the  
36 subsequent fiscal year, and the boards of supervisors  
37 shall levy a tax on all taxable property in the merged  
38 area for deposit in the local workforce and economic  
39 development fund created in section 260C.18C. The sum  
40 of the moneys collected by a community college under  
41 this subsection shall not exceed the sum of sixteen  
42 percent of the following for the fiscal year beginning  
43 July 1, 2006, thirty-two percent of the following for  
44 the fiscal year beginning July 1, 2007, forty-eight  
45 percent of the following for the fiscal year beginning  
46 July 1, 2008, sixty-four percent of the following for  
47 the fiscal year beginning July 1, 2009, and eighty  
48 percent of the following for fiscal years beginning on  
49 or after July 1, 2010:

50 a. The community college's budgeted employer

H-1410

1 contributions under the Federal Insurance  
2 Contributions Act, as defined in section 97C.2, for  
3 the fiscal year of collection.

4 b. The community college's budgeted employer  
5 contributions to the community college's employees'  
6 retirement systems for the fiscal year of collection.

7 c. The community college's budgeted utility costs  
8 for the fiscal year of collection. As used in this  
9 paragraph, "utility costs" includes the cost of  
10 electricity, water, waste collection, fuel oil and gas  
11 for heating, heat, and air conditioning expenditures.  
12 "Utility costs" does not include telephone service, or  
13 gas used in laboratories and shops for community  
14 college purposes.

15 d. The moneys the community college would receive  
16 from the collection of a property tax of ten cents per  
17 thousand dollars of assessed valuation for the fiscal  
18 year of collection.

19 For fiscal years beginning on or after July 1,  
20 2011, the rate of the levy certified under this  
21 subsection shall not exceed the community college's  
22 supplemental operations levy cap. For purposes of  
23 this paragraph, "community college's supplemental  
24 operations levy cap" means the maximum levy expressed  
25 in cents per thousand dollars of assessed valuation  
26 which could have been collected by the community  
27 college under this subsection for the fiscal year  
28 beginning July 1, 2010.

29 Moneys collected under this subsection shall be  
30 deposited in the community college's local workforce  
31 and economic development fund.

32 4. TAXES COLLECTED. Taxes collected pursuant to  
33 the levy shall be paid by the respective county  
34 treasurers to the treasurer of the merged area as  
35 provided in section 331.552, subsection 29.

36 Sec. \_\_\_\_ . NEW SECTION. 260C.18C LOCAL WORKFORCE  
37 AND ECONOMIC DEVELOPMENT FUND.

38 1. LOCAL WORKFORCE AND ECONOMIC DEVELOPMENT FUND.  
39 A local workforce and economic development fund is  
40 created at each community college. Moneys shall be  
41 deposited and expended from the fund as provided in  
42 this section.

43 2. ALLOWABLE USE. Moneys deposited in the fund  
44 are at the disposal of the community college to be  
45 spent only on the following, provided that no more  
46 than fifteen percent of the moneys deposited may be  
47 used as provided under paragraph "f" and provided that  
48 seventy percent of the moneys used as provided in  
49 paragraphs "a" through "e" shall be used on projects  
50 in the areas of advanced manufacturing, information

1 technology and insurance, and life sciences which  
2 include the areas of biotechnology, health care  
3 technology, and nursing care technology:

4 a. Projects for which an agreement with the  
5 community college and an employer within the community  
6 college's merged area meet all of the requirements of  
7 the accelerated career education program under chapter  
8 260G.

9 b. Projects for which an agreement with the  
10 community college and a business meet all the  
11 requirements of the Iowa jobs training Act under  
12 chapter 260F. However, such projects are not subject  
13 to the maximum advance or award limitations contained  
14 in section 260F.6, subsection 2, or the allocation  
15 limitations contained in section 260F.8, subsection 1.

16 c. For the development and implementation of  
17 career academies that are designed to provide new  
18 career preparation opportunities for high school  
19 students and that are formally linked with  
20 postsecondary career and technical education programs.  
21 For purposes of this section, "career academy" means a  
22 program of study that combines a minimum of two years  
23 of secondary education with an associate degree, or  
24 the equivalent, career preparatory program in a  
25 nonduplicative, sequential course of study that is  
26 standards-based, integrates academic and technical  
27 instruction, utilizes work-based and worksite learning  
28 where appropriate and available, utilizes an  
29 individual career planning process with parent  
30 involvement, and leads to an associate degree or  
31 postsecondary diploma or certificate in a career field  
32 that prepares an individual for entry and advancement  
33 in a high-skill and rewarding career field and further  
34 education. The department of economic development, in  
35 conjunction with the state board of education and the  
36 division of community colleges and workforce  
37 preparation of the department of education, shall  
38 adopt administrative rules for the development and  
39 implementation of such career academies pursuant to  
40 section 256.11, subsection 5, paragraph "h", section  
41 260C.1, and Title II of Pub. L. No. 105-332, the Carl  
42 D. Perkins Vocational and Technical Education Act of  
43 1998.

44 d. Programs and courses that provide vocational  
45 and technical training and programs for in-service  
46 training and retraining of workers under section  
47 260C.1, subsections 2 and 3.

48 e. Job retention projects under section 260F.9.

49 f. Student support services, including but not  
50 limited to:

- 1 (1) Student counseling, including personal
- 2 counseling, academic counseling, behavioral
- 3 counseling, and career counseling.
- 4 (2) Support groups for high-need students.
- 5 (3) Student mentoring.
- 6 (4) Orientation to college classes taught in high
- 7 school which include career planning.
- 8 (5) Back-to-college training for nontraditional
- 9 students.
- 10 (6) Utilization of software for assessing the
- 11 students' work interests, listing current job
- 12 openings, and projecting future job openings in the
- 13 state of Iowa to assist students in planning their
- 14 careers.

15 Sec. \_\_\_\_\_. Section 260G.3, subsection 2, paragraph

16 e, Code 2005, is amended to read as follows:

17 e. Moneys from a workforce training and economic

18 development fund created in section 260C.18A or

19 260C.18C, based on the number of program job positions

20 agreed to by the employer to be available under the

21 agreement, the amount of which shall be calculated in

22 the same manner as the program job credits provided

23 for in section 260G.4A."

24 2. Page 5, by inserting before line 11 the

25 following:

26 "Sec. \_\_\_\_\_. Section 421.1, Code 2005, is amended by

27 adding the following new subsection:

28 NEW SUBSECTION. 4A. Upon the appeal of a county

29 or city, review the decision of the director of

30 revenue regarding the withholding of a reimbursement

31 payment authorized in section 425.1 to the county or

32 city. The board may reverse or affirm the decision of

33 the director.

34 Sec. \_\_\_\_\_. NEW SECTION. 421.1A PROPERTY

35 ASSESSMENT APPEAL BOARD.

36 1. A statewide property assessment appeal board is

37 created for the purpose of establishing a consistent,

38 fair, and equitable property assessment appeal

39 process. The statewide property assessment appeal

40 board is established within the department of revenue

41 for administrative and budgetary purposes. The

42 board's principal office shall be in the office of the

43 department of revenue in the capital of the state.

44 2. a. The property assessment appeal board shall

45 consist of three members appointed to staggered six-

46 year terms, beginning and ending as provided in

47 section 69.19, by the governor and subject to

48 confirmation by the senate. Subject to confirmation

49 by the senate, the governor shall appoint from the

50 members a chairperson of the board to a two-year term.

1 Vacancies on the board shall be filled for the  
2 unexpired portion of the term in the same manner as  
3 regular appointments are made. The term of office for  
4 the initial board shall begin January 1, 2007.

5 b. Each member of the property assessment appeal  
6 board shall be qualified by virtue of at least two  
7 years' experience in the area of government,  
8 corporate, or private practice relating to property  
9 appraisal and property tax administration. One member  
10 of the board shall be a certified real estate  
11 appraiser or hold a professional appraisal  
12 designation, one member shall be an attorney  
13 practicing in the area of state and local taxation or  
14 property tax appraisals, and one member shall be a  
15 professional with experience in the field of  
16 accounting or finance and with experience in state and  
17 local taxation matters. No more than two members of  
18 the board may be from the same political party as that  
19 term is defined in section 43.2.

20 c. The property assessment appeal board shall  
21 organize by appointing an executive secretary who  
22 shall take the same oath of office as the members of  
23 the board. The board shall set the salary of the  
24 executive secretary within the limits of the pay plan  
25 for exempt positions provided for in section 8A.413,  
26 subsection 2. The board may employ additional  
27 personnel as it finds necessary.

28 3. At the election of a property owner or  
29 aggrieved taxpayer or an appellant described in  
30 section 441.42, the property assessment appeal board  
31 shall review any final decision, finding, ruling,  
32 determination, or order of a local board of review  
33 relating to protests of an assessment, valuation, or  
34 application of an equalization order.

35 4. The property assessment appeal board may do all  
36 of the following:

37 a. Affirm, reverse, or modify a final decision,  
38 finding, ruling, determination, or order of a local  
39 board of review.

40 b. Order the payment or refund of property taxes  
41 in a matter over which the board has jurisdiction.

42 c. Grant other relief or issue writs, orders, or  
43 directives that the board deems necessary or  
44 appropriate in the process of disposing of a matter  
45 over which the board has jurisdiction.

46 d. Subpoena documents and witnesses and administer  
47 oaths.

48 e. Adopt administrative rules pursuant to chapter  
49 17A for the administration and implementation of its  
50 powers, including rules for practice and procedure for

1 protests filed with the board, the manner in which  
2 hearings on appeals of assessments shall be conducted,  
3 filing fees to be imposed by the board, and for the  
4 determination of the correct assessment of property  
5 which is the subject of an appeal.

6 f. Adopt administrative rules pursuant to chapter  
7 17A necessary for the preservation of order and the  
8 regulation of proceedings before the board, including  
9 forms or notice and the service thereof, which rules  
10 shall conform as nearly as possible to those in use in  
11 the courts of this state.

12 5. The property assessment appeal board shall  
13 employ a competent attorney to serve as its general  
14 counsel, and assistants to the general counsel as it  
15 finds necessary for the full and efficient discharge  
16 of its duties, notwithstanding section 13.7. The  
17 general counsel is the attorney for, and legal advisor  
18 of, the board. The general counsel or an assistant to  
19 the general counsel shall provide the necessary legal  
20 advice to the board in all matters and shall represent  
21 the board in all actions instituted in a court  
22 challenging the validity of a rule or order of the  
23 board. The general counsel shall devote full time to  
24 the duties of the office. During employment as  
25 general counsel to the board, the counsel shall not be  
26 a member of a political committee, contribute to a  
27 political campaign, participate in a political  
28 campaign, or be a candidate for partisan political  
29 office.

30 6. The members of the property assessment appeal  
31 board shall receive a salary commensurate with the  
32 salary of a district judge. The members of the board,  
33 any administrative law judges, and any employees of  
34 the board, when required to travel in the discharge of  
35 official duties, shall be paid their actual and  
36 necessary expenses incurred in the performance of  
37 duties.

38 Sec. \_\_\_\_\_. Section 428.4, unnumbered paragraph 1,  
39 Code 2005, is amended to read as follows:

40 Property shall be assessed for taxation each year.  
41 Real estate shall be listed and assessed in 1981 and  
42 every two years thereafter. The assessment of real  
43 estate shall be the value of the real estate as of  
44 January 1 of the year of the assessment. The year  
45 1981 and each odd-numbered year thereafter shall be a  
46 reassessment year. In any year, after the year in  
47 which an assessment has been made of all the real  
48 estate in an assessing jurisdiction, the assessor  
49 shall value and assess or revalue and reassess, as the  
50 case may require, any real estate that the assessor

1 finds was incorrectly valued or assessed, or was not  
2 listed, valued, and assessed, in the assessment year  
3 immediately preceding, also any real estate the  
4 assessor finds has changed in value subsequent to  
5 January 1 of the preceding real estate assessment  
6 year. However, a percentage increase on a class of  
7 property shall not be made in a year not subject to an  
8 equalization order unless ordered by the department of  
9 revenue. The assessor shall determine the actual  
10 value and compute the taxable value thereof as of  
11 January 1 of the year of the revaluation and  
12 reassessment. The assessment shall be completed as  
13 specified in section 441.28, but no reduction or  
14 increase in actual value shall be made for prior  
15 years. If an assessor makes a change in the valuation  
16 of the real estate as provided for, sections 441.23,  
17 441.37, 441.37A, 441.38 and 441.39 apply.

18 Sec. \_\_\_\_\_. Section 441.19, subsection 4, Code 2005,  
19 is amended to read as follows:

20 4. The supplemental returns ~~herein~~ provided for in  
21 this section shall be preserved in the same manner as  
22 assessment rolls, but shall be confidential to the  
23 assessor, board of review, property assessment appeal  
24 board, or director of revenue, and shall not be open  
25 to public inspection, but any final assessment roll as  
26 made out by the assessor shall be a public record,  
27 provided that such supplemental return shall be  
28 available to counsel of either the person making the  
29 return or of the public, in case any appeal is taken  
30 to the board of review, to the property assessment  
31 appeal board, or to the court.

32 Sec. \_\_\_\_\_. Section 441.21, subsection 1, Code 2005,  
33 is amended by adding the following new paragraphs:

34 NEW PARAGRAPH. h. The assessor shall determine  
35 the value of real property in accordance with rules  
36 adopted by the department of revenue and in accordance  
37 with forms and guidelines contained in the real  
38 property appraisal manual prepared by the department  
39 as updated from time to time. Such rules, forms, and  
40 guidelines shall not be inconsistent with or change  
41 the means, as provided in this section, of determining  
42 the actual, market, taxable, and assessed values. If  
43 the director of revenue determines that an assessor  
44 has willfully disregarded the rules of the department  
45 relating to valuation of property or has willfully  
46 disregarded the forms and guidelines contained in the  
47 real property appraisal manual, the department shall  
48 take steps to withhold the reimbursement payment  
49 authorized in section 425.1 to the county or city, as  
50 applicable, until the director of revenue determines

1 that the assessor is in compliance. A county or city  
2 for which such funds have been withheld may appeal the  
3 action of the department to the state board of tax  
4 review. The department shall adopt rules relating to  
5 application of this paragraph.

6 NEW PARAGRAPH. i. If the assessor wishes to use  
7 any manuals, guidelines, or forms other than those  
8 prescribed by the department of revenue, the assessor  
9 shall first receive permission from the director of  
10 revenue.

11 Sec. \_\_\_\_ . Section 441.21, subsection 2, Code 2005,  
12 is amended to read as follows:

13 2. In the event market value of the property being  
14 assessed cannot be readily established in the  
15 foregoing manner, then the assessor may determine the  
16 value of the property using the other uniform and  
17 recognized appraisal methods including its productive  
18 and earning capacity, if any, industrial conditions,  
19 its cost, physical and functional depreciation and  
20 obsolescence and replacement cost, and all other  
21 factors which would assist in determining the fair and  
22 reasonable market value of the property but the actual  
23 value shall not be determined by use of only one such  
24 factor. The following shall not be taken into  
25 consideration: Special value or use value of the  
26 property to its present owner, and the good will or  
27 value of a business which uses the property as  
28 distinguished from the value of the property as  
29 property. However, in assessing property that is  
30 rented or leased to low-income individuals and  
31 families as authorized by section 42 of the Internal  
32 Revenue Code, as amended, and which section limits the  
33 amount that the individual or family pays for the  
34 rental or lease of units in the property, the assessor  
35 shall use the productive and earning capacity from the  
36 actual rents received as a method of appraisal and  
37 shall take into account the extent to which that use  
38 and limitation reduces the market value of the  
39 property. The assessor shall not consider any tax  
40 credit equity or other subsidized financing as income  
41 provided to the property in determining the assessed  
42 value. The property owner shall notify the assessor  
43 when property is withdrawn from section 42 eligibility  
44 under the Internal Revenue Code. The property shall  
45 not be subject to section 42 assessment procedures for  
46 the assessment year for which section 42 eligibility  
47 is withdrawn. This notification must be provided to  
48 the assessor no later than March 1 of the assessment  
49 year or the owner will be subject to a penalty of five  
50 hundred dollars for that assessment year. The penalty

1 shall be collected at the same time and in the same  
2 manner as regular property taxes. Upon adoption of  
3 uniform rules by the revenue department of revenue or  
4 succeeding authority covering assessments and  
5 valuations of such properties, said the valuation on  
6 such properties shall be determined in accordance  
7 therewith with such rules and in accordance with forms  
8 and guidelines contained in the real property  
9 appraisal manual prepared by the department as updated  
10 from time to time for assessment purposes to assure  
11 uniformity, but such rules, forms, and guidelines  
12 shall not be inconsistent with or change the foregoing  
13 means of determining the actual, market, taxable and  
14 assessed values.

15 Sec. \_\_\_\_ . Section 441.21, subsections 4 and 5,  
16 Code 2005, are amended to read as follows:

17 4. For valuations established as of January 1,  
18 1979, the percentage of actual value at which  
19 agricultural and residential property shall be  
20 assessed shall be the quotient of the dividend and  
21 divisor as defined in this section. The dividend for  
22 each class of property shall be the dividend as  
23 determined for each class of property for valuations  
24 established as of January 1, 1978, adjusted by the  
25 product obtained by multiplying the percentage  
26 determined for that year by the amount of any  
27 additions or deletions to actual value, excluding  
28 those resulting from the revaluation of existing  
29 properties, as reported by the assessors on the  
30 abstracts of assessment for 1978, plus six percent of  
31 the amount so determined. ~~However, if the difference~~  
32 ~~between the dividend so determined for either class of~~  
33 ~~property and the dividend for that class of property~~  
34 ~~for valuations established as of January 1, 1978,~~  
35 ~~adjusted by the product obtained by multiplying the~~  
36 ~~percentage determined for that year by the amount of~~  
37 ~~any additions or deletions to actual value, excluding~~  
38 ~~those resulting from the revaluation of existing~~  
39 ~~properties, as reported by the assessors on the~~  
40 ~~abstracts of assessment for 1978, is less than six~~  
41 ~~percent, the 1979 dividend for the other class of~~  
42 ~~property shall be the dividend as determined for that~~  
43 ~~class of property for valuations established as of~~  
44 ~~January 1, 1978, adjusted by the product obtained by~~  
45 ~~multiplying the percentage determined for that year by~~  
46 ~~the amount of any additions or deletions to actual~~  
47 ~~value, excluding those resulting from the revaluation~~  
48 ~~of existing properties, as reported by the assessors~~  
49 ~~on the abstracts of assessment for 1978, plus a~~  
50 ~~percentage of the amount so determined which is equal~~

~~1 to the percentage by which the dividend as determined~~  
~~2 for the other class of property for valuations~~  
~~3 established as of January 1, 1978, adjusted by the~~  
~~4 product obtained by multiplying the percentage~~  
~~5 determined for that year by the amount of any~~  
~~6 additions or deletions to actual value, excluding~~  
~~7 those resulting from the revaluation of existing~~  
~~8 properties, as reported by the assessors on the~~  
~~9 abstracts of assessment for 1978, is increased in~~  
10 arriving at the 1979 dividend for the other class of  
11 property. The divisor for each class of property  
12 shall be the total actual value of all such property  
13 in the state in the preceding year, as reported by the  
14 assessors on the abstracts of assessment submitted for  
15 1978, plus the amount of value added to said total  
16 actual value by the revaluation of existing properties  
17 in 1979 as equalized by the director of revenue  
18 pursuant to section 441.49. The director shall  
19 utilize information reported on abstracts of  
20 assessment submitted pursuant to section 441.45 in  
21 determining such percentage. For valuations  
22 established as of January 1, 1980, and each year  
23 thereafter, the percentage of actual value as  
24 equalized by the director of revenue as provided in  
25 section 441.49 at which agricultural and residential  
26 property shall be assessed shall be calculated in  
27 accordance with the methods provided herein including  
28 ~~the limitation of increases in agricultural and~~  
~~29 residential assessed values to the percentage increase~~  
~~30 of the other class of property if the other class~~  
~~31 increases less than the allowable limit adjusted to~~  
~~32 include the applicable and current values as equalized~~  
~~33 by the director of revenue in this subsection, except~~  
~~34 that any references to six percent in this subsection~~  
~~35 shall be four percent. For valuations established as~~  
~~36 of January 1, 2005, and each year thereafter, the~~  
~~37 percentage of actual value as equalized by the~~  
~~38 director of revenue as provided in section 441.49 at~~  
~~39 which agricultural and residential property shall be~~  
~~40 assessed shall be calculated in accordance with the~~  
~~41 methods provided in this subsection and subsection 5A,~~  
~~42 except that any references to six percent in this~~  
~~43 subsection shall be four percent.~~

44 5. For valuations established as of January 1,  
45 1979, commercial property and industrial property,  
46 excluding properties referred to in section 427A.1,  
47 subsection 7, shall be assessed as a percentage of the  
48 actual value of each class of property. The  
49 percentage shall be determined for each class of  
50 property by the director of revenue for the state in

1 accordance with the provisions of this section. For  
2 valuations established as of January 1, 1979, the  
3 percentage shall be the quotient of the dividend and  
4 divisor as defined in this section. The dividend for  
5 each class of property shall be the total actual  
6 valuation for each class of property established for  
7 1978, plus six percent of the amount so determined.  
8 The divisor for each class of property shall be the  
9 valuation for each class of property established for  
10 1978, as reported by the assessors on the abstracts of  
11 assessment for 1978, plus the amount of value added to  
12 the total actual value by the revaluation of existing  
13 properties in 1979 as equalized by the director of  
14 revenue pursuant to section 441.49. For valuations  
15 established as of January 1, 1979, property valued by  
16 the department of revenue pursuant to chapters 428,  
17 433, 437, and 438 shall be considered as one class of  
18 property and shall be assessed as a percentage of its  
19 actual value. The percentage shall be determined by  
20 the director of revenue in accordance with the  
21 provisions of this section. For valuations  
22 established as of January 1, 1979, the percentage  
23 shall be the quotient of the dividend and divisor as  
24 defined in this section. The dividend shall be the  
25 total actual valuation established for 1978 by the  
26 department of revenue, plus ten percent of the amount  
27 so determined. The divisor for property valued by the  
28 department of revenue pursuant to chapters 428, 433,  
29 437, and 438 shall be the valuation established for  
30 1978, plus the amount of value added to the total  
31 actual value by the revaluation of the property by the  
32 department of revenue as of January 1, 1979. For  
33 valuations established as of January 1, 1980,  
34 commercial property and industrial property, excluding  
35 properties referred to in section 427A.1, subsection  
36 7, shall be assessed at a percentage of the actual  
37 value of each class of property. The percentage shall  
38 be determined for each class of property by the  
39 director of revenue for the state in accordance with  
40 the provisions of this section. For valuations  
41 established as of January 1, 1980, the percentage  
42 shall be the quotient of the dividend and divisor as  
43 defined in this section. The dividend for each class  
44 of property shall be the dividend as determined for  
45 each class of property for valuations established as  
46 of January 1, 1979, adjusted by the product obtained  
47 by multiplying the percentage determined for that year  
48 by the amount of any additions or deletions to actual  
49 value, excluding those resulting from the revaluation  
50 of existing properties, as reported by the assessors

1 on the abstracts of assessment for 1979, plus four  
2 percent of the amount so determined. The divisor for  
3 each class of property shall be the total actual value  
4 of all such property in 1979, as equalized by the  
5 director of revenue pursuant to section 441.49, plus  
6 the amount of value added to the total actual value by  
7 the revaluation of existing properties in 1980. The  
8 director shall utilize information reported on the  
9 abstracts of assessment submitted pursuant to section  
10 441.45 in determining such percentage. For valuations  
11 established as of January 1, 1980, property valued by  
12 the department of revenue pursuant to chapters 428,  
13 433, 437, and 438 shall be assessed at a percentage of  
14 its actual value. The percentage shall be determined  
15 by the director of revenue in accordance with the  
16 provisions of this section. For valuations  
17 established as of January 1, 1980, the percentage  
18 shall be the quotient of the dividend and divisor as  
19 defined in this section. The dividend shall be the  
20 total actual valuation established for 1979 by the  
21 department of revenue, plus eight percent of the  
22 amount so determined. The divisor for property valued  
23 by the department of revenue pursuant to chapters 428,  
24 433, 437, and 438 shall be the valuation established  
25 for 1979, plus the amount of value added to the total  
26 actual value by the revaluation of the property by the  
27 department of revenue as of January 1, 1980. For  
28 valuations established as of January 1, 1981, and each  
29 year thereafter, the percentage of actual value as  
30 equalized by the director of revenue as provided in  
31 section 441.49 at which commercial property and  
32 industrial property, excluding properties referred to  
33 in section 427A.1, subsection 7, shall be assessed  
34 shall be calculated in accordance with the methods  
35 provided ~~herein~~ in this subsection, except that any  
36 references to six percent in this subsection shall be  
37 four percent. For valuations established as of  
38 January 1, 1981, and each year thereafter, the  
39 percentage of actual value at which property valued by  
40 the department of revenue pursuant to chapters 428,  
41 433, 437, and 438 shall be assessed shall be  
42 calculated in accordance with the methods provided  
43 herein, except that any references to ten percent in  
44 this subsection shall be eight percent. Beginning  
45 with valuations established as of January 1, 1979, and  
46 each year thereafter, property valued by the  
47 department of revenue pursuant to chapter 434 shall  
48 also be assessed at a percentage of its actual value  
49 which percentage shall be equal to the percentage  
50 determined by the director of revenue for commercial

1 property, industrial property, or property valued by  
2 the department of revenue pursuant to chapters 428,  
3 433, 437, and 438, whichever is lowest. For  
4 valuations established as of January 1, 2005, and each  
5 year thereafter, the percentage of actual value as  
6 equalized by the director of revenue as provided in  
7 section 441.49 at which commercial and industrial  
8 property shall be assessed shall be calculated in  
9 accordance with the methods provided in this  
10 subsection and subsection 5A, except that any  
11 references to six percent in this subsection shall be  
12 four percent.

13 Sec. \_\_\_\_\_. Section 441.21, Code 2005, is amended by  
14 adding the following new subsection:

15 NEW SUBSECTION. 5A. Notwithstanding the  
16 limitation of increases in subsection 4 and the  
17 limitation of increases for commercial and industrial  
18 property in subsection 5, for valuations established  
19 as of January 1, 2005, and each year thereafter, for  
20 residential, agricultural, commercial, and industrial  
21 property, the assessed values of these four classes of  
22 property shall be limited to the percentage increase  
23 of that class of property that is the lowest  
24 percentage increase under the allowable limit adjusted  
25 to include the applicable and current values as  
26 equalized by the director of revenue.

27 Sec. \_\_\_\_\_. Section 441.28, Code 2005, is amended to  
28 read as follows:

29 441.28 ASSESSMENT ROLLS -- CHANGE -- NOTICE TO  
30 TAXPAYER.

31 The assessment shall be completed not later than  
32 April 15 each year. If the assessor makes any change  
33 in an assessment after it has been entered on the  
34 assessor's rolls, the assessor shall note on said the  
35 roll, together with the original assessment, the new  
36 assessment and the reason for the change, together  
37 with the assessor's signature and the date of the  
38 change. Provided, however, in the event the assessor  
39 increases any assessment the assessor shall give  
40 notice of the increase in writing thereof to the  
41 taxpayer by mail prior to the meeting of the board of  
42 review postmarked no later than April 15. No changes  
43 shall be made on the assessment rolls after April 15  
44 except by order of the board of review or of the  
45 property assessment appeal board, or by decree of  
46 court.

47 Sec. \_\_\_\_\_. Section 441.35, unnumbered paragraph 2,  
48 Code 2005, is amended to read as follows:

49 In any year after the year in which an assessment  
50 has been made of all of the real estate in any taxing

1 district, ~~it shall be the duty of~~ the board of review  
2 ~~to~~ shall meet as provided in section 441.33, and where  
3 ~~it~~ the board finds the same has changed in value, ~~to~~  
4 the board shall revalue and reassess any part or all  
5 of the real estate contained in such taxing district,  
6 and in such case, ~~it~~ the board shall determine the  
7 actual value as of January 1 of the year of the  
8 revaluation and reassessment and compute the taxable  
9 value thereof, ~~and any.~~ Any aggrieved taxpayer may  
10 petition for a revaluation of the taxpayer's property,  
11 but no reduction or increase shall be made for prior  
12 years. If the assessment of any such property is  
13 raised, or any property is added to the tax list by  
14 the board, the clerk shall give notice in the manner  
15 provided in section 441.36, ~~provided, however, that.~~  
16 However, if the assessment of all property in any  
17 taxing district is raised, the board may instruct the  
18 clerk to give immediate notice by one publication in  
19 one of the official newspapers located in the taxing  
20 district, and such published notice shall take the  
21 place of the mailed notice provided for in section  
22 441.36, but all other provisions of ~~said~~ that section  
23 shall apply. The decision of the board as to the  
24 foregoing matters shall be subject to appeal to the  
25 property assessment appeal board within the same time  
26 and in the same manner as provided in section 441.37A  
27 and to the district court within the same time and in  
28 the same manner as provided in section 441.38.

29 Sec. \_\_\_\_ . NEW SECTION. 441.37A APPEAL OF PROTEST  
30 TO PROPERTY ASSESSMENT APPEAL BOARD.

31 1. For the assessment year beginning January 1,  
32 2007, and all subsequent assessment years, appeals may  
33 be taken from the action of the board of review with  
34 reference to protests of assessment, valuation, or  
35 application of an equalization order to the property  
36 assessment appeal board created in section 421.1A.  
37 However, a property owner or aggrieved taxpayer or an  
38 appellant described in section 441.42 may bypass the  
39 property assessment appeal board and appeal the  
40 decision of the local board of review to the district  
41 court pursuant to section 441.38. For an appeal to  
42 the property assessment appeal board to be valid,  
43 written notice must be filed by the party appealing  
44 the decision with the executive secretary of the  
45 property assessment appeal board within twenty days  
46 after the date the board of review's letter of  
47 disposition of the appeal is postmarked to the party  
48 making the protest. The written notice of appeal  
49 shall include a petition setting forth the basis of  
50 the appeal and the relief sought. No new grounds in

1 addition to those set out in the protest to the local  
2 board of review as provided in section 441.37 can be  
3 pleaded, but additional evidence to sustain those  
4 grounds may be introduced. The assessor shall have  
5 the same right to appeal to the assessment appeal  
6 board as an individual taxpayer, public body, or other  
7 public officer as provided in section 441.42.

8 Filing of the written notice of appeal and petition  
9 with the executive secretary of the property  
10 assessment appeal board shall preserve all rights of  
11 appeal of the appellant, except as otherwise provided  
12 in subsection 2. A copy of the appellant's written  
13 notice of appeal and petition shall be mailed by the  
14 executive secretary of the property assessment appeal  
15 board to the local board of review whose decision is  
16 being appealed. In all cases where a change in  
17 assessed valuation of one hundred thousand dollars or  
18 more is petitioned for, the local board of review  
19 shall mail a copy of the written notice of appeal and  
20 petition to all affected taxing districts as shown on  
21 the last available tax list.

22 2. A party to the appeal may request a hearing or  
23 the appeal may proceed without a hearing. If a  
24 hearing is requested, the appellant and the local  
25 board of review from which the appeal is taken shall  
26 be given at least thirty days' written notice by the  
27 property assessment appeal board of the date the  
28 appeal shall be heard and the local board of review  
29 may be present and participate at such hearing.  
30 Notice to all affected taxing districts shall be  
31 deemed to have been given when written notice is  
32 provided to the local board of review. Failure by the  
33 appellant to appear at the property assessment appeal  
34 board hearing shall be grounds for dismissal of the  
35 appeal unless a continuance is granted to the  
36 appellant. If an appeal is dismissed for failure to  
37 appear, the property assessment appeal board shall  
38 have no jurisdiction to consider any subsequent appeal  
39 on the appellant's protest.

40 An appeal may be considered by less than a majority  
41 of the members of the board, and the chairperson of  
42 the board may assign members to consider appeals.  
43 Appeals to the property assessment appeal board may  
44 also be considered by an administrative law judge  
45 assigned by the division of administrative hearings of  
46 the department of inspections and appeals in  
47 accordance with section 10A.801. If a hearing is  
48 requested, it shall be open to the public and shall be  
49 conducted in accordance with the rules of practice and  
50 procedure adopted by the board. However, any

1 deliberation of the officer considering the appeal in  
2 reaching a decision on any appeal shall be  
3 confidential. The property assessment appeal board,  
4 or any member of the board, or an administrative law  
5 judge may require the production of any books,  
6 records, papers, or documents as evidence in any  
7 matter pending before the board that may be material,  
8 relevant, or necessary for the making of a just  
9 decision. Any books, records, papers, or documents  
10 produced as evidence shall become part of the record  
11 of the appeal. Any testimony given relating to the  
12 appeal shall be transcribed and made a part of the  
13 record of the appeal.

14 3. a. The officer considering the appeal shall  
15 determine anew all questions arising before the local  
16 board of review which relate to the liability of the  
17 property to assessment or the amount thereof. All of  
18 the evidence shall be considered and there shall be no  
19 presumption as to the correctness of the valuation of  
20 assessment appealed from. The property assessment  
21 appeal board shall make a decision in each appeal  
22 filed with the board. If the appeal is considered by  
23 less than a majority of the board or by an  
24 administrative law judge, the determination made by  
25 that person shall be forwarded to the full board for  
26 approval, rejection, or modification. If the initial  
27 determination is rejected by the board, it shall be  
28 returned for reconsideration to the board member or  
29 administrative law judge making the initial  
30 determination. Any deliberation of the board  
31 regarding an initial determination shall be  
32 confidential.

33 b. The decision of the board shall be considered  
34 the final agency action for purposes of further  
35 appeal, except as otherwise provided in section  
36 441.49. The decision shall be final unless appealed  
37 to district court as provided in section 441.38. The  
38 levy of taxes on any assessment appealed to the board  
39 shall not be delayed by any proceeding before the  
40 board, and if the assessment appealed from is reduced  
41 by the decision of the board, any taxes levied upon  
42 that portion of the assessment reduced shall be abated  
43 or, if already paid, shall be refunded. If the  
44 subject of an appeal is the application of an  
45 equalization order, the property assessment appeal  
46 board shall not order a reduction in assessment  
47 greater than the amount that the assessment was  
48 increased due to application of the equalization  
49 order. Each party to the appeal shall be responsible  
50 for the costs of the appeal incurred by that party.

1 Sec. \_\_\_\_ . Section 441.38, Code 2005, is amended to  
2 read as follows:

3 441.38 APPEAL TO DISTRICT COURT.

4 1. Appeals may be taken from the action of the  
5 local board of review with reference to protests of  
6 assessment, to the district court of the county in  
7 which the board holds its sessions within twenty days  
8 after its adjournment or May 31, whichever date is  
9 later. Appeals may be taken from the action of the  
10 property assessment appeal board to the district court  
11 of the county where the property which is the subject  
12 of the appeal is located within twenty days after the  
13 letter of disposition of the appeal by the property  
14 assessment appeal board is postmarked to the  
15 appellant. No new grounds in addition to those set  
16 out in the protest to the local board of review as  
17 provided in section 441.37, or in addition to those  
18 set out in the appeal to the property assessment  
19 appeal board, if applicable, can be pleaded, but  
20 additional evidence to sustain those grounds may be  
21 introduced. The assessor shall have the same right to  
22 appeal and in the same manner as an individual  
23 taxpayer, public body or other public officer as  
24 provided in section 441.42. Appeals shall be taken by  
25 filing a written notice of appeal with the clerk of  
26 district court. Filing of the written notice of  
27 appeal shall preserve all rights of appeal of the  
28 appellant.

29 2. Notice of appeal shall be served as an original  
30 notice on the chairperson, presiding officer, or clerk  
31 of the board of review, and on the executive secretary  
32 of the property assessment appeal board, if  
33 applicable, after the filing of notice under  
34 subsection 1 with the clerk of district court.

35 Sec. \_\_\_\_ . Section 441.39, Code 2005, is amended to  
36 read as follows:

37 441.39 TRIAL ON APPEAL.

38 The If the appeal is from a decision of the local  
39 board of review, the court shall hear the appeal in  
40 equity and determine anew all questions arising before  
41 the board which relate to the liability of the  
42 property to assessment or the amount thereof. The  
43 court shall consider all of the evidence and there  
44 shall be no presumption as to the correctness of the  
45 valuation of assessment appealed from. If the appeal  
46 is from a decision of the property assessment appeal  
47 board, the court's review shall be limited to the  
48 correction of errors at law. Its decision shall be  
49 certified by the clerk of the court to the county  
50 auditor, and the assessor, who shall correct the

1 assessment books accordingly.

2 Sec. \_\_\_\_ . Section 441.43, Code 2005, is amended to  
3 read as follows:

4 441.43 POWER OF COURT.

5 Upon trial of any appeal from the action of the  
6 board of review or of the property assessment appeal  
7 board fixing the amount of assessment upon any  
8 property concerning which complaint is made, the court  
9 may increase, decrease, or affirm the amount of the  
10 assessment appealed from.

11 Sec. \_\_\_\_ . Section 441.49, unnumbered paragraph 5,  
12 Code 2005, is amended to read as follows:

13 The local board of review shall reconvene in  
14 special session from October 15 to November 15 for the  
15 purpose of hearing the protests of affected property  
16 owners or taxpayers within the jurisdiction of the  
17 board whose valuation of property if adjusted pursuant  
18 to the equalization order issued by the director of  
19 revenue will result in a greater value than permitted  
20 under section 441.21. The board of review shall  
21 accept protests only during the first ten days  
22 following the date the local board of review  
23 reconvenes. The board of review shall limit its  
24 review to only the timely filed protests. The board  
25 of review may adjust all or a part of the percentage  
26 increase ordered by the director of revenue by  
27 adjusting the actual value of the property under  
28 protest to one hundred percent of actual value. Any  
29 adjustment so determined by the board of review shall  
30 not exceed the percentage increase provided for in the  
31 director's equalization order. The determination of  
32 the board of review on filed protests is final,  
33 subject to appeal to the property assessment appeal  
34 board. A final decision by the local board of review,  
35 or the property assessment appeal board, if the local  
36 board's decision is appealed, is subject to review by  
37 the director of revenue for the purpose of determining  
38 whether the board's actions substantially altered the  
39 equalization order. In making the review, the  
40 director has all the powers provided in chapter 421,  
41 and in exercising the powers the director is not  
42 subject to chapter 17A. Not later than fifteen days  
43 following the adjournment of the board, the board of  
44 review shall submit to the director of revenue, on  
45 forms prescribed by the director, a report of all  
46 actions taken by the board of review during this  
47 session.

48 Sec. \_\_\_\_ . Section 445.60, Code 2005, is amended to  
49 read as follows:

50 445.60 REFUNDING ERRONEOUS TAX.

1 The board of supervisors shall direct the county  
2 treasurer to refund to the taxpayer any tax or portion  
3 of a tax found to have been erroneously or illegally  
4 paid, with all interest, fees, and costs actually  
5 paid. A refund shall not be ordered or made unless a  
6 claim for refund is presented to the board within two  
7 years of the date the tax was due, or if appealed to  
8 the board of review, the property assessment appeal  
9 board, the state board of tax review, or district  
10 court, within two years of the final decision."

11 3. Page 5, by striking lines 11 through 13 and  
12 inserting the following:

13 "Sec. \_\_\_\_ . EFFECTIVE AND APPLICABILITY DATES.

14 1. The sections of this Act amending sections  
15 257.1, subsection 2, section 260C.17, section 260G.3,  
16 subsection 2, and enacting section 260C.18C, take  
17 effect July 1, 2005, and are applicable to the school  
18 budget year beginning July 1, 2006, and succeeding  
19 budget years.

20 2. The sections of this Act amending section  
21 441.21, subsections 4 and 5, and enacting section  
22 441.21, subsection 5A, apply retroactively to January  
23 1, 2005, for assessment years beginning on or after  
24 that date."

25 4. Title page, by striking lines 1 through 4 and  
26 inserting the following: "An Act relating to property  
27 taxation and related aspects of education funding by  
28 increasing the regular program foundation base,  
29 modifying the community college operations levy,  
30 creating a local workforce and economic development  
31 fund for community colleges, modifying property  
32 assessment guidelines and notification requirements,  
33 creating a property assessment appeal board to hear  
34 appeals of the actions of local boards of review,  
35 tying together the assessment limitations of certain  
36 classes of property, and providing effective and  
37 retroactive applicability dates."

38 5. By renumbering as necessary.

By PAULSEN of Linn

**HOUSE FILE 848**

**H-1412**

1 Amend the amendment, H-1410, to House File 848 as  
2 follows:

3 1. Page 1, by inserting after line 1 the  
4 following:

5 "\_\_\_\_\_. By striking page 1, line 1 through page 2,  
6 line 4."

7 2. Page 19, by striking lines 14 and 15 and  
8 inserting the following:

9 "1. The sections of this Act amending section  
10 260C.17 and section 260G.3,".

11 3. Page 19, by striking line 28.

12 4. By renumbering as necessary.

**By** HEATON of Henry

**H-1412** FILED APRIL 19, 2005

**HOUSE FILE 848**

**H-1413**

1 Amend the amendment, H-1410, to House File 848, as  
2 follows:

3 1. Page 1, by striking line 34 and inserting the  
4 following: "authorize an additional supplemental  
5 amount for levy by directing the county commissioner  
6 of elections to call an election to submit the  
7 question of such authorization for the board at a  
8 regular or special election. If a majority of those  
9 voting on the question at the election favors  
10 authorization of the board to make such a levy, the  
11 board shall certify for a levy during each of the ten  
12 years following the election. If a majority of those  
13 voting on the question at the election does not favor  
14 authorization of the board to make a levy, the board  
15 shall not submit the question to the voters again  
16 until three hundred fifty-five days have elapsed from  
17 the election. A levy authorized under this subsection  
18 shall be certified by March 15 to".

**By** JACOBS of Polk  
SANDS of Louisa  
S. OLSON of Clinton

**H-1413** FILED APRIL 19, 2005

HOUSE FILE 848

H-1414

1 Amend the amendment, H-1410, to House File 848 as  
2 follows:

3 1. By striking page 9, line 15, through page 13,  
4 line 26.

5 2. Page 19, line 14, by striking the figure "1."

6 3. Page 19, by striking lines 20 through 24.

7 4. Page 19, by striking lines 35 through 37, and

8 inserting the following: "and providing effective and  
9 applicability dates."

10 5. By renumbering as necessary.

By PETTENGILL of Benton

SCHUELLER of Jackson

H-1414 FILED APRIL 19, 2005

HOUSE FILE 848

H-1420

1 Amend the amendment, H-1410, to House File 848 as  
2 follows:

3 1. Page 1, by inserting before line 2, the  
4 following:

5 "\_\_\_\_. Page 1, by inserting before line 1, the  
6 following:

7 "Sec. \_\_\_\_\_. Section 24.48, unnumbered paragraphs 4,  
8 5, and 7, Code 2005, are amended by striking the  
9 unnumbered paragraphs.

10 Sec. \_\_\_\_\_. Section 24.48, unnumbered paragraph 6,  
11 Code 2005, is amended to read as follows:

12 For purposes of this section only, "political  
13 subdivision" means a ~~city~~, school district, or any  
14 other special purpose district which certifies its  
15 budget to the county auditor and derives funds from a  
16 property tax levied against taxable property situated  
17 within the political subdivision."

18 2. Page 4, by inserting after line 25, the  
19 following:

20 ""Sec. \_\_\_\_\_. Section 331.263, subsection 2, Code  
21 2005, is amended to read as follows:

22 2. The governing body of the community  
23 commonwealth shall have the authority to levy county  
24 taxes and shall have the authority to levy city taxes  
25 to the extent the city tax levy authority is  
26 transferred by the charter to the community  
27 commonwealth. A city participating in the community  
28 commonwealth shall transfer a portion of the city's  
29 tax levy authorized under section 384.1 or 384.12,  
30 whichever is applicable, to the governing body of the  
31 community commonwealth. The maximum ~~rates~~ amount of  
32 taxes authorized to be levied under ~~sections~~ section  
33 384.1 and the maximum rates of taxes authorized to be  
34 levied under section 384.12 by a city participating in  
35 the community commonwealth shall be reduced by an  
36 amount equal to the rates of the same or similar taxes  
37 levied in the city by the governing body of the  
38 community commonwealth.

39 Sec. \_\_\_\_\_. Section 331.325, Code 2005, is amended  
40 to read as follows:

41 331.325 CONTROL AND MAINTENANCE OF PIONEER  
42 CEMETERIES -- CEMETERY COMMISSION.

43 1. As used in this section, "pioneer cemetery"  
44 means a cemetery where there have been six or fewer  
45 burials in the preceding fifty years.

46 2. Each county board of supervisors may adopt an  
47 ordinance assuming jurisdiction and control of pioneer  
48 cemeteries in the county. The board shall exercise  
49 the powers and duties of township trustees relating to  
50 the maintenance and repair of cemeteries in the county

H-1420

1 as provided in sections 359.28 through 359.41 except  
2 that the board shall not certify a tax levy pursuant  
3 to section 359.30 or 359.33 and except that the  
4 maintenance and repair of all cemeteries under the  
5 jurisdiction of the county including pioneer  
6 cemeteries shall be paid from the ~~county general~~  
7 cemetery fund. The maintenance and improvement  
8 program for a pioneer cemetery may include restoration  
9 and management of native prairie grasses and  
10 wildflowers.

11 3. In lieu of management of the cemeteries, the  
12 board of supervisors may create, by ordinance, a  
13 cemetery commission to assume jurisdiction and  
14 management of the pioneer cemeteries in the county.  
15 The ordinance shall delineate the number of  
16 commissioners, the appointing authority, the term of  
17 office, officers, employees, organizational matters,  
18 rules of procedure, compensation and expenses, and  
19 other matters deemed pertinent by the board. The  
20 board may delegate any power and duties relating to  
21 cemeteries which may otherwise be exercised by  
22 township trustees pursuant to sections 359.28 through  
23 359.41 to the cemetery commission except the  
24 commission shall not certify a tax levy pursuant to  
25 section 359.30 or 359.33 and except that the expenses  
26 of the cemetery commission shall be paid from the  
27 ~~county general~~ cemetery fund.

28 4. Notwithstanding sections 359.30 and 359.33, the  
29 costs of management, repair, and maintenance of  
30 pioneer cemeteries shall be paid from the ~~county~~  
31 general cemetery fund.

32 Sec. \_\_\_\_\_. Section 331.423, Code 2005, is amended  
33 by striking the section and inserting in lieu thereof  
34 the following:

35 331.423 PROPERTY TAX DOLLARS -- MAXIMUMS.

36 1. Annually, the board shall determine separate  
37 property tax levy limits to pay for general county  
38 services and rural county services in accordance with  
39 this section. The property tax levies separately  
40 certified for general county services and rural county  
41 services in accordance with section 331.434 shall not  
42 exceed the amount determined under this section.

43 2. For purposes of this section and section  
44 331.423A:

45 a. "Annual price index" means the sum of one plus  
46 the change, computed to four decimal places, between  
47 the preliminary price index for the third quarter of  
48 the calendar year preceding the calendar year in which  
49 the budget year begins and the revised price index for  
50 the third quarter of the previous calendar year. The

1 price index used shall be the state and local  
2 government chain-type price index used in the quantity  
3 and price indexes for gross domestic product as  
4 published by the United States department of commerce.

5 b. "Boundary adjustment" means annexation,  
6 severance, incorporation, or discontinuance as those  
7 terms are defined in section 368.1.

8 c. "Budget year" is the fiscal year beginning  
9 during the calendar year in which a budget is  
10 certified.

11 d. "Current fiscal year" is the fiscal year ending  
12 during the calendar year in which a budget is  
13 certified.

14 e. "Net new valuation taxes" means the amount of  
15 property tax dollars equal to the certified general  
16 rate for the current fiscal year for purposes of the  
17 general fund, or the certified rural rate for the  
18 current fiscal year for purposes of the rural services  
19 fund, times the increase from the current fiscal year  
20 to the budget year in taxable valuation due to the  
21 following:

- 22 (1) New construction.
- 23 (2) Additions or improvements to existing  
24 structures.
- 25 (3) Remodeling of existing structures for which a  
26 building permit is required.
- 27 (4) Net boundary adjustment.
- 28 (5) A municipality no longer dividing tax revenues  
29 in an urban renewal area as provided in section  
30 403.19, to the extent that the incremental valuation  
31 released is due to new construction or revaluation on  
32 property newly constructed, additions or improvements  
33 to existing property, net boundary adjustment, or  
34 expiration of tax abatements, all occurring after the  
35 division of revenue begins.
- 36 (6) That portion of taxable property located in an  
37 urban revitalization area on which an exemption was  
38 allowed and such exemption has expired.

39 3. a. For the fiscal year beginning July 1, 2008,  
40 and subsequent fiscal years, the maximum amount of  
41 property tax dollars which may be certified for levy  
42 by a county for general county services and rural  
43 county services shall be the maximum property tax  
44 dollars calculated under paragraphs "b" and "c",  
45 respectively.

46 b. The maximum property tax dollars that may be  
47 levied for general county services is an amount equal  
48 to the sum of the following:

- 49 (1) The annual price index times the current  
50 fiscal year's maximum property tax dollars for general

1 county services.

2 (2) The amount of net new valuation taxes in the  
3 county.

4 c. The maximum property tax dollars that may be  
5 levied for rural county services is an amount equal to  
6 the sum of the following:

7 (1) The annual price index times the current  
8 fiscal year's maximum property tax dollars for rural  
9 county services.

10 (2) The amount of net new valuation taxes in the  
11 unincorporated area of the county.

12 4. a. For purposes of calculating maximum  
13 property tax dollars for general county services for  
14 the fiscal year beginning July 1, 2008, only, the term  
15 "current fiscal year's maximum property tax dollars"  
16 shall mean the greater of the following:

17 (1) The actual taxes certified for the general  
18 basic fund for either the fiscal year beginning July  
19 1, 2006, or the fiscal year beginning July 1, 2007, as  
20 selected by the county.

21 (2) The taxes that could have been certified for  
22 the general basic fund for either the fiscal year  
23 beginning July 1, 2006, or the fiscal year beginning  
24 July 1, 2007, if the county had levied a rate of three  
25 dollars and fifty cents per one thousand dollars of  
26 valuation, as selected by the county.

27 b. For purposes of calculating maximum property  
28 tax dollars for rural county services for the fiscal  
29 year beginning July 1, 2008, only, the term "current  
30 fiscal year's maximum property tax dollars" shall mean  
31 the greater of the following:

32 (1) The actual taxes certified for the rural basic  
33 fund for either the fiscal year beginning July 1,  
34 2006, or the fiscal year beginning July 1, 2007, as  
35 selected by the county.

36 (2) The taxes that could have been certified for  
37 the rural basic fund for either the fiscal year  
38 beginning July 1, 2006, or the fiscal year beginning  
39 July 1, 2007, if the county had levied a rate of three  
40 dollars and ninety-five cents per one thousand dollars  
41 of valuation, as selected by the county.

42 c. Each county shall notify the department of  
43 management by August 1, 2007, whether it will use the  
44 fiscal year beginning July 1, 2006, or the fiscal year  
45 beginning July 1, 2007, for the calculation under this  
46 subsection. If a county does not notify the  
47 department by August 1, 2007, the fiscal year used for  
48 the calculation under this subsection shall be the  
49 fiscal year beginning July 1, 2007.

50 5. Property taxes certified for deposit in the

1 county general and rural supplemental funds in section  
 2 331.424, the mental health, mental retardation, and  
 3 developmental disabilities services fund in section  
 4 331.424A, the cemetery fund in section 331.424B, the  
 5 emergency services fund in section 331.424C, the debt  
 6 service fund in section 331.430, any capital projects  
 7 fund established by the county for deposit of bond,  
 8 loan, or note proceeds, and any increase approved  
 9 pursuant to sections 331.425 and 331.426, are not  
 10 included in the maximum amount of property tax dollars  
 11 that may be certified for a budget year under  
 12 subsection 3.

13 6. The department of management, in consultation  
 14 with the county finance committee, shall adopt rules  
 15 to administer this section. The department shall  
 16 prescribe forms to be used by counties when making  
 17 calculations required by this section.

18 Sec. \_\_\_\_ . NEW SECTION. 331.423A ENDING FUND  
 19 BALANCE LIMITATION.

20 The county board of supervisors shall adopt a  
 21 resolution on or before January 1, 2008, establishing  
 22 a fund balance limitation in both the general basic  
 23 and rural basic funds. The fund balance limitation  
 24 shall be in the form of the unreserved, undesignated  
 25 fund balance in each fund, expressed as a percentage  
 26 of budgeted expenditures in the appropriate fund. The  
 27 board of supervisors may change the fund balance  
 28 limitation at any time after January 1, 2008, by  
 29 adopting a resolution stating the new fund balance  
 30 limitation.

31 Sec. \_\_\_\_ . Section 331.424B, Code 2005, is amended  
 32 to read as follows:

33 331.424B CEMETERY LEVY.

34 The board may levy annually a tax on all taxable  
 35 property in the county not to exceed six and three-  
 36 fourths cents per thousand dollars of the assessed  
 37 value of all taxable property in the county to repair  
 38 and maintain all cemeteries under the jurisdiction of  
 39 the board including pioneer cemeteries and to pay  
 40 other expenses of the board or the cemetery commission  
 41 as provided in section 331.325. The proceeds of the  
 42 tax levy shall be credited to the ~~county general~~  
 43 cemetery fund.

44 Sec. \_\_\_\_ . Section 331.425, unnumbered paragraph 1,  
 45 Code 2005, is amended to read as follows:

46 The board may certify ~~an~~ for levy property tax  
 47 dollars in addition to a levy in excess of the amounts  
 48 ~~otherwise permitted under sections 331.423, 331.424,~~  
 49 ~~and 331.426~~ the maximum amount of property tax dollars  
 50 that may be levied, as computed under section 331.423,

1 for the general basic fund and the rural basic fund if  
2 the proposition to certify an addition to a levy  
3 additional property tax dollars has been submitted at  
4 a special levy election and received a favorable  
5 majority of the votes cast on the proposition. A  
6 special levy election is subject to the following:

7 Sec. \_\_\_\_\_. Section 331.425, subsection 3, Code  
8 2005, is amended by striking the subsection and  
9 inserting in lieu thereof the following:

10 3. The proposition to exceed the maximum dollar  
11 amount shall be substantially in the following form:

12 "Vote "yes" or "no" on the following question:

13 Shall the county of \_\_\_\_\_ levy for an  
14 additional \$\_\_\_\_\_ each year for \_\_\_\_\_ years beginning  
15 July 1, \_\_\_\_\_, in excess of the statutory limits  
16 otherwise applicable for the (general county services  
17 or rural services) fund for the purposes of \_\_\_\_\_?"

18 Sec. \_\_\_\_\_. Section 331.426, Code 2005, is amended  
19 to read as follows:

20 331.426 ~~ADDITIONS TO BASIC LEVIES~~ ADDITIONS TO  
21 LEVY BEYOND MAXIMUM PROPERTY TAX DOLLARS -- UNUSUAL  
22 CIRCUMSTANCES.

23 If a county has unusual circumstances, creating a  
24 need for additional property ~~taxes~~ tax dollars for  
25 general county services or rural county services in  
26 excess of the maximum amount ~~that can be raised by the~~  
27 ~~levies otherwise permitted under sections 331.423~~  
28 ~~through 331.425~~ of property tax dollars computed under  
29 section 331.423, the board may certify additions to  
30 each of the basic levies as follows:

31 1. The basis for justifying an additional property  
32 tax dollars under this section must be one or more of  
33 the following:

34 a. An unusual increase in population as determined  
35 by the preceding certified federal census.

36 b. A natural disaster or other emergency.

37 c. Unusual problems relating to major new  
38 functions required by state law.

39 d. Unusual staffing problems.

40 e. Unusual need for additional moneys to permit  
41 continuance of a program which provides substantial  
42 benefit to county residents.

43 f. Unusual need for a new program which will  
44 provide substantial benefit to county residents, if  
45 the county establishes the need and the amount of  
46 necessary increased cost.

47 g. A reduced or unusually low growth rate in the  
48 property tax base of the county.

49 2. The public notice of a hearing on the county  
50 budget required by section 331.434, subsection 3,

1 shall include the following additional information for  
2 the applicable class of services:

3 a. A statement that the accompanying budget  
4 summary requires a proposed basic property tax rate  
5 exceeding the maximum rate ~~established by the general~~  
6 assembly based on maximum property tax dollars  
7 computed under section 331.423.

8 b. A comparison of the proposed basic tax rate  
9 with the maximum basic tax rate, and the dollar amount  
10 of the difference between the proposed rate and the  
11 maximum rate.

12 c. A statement of the major reasons for the  
13 difference between the proposed basic tax rate and the  
14 maximum basic tax rate.

15 The information required by this subsection shall  
16 be published in a conspicuous form as prescribed by  
17 the committee.

18 Sec. \_\_\_\_\_. Section 331.435, unnumbered paragraph 1,  
19 Code 2005, is amended to read as follows:

20 The board may amend the adopted county budget,  
21 subject to sections 331.423 through 331.426 and other  
22 applicable state law, to permit increases in any class  
23 of proposed expenditures contained in the certified  
24 ~~budget summary published under section 331.434,~~  
25 ~~subsection 3.~~

26 Sec. \_\_\_\_\_. Section 357B.8, subsection 2, paragraph  
27 c, Code 2005, is amended to read as follows:

28 c. The benefited fire district shall certify the  
29 tax levy as provided in this subsection only after  
30 agreement granted by resolution of the city council.  
31 The amount of the tax rate levied under this  
32 subsection shall reduce by an equal amount the maximum  
33 tax levy amount of taxes authorized for the general  
34 ~~fund of that city~~ levy under section 384.1. If the  
35 district levies directly against property within a  
36 city to provide fire protection for that city, the  
37 city shall not be responsible for providing fire  
38 protection as provided in section 364.16, and shall  
39 have no liability for the method, manner, or means in  
40 which the district provides the fire protection.

41 Sec. \_\_\_\_\_. Section 373.10, Code 2005, is amended to  
42 read as follows:

43 373.10 TAXING AUTHORITY.

44 The metropolitan council shall have the authority  
45 to levy city taxes to the extent the city tax levy  
46 authority is transferred by the charter to the  
47 metropolitan council. A member city shall transfer a  
48 portion of the city's tax levy authorized under  
49 section 384.1 or 384.12, whichever is applicable, to  
50 the metropolitan council. The maximum ~~rates~~ amount of

1 taxes authorized to be levied under ~~sections~~ section  
2 384.1 and the maximum rates of taxes authorized to be  
3 levied under section 384.12 by a member city shall be  
4 reduced by an amount equal to the rates of the same or  
5 similar taxes levied in the city by the metropolitan  
6 council.

7 Sec. \_\_\_\_ . Section 384.1, Code 2005, is amended by  
8 striking the section and inserting in lieu thereof the  
9 following:

10 384.1 PROPERTY TAX DOLLARS -- MAXIMUMS.

11 1. A city shall certify taxes to be levied by the  
12 county on all taxable property within the city limits,  
13 for all city government purposes. Annually, the city  
14 council may certify basic levies for deposit in the  
15 general fund, subject to the limitation on property  
16 tax dollars provided in this section.

17 2. For purposes of this section and section  
18 384.1A:

19 a. "Annual price index" means the sum of one plus  
20 the change, computed to four decimal places, between  
21 the preliminary price index for the third quarter of  
22 the calendar year preceding the calendar year in which  
23 the budget year begins and the revised price index for  
24 the third quarter of the previous calendar year. The  
25 price index used shall be the state and local  
26 government chain-type price index used in the quantity  
27 and price indexes for gross domestic product as  
28 published by the United States department of commerce.

29 b. "Boundary adjustment" means annexation,  
30 severance, incorporation, or discontinuance as those  
31 terms are defined in section 368.1.

32 c. "Budget year" is the fiscal year beginning  
33 during the calendar year in which a budget is  
34 certified.

35 d. "Current fiscal year" is the fiscal year ending  
36 during the calendar year in which a budget is  
37 certified.

38 e. "Net new valuation taxes" means the amount of  
39 property tax dollars equal to the certified general  
40 rate for the current fiscal year for purposes of the  
41 city general fund times the increase from the current  
42 fiscal year to the budget year in taxable valuation  
43 due to the following:

- 44 (1) New construction.
- 45 (2) Additions or improvements to existing  
46 structures.
- 47 (3) Remodeling of existing structures for which a  
48 building permit is required.
- 49 (4) Net boundary adjustment.
- 50 (5) A municipality no longer dividing tax revenues

1 in an urban renewal area as provided in section  
2 403.19, to the extent that the incremental valuation  
3 released is due to new construction or revaluation on  
4 property newly constructed, additions or improvements  
5 to existing property, net boundary adjustment, or  
6 expiration of tax abatements, all occurring after the  
7 division of revenue begins.

8 (6) That portion of taxable property located in an  
9 urban revitalization area on which an exemption was  
10 allowed and such exemption has expired.

11 3. a. For the fiscal year beginning July 1, 2008,  
12 and subsequent fiscal years, the maximum amount of  
13 property tax dollars which may be certified by a city  
14 for the general fund shall be the maximum property tax  
15 dollars calculated under paragraph "b".

16 b. The maximum property tax dollars that may be  
17 levied for deposit in the general fund is an amount  
18 equal to the sum of the following:

19 (1) The annual price index times the current  
20 fiscal year's maximum property tax dollars for the  
21 general fund.

22 (2) The amount of net new valuation taxes.

23 4. a. For purposes of calculating maximum  
24 property tax dollars for the city general fund for the  
25 fiscal year beginning July 1, 2008, only, the term  
26 "current fiscal year's maximum property tax dollars"  
27 shall mean the greater of the following:

28 (1) The actual taxes certified for the general  
29 fund for either the fiscal year beginning July 1,  
30 2006, or the fiscal year beginning July 1, 2007, as  
31 selected by the city.

32 (2) The taxes that could have been certified for  
33 the general fund for either the fiscal year beginning  
34 July 1, 2006, or the fiscal year beginning July 1,  
35 2007, if the city had levied a rate of eight dollars  
36 and ten cents per one thousand dollars of valuation,  
37 as selected by the city.

38 b. Each city shall notify the department of  
39 management by August 1, 2007, whether it will use the  
40 fiscal year beginning July 1, 2006, or the fiscal year  
41 beginning July 1, 2007, for the calculation under this  
42 subsection. If a city does not notify the department  
43 by August 1, 2007, the fiscal year used for the  
44 calculation under this subsection shall be the fiscal  
45 year beginning July 1, 2007.

46 5. Property taxes certified for deposit in the  
47 general fund do not include property taxes certified  
48 for the debt service fund in section 384.4, trust and  
49 agency funds in section 384.6, the capital  
50 improvements reserve fund in section 384.7, any

1 capital projects fund established by the city for  
2 deposit of bond, loan, or note proceeds, property  
3 taxes collected from a voted levy in section 384.12,  
4 and property taxes levied under section 384.12,  
5 subsection 18, and any increase approved pursuant to  
6 section 384.12A. Such taxes certified for these funds  
7 and for these purposes shall not be included in the  
8 maximum amount of property tax dollars that may be  
9 certified for a budget year under subsection 3.

10 6. Notwithstanding the maximum amount of taxes a  
11 city may certify for levy, the tax certified for levy  
12 by a city on tracts of land and improvements on the  
13 tracts of land used and assessed for agricultural or  
14 horticultural purposes shall not exceed three dollars  
15 and three-eighths cents per thousand dollars of  
16 assessed value in any year. Improvements located on  
17 such tracts of land and not used for agricultural or  
18 horticultural purposes and all residential dwellings  
19 are subject to the same rate of tax certified for levy  
20 by the city on all other taxable property within the  
21 city.

22 7. The department of management, in consultation  
23 with the city finance committee, shall adopt rules to  
24 administer this section. The department shall  
25 prescribe forms to be used by cities when making  
26 calculations required by this section.

27 Sec. \_\_\_\_ . NEW SECTION. 384.1A ENDING FUND  
28 BALANCE LIMITATION.

29 The city council shall adopt a resolution on or  
30 before January 1, 2008, establishing a fund balance  
31 limitation for the city general fund. The fund  
32 balance limitation shall be in the form of the  
33 unreserved, undesignated fund balance in the fund,  
34 expressed as a percentage of budgeted expenditures in  
35 the fund. The city council may change the fund  
36 balance limitation at any time after January 1, 2008,  
37 by adopting a resolution stating the new fund balance  
38 limitation.

39 Sec. \_\_\_\_ . Section 384.3, Code 2005, is amended to  
40 read as follows:

41 384.3 GENERAL FUND.

42 All moneys received for city government purposes  
43 from taxes and other sources must be credited to the  
44 general fund of the city, except that moneys received  
45 for the purposes of the debt service fund, the trust  
46 and agency funds, the capital improvements reserve  
47 fund, ~~the emergency fund~~ and other funds established  
48 by state law must be deposited as otherwise required  
49 or authorized by state law. All moneys received by a  
50 city from the federal government must be reported to

1 the department of management who shall transmit a copy  
2 to the legislative services agency.

3 Sec. \_\_\_\_\_. Section 384.12, subsection 20,  
4 unnumbered paragraph 1, Code 2005, is amended by  
5 striking the unnumbered paragraph and inserting in  
6 lieu thereof the following:

7 The city council may certify for levy property tax  
8 dollars in addition to the maximum amount of property  
9 tax dollars computed under section 384.1 provided the  
10 question has been submitted at a special levy election  
11 and received a simple majority of the votes cast on  
12 the proposition.

13 Sec. \_\_\_\_\_. Section 384.12, subsection 20, paragraph  
14 c, Code 2005, is amended by striking the paragraph and  
15 inserting in lieu thereof the following:

16 c. The proposition to exceed the maximum dollar  
17 amount shall be substantially in the following form:

18 "Vote "yes" or "no" on the following question:  
19 Shall the city of \_\_\_\_\_ levy for an additional  
20 \$ \_\_\_\_\_ each year for \_\_\_\_\_ years beginning July 1,  
21 \_\_\_\_\_, in excess of the statutory limits otherwise  
22 applicable for the city general fund for the purposes  
23 of \_\_\_\_\_?"

24 Sec. \_\_\_\_\_. NEW SECTION. 384.12A AUTHORITY TO LEVY  
25 BEYOND MAXIMUM PROPERTY TAX DOLLARS -- UNUSUAL  
26 CIRCUMSTANCES.

27 If a city has unusual circumstances, creating a  
28 need for additional property tax dollars in excess of  
29 the maximum amount of property tax dollars computed  
30 under section 384.1, the city council may certify  
31 additional property tax dollars for deposit in the  
32 general fund as follows:

33 1. The basis for justifying additional property  
34 tax dollars under this section must be one or more of  
35 the following:

36 a. An unusual increase in population as determined  
37 by the preceding certified federal census.

38 b. A natural disaster or other emergency.

39 c. Unusual problems relating to major new  
40 functions required by state law.

41 d. Unusual staffing problems.

42 e. Unusual need for additional moneys to permit  
43 continuance of a program which provides substantial  
44 benefit to city residents.

45 f. Unusual need for a new program which will  
46 provide substantial benefit to city residents, if the  
47 city establishes the need and the amount of necessary  
48 increased cost.

49 g. A reduced or unusually low growth rate in the  
50 property tax base of the city.

1 2. The public notice of a hearing on the city  
2 budget required by section 384.16 shall include the  
3 following additional information for the applicable  
4 class of services:

5 a. A statement that the accompanying budget  
6 summary requires a proposed property tax rate  
7 exceeding the maximum rate based on maximum property  
8 tax dollars computed under section 384.1.

9 b. A comparison of the proposed basic tax rate  
10 with the maximum basic tax rate, and the dollar amount  
11 of the difference between the proposed rate and the  
12 maximum rate.

13 c. A statement of the major reasons for the  
14 difference between the proposed basic tax rate and the  
15 maximum basic tax rate.

16 The information required by this subsection shall  
17 be published in a conspicuous form as prescribed by  
18 the city finance committee.

19 Sec. \_\_\_\_\_. Section 384.18, subsection 3, Code 2005,  
20 is amended to read as follows:

21 3. To permit transfers from the debt service fund,  
22 the capital improvements reserve fund, ~~the emergency~~  
23 ~~fund,~~ or other funds established by state law, to any  
24 other city fund, unless specifically prohibited by  
25 state law.

26 Sec. \_\_\_\_\_. Section 386.8, Code 2005, is amended to  
27 read as follows:

28 386.8 OPERATION TAX.

29 A city may establish a self-supported improvement  
30 district operation fund, and may certify taxes not to  
31 exceed the rate limitation as established in the  
32 ordinance creating the district, or any amendment  
33 thereto, each year to be levied for the fund against  
34 all of the property in the district, for the purpose  
35 of paying the administrative expenses of the district,  
36 which may include but are not limited to  
37 administrative personnel salaries, a separate  
38 administrative office, planning costs including  
39 consultation fees, engineering fees, architectural  
40 fees, and legal fees and all other expenses reasonably  
41 associated with the administration of the district and  
42 the fulfilling of the purposes of the district. The  
43 taxes levied for this fund may also be used for the  
44 purpose of paying maintenance expenses of improvements  
45 or self-liquidating improvements for a specified  
46 length of time with one or more options to renew if  
47 such is clearly stated in the petition which requests  
48 the council to authorize construction of the  
49 improvement or self-liquidating improvement, whether  
50 or not such petition is combined with the petition

1 requesting creation of a district. Parcels of  
2 property which are assessed as residential property  
3 for property tax purposes are exempt from the tax  
4 levied under this section except residential  
5 properties within a duly designated historic district.  
6 A tax levied under this section is not subject to the  
7 maximum dollars levy limitation in section 384.1.

8 Sec. \_\_\_\_\_. Section 386.9, Code 2005, is amended to  
9 read as follows:

10 386.9 CAPITAL IMPROVEMENT TAX.

11 A city may establish a capital improvement fund for  
12 a district and may certify taxes, not to exceed the  
13 rate established by the ordinance creating the  
14 district, or any subsequent amendment thereto, each  
15 year to be levied for the fund against all of the  
16 property in the district, for the purpose of  
17 accumulating moneys for the financing or payment of a  
18 part or all of the costs of any improvement or self-  
19 liquidating improvement. However, parcels of property  
20 which are assessed as residential property for  
21 property tax purposes are exempt from the tax levied  
22 under this section except residential properties  
23 within a duly designated historic district. A tax  
24 levied under this section is not subject to the  
25 maximum dollars levy limitations limitation in section  
26 384.1 or the levy rate limitation in section 384.7."

27 3. Page 19, by inserting after line 10 the  
28 following:

29 "Sec. \_\_\_\_\_. Section 384.8, Code 2005, is  
30 repealed.""

31 4. Page 19, by inserting after line 24, the  
32 following:

33 "3. The sections of this Act imposing a maximum  
34 property tax dollars limitation and all sections  
35 making conforming amendments thereto, including  
36 sections of this Act amending, enacting, or repealing  
37 sections 24.48, 331.263, 331.325, 331.423, 331.423A,  
38 331.424B, 331.425, 331.426, 331.435, 357B.8, 373.10,  
39 384.1, 384.1A, 384.3, 384.8, 384.12, 384.12A, 384.18,  
40 386.8, and 386.9, take effect July 1, 2007, and apply  
41 to the fiscal year beginning July 1, 2008, and all  
42 subsequent fiscal years."

43 5. Page 19, line 31, by inserting after the word  
44 "colleges," the following: "imposing a maximum  
45 dollars limitation on cities and counties and  
46 including an applicability provision,".

47 6. By renumbering as necessary.

By SHOULTZ of Black Hawk

HOUSE FILE 848

H-1421

1 Amend the amendment, H-1410, to House File 848 as  
2 follows:

3 1. By striking page 1, line 2, through page 19,  
4 line 38, and inserting the following:

5 "\_\_\_\_. By striking everything after the enacting  
6 clause and inserting the following:

7 "Section 1. Section 260C.17, Code 2005, is amended  
8 by striking the section and inserting in lieu thereof  
9 the following:

10 260C.17 PREPARATION AND APPROVAL OF BUDGET --  
11 OPERATIONS LEVY.

12 1. BUDGET APPROVAL. The board of directors of  
13 each merged area shall prepare an annual budget  
14 designating the proposed expenditures for operation of  
15 the community college. The board shall further  
16 designate the amounts which are to be raised by local  
17 taxation and the amounts which are to be raised by  
18 other sources of revenue for the operation. The  
19 budget of each merged area shall be submitted to the  
20 state board no later than May 1 preceding the next  
21 fiscal year for approval. The state board shall  
22 review the proposed budget and shall, prior to June 1,  
23 either grant its approval or return the budget without  
24 approval with the comments of the state board attached  
25 to it. Any unapproved budget shall be resubmitted to  
26 the state board for final approval.

27 2. BASE LEVEL. Upon approval of the budget by the  
28 state board, the board of directors shall certify the  
29 amount to the respective county auditors and the  
30 boards of supervisors annually shall levy a tax of  
31 twenty and one-fourth cents per thousand dollars of  
32 assessed value on taxable property in a merged area  
33 for the operation of a community college.

34 3. OPTIONAL SUPPLEMENTAL AMOUNT. In addition to  
35 the amount of the operations levy under subsection 2,  
36 the board of directors of each community college may  
37 certify an additional amount for levy by March 15 to  
38 the respective county auditors for collection in the  
39 subsequent fiscal year, and the boards of supervisors  
40 shall levy a tax on all taxable property in the merged  
41 area for deposit in the local workforce and economic  
42 development fund created in section 260C.18C. The sum  
43 of the moneys collected by a community college under  
44 this subsection shall not exceed the sum of sixteen  
45 percent of the following for the fiscal year beginning  
46 July 1, 2006, thirty-two percent of the following for  
47 the fiscal year beginning July 1, 2007, forty-eight  
48 percent of the following for the fiscal year beginning  
49 July 1, 2008, sixty-four percent of the following for  
50 the fiscal year beginning July 1, 2009, and eighty

H-1421

1 percent of the following for fiscal years beginning on  
2 or after July 1, 2010:

3 a. The community college's budgeted employer  
4 contributions under the Federal Insurance  
5 Contributions Act, as defined in section 97C.2, for  
6 the fiscal year of collection.

7 b. The community college's budgeted employer  
8 contributions to the community college's employees'  
9 retirement systems for the fiscal year of collection.

10 c. The community college's budgeted utility costs  
11 for the fiscal year of collection. As used in this  
12 paragraph, "utility costs" includes the cost of  
13 electricity, water, waste collection, fuel oil and gas  
14 for heating, heat, and air conditioning expenditures.  
15 "Utility costs" does not include telephone service, or  
16 gas used in laboratories and shops for community  
17 college purposes.

18 d. The moneys the community college would receive  
19 from the collection of a property tax of ten cents per  
20 thousand dollars of assessed valuation for the fiscal  
21 year of collection.

22 For fiscal years beginning on or after July 1,  
23 2011, the rate of the levy certified under this  
24 subsection shall not exceed the community college's  
25 supplemental operations levy cap. For purposes of  
26 this paragraph, "community college's supplemental  
27 operations levy cap" means the maximum levy expressed  
28 in cents per thousand dollars of assessed valuation  
29 which could have been collected by the community  
30 college under this subsection for the fiscal year  
31 beginning July 1, 2010.

32 Moneys collected under this subsection shall be  
33 deposited in the community college's local workforce  
34 and economic development fund.

35 4. TAXES COLLECTED. Taxes collected pursuant to  
36 the levy shall be paid by the respective county  
37 treasurers to the treasurer of the merged area as  
38 provided in section 331.552, subsection 29.

39 Sec. 2. NEW SECTION. 260C.18C LOCAL WORKFORCE  
40 AND ECONOMIC DEVELOPMENT FUND.

41 1. LOCAL WORKFORCE AND ECONOMIC DEVELOPMENT FUND.  
42 A local workforce and economic development fund is  
43 created at each community college. Moneys shall be  
44 deposited and expended from the fund as provided in  
45 this section.

46 2. ALLOWABLE USE. Moneys deposited in the fund  
47 are at the disposal of the community college to be  
48 spent only on the following, provided that no more  
49 than fifteen percent of the moneys deposited may be  
50 used as provided under paragraph "f" and provided that

1 seventy percent of the moneys used as provided in  
2 paragraphs "a" through "e" shall be used on projects  
3 in the areas of advanced manufacturing, information  
4 technology and insurance, and life sciences which  
5 include the areas of biotechnology, health care  
6 technology, and nursing care technology:

7 a. Projects for which an agreement with the  
8 community college and an employer within the community  
9 college's merged area meet all of the requirements of  
10 the accelerated career education program under chapter  
11 260G.

12 b. Projects for which an agreement with the  
13 community college and a business meet all the  
14 requirements of the Iowa jobs training Act under  
15 chapter 260F. However, such projects are not subject  
16 to the maximum advance or award limitations contained  
17 in section 260F.6, subsection 2, or the allocation  
18 limitations contained in section 260F.8, subsection 1.

19 c. For the development and implementation of  
20 career academies that are designed to provide new  
21 career preparation opportunities for high school  
22 students and that are formally linked with  
23 postsecondary career and technical education programs.  
24 For purposes of this section, "career academy" means a  
25 program of study that combines a minimum of two years  
26 of secondary education with an associate degree, or  
27 the equivalent, career preparatory program in a  
28 nonduplicative, sequential course of study that is  
29 standards-based, integrates academic and technical  
30 instruction, utilizes work-based and worksite learning  
31 where appropriate and available, utilizes an  
32 individual career planning process with parent  
33 involvement, and leads to an associate degree or  
34 postsecondary diploma or certificate in a career field  
35 that prepares an individual for entry and advancement  
36 in a high-skill and rewarding career field and further  
37 education. The department of economic development, in  
38 conjunction with the state board of education and the  
39 division of community colleges and workforce  
40 preparation of the department of education, shall  
41 adopt administrative rules for the development and  
42 implementation of such career academies pursuant to  
43 section 256.11, subsection 5, paragraph "h", section  
44 260C.1, and Title II of Pub. L. No. 105-332, the Carl  
45 D. Perkins Vocational and Technical Education Act of  
46 1998.

47 d. Programs and courses that provide vocational  
48 and technical training and programs for in-service  
49 training and retraining of workers under section  
50 260C.1, subsections 2 and 3.

1 e. Job retention projects under section 260F.9.  
2 f. Student support services, including but not  
3 limited to:  
4 (1) Student counseling, including personal  
5 counseling, academic counseling, behavioral  
6 counseling, and career counseling.  
7 (2) Support groups for high-need students.  
8 (3) Student mentoring.  
9 (4) Orientation to college classes taught in high  
10 school which include career planning.  
11 (5) Back-to-college training for nontraditional  
12 students.  
13 (6) Utilization of software for assessing the  
14 students' work interests, listing current job  
15 openings, and projecting future job openings in the  
16 state of Iowa to assist students in planning their  
17 careers.  
18 Sec. 3. Section 260G.3, subsection 2, paragraph e,  
19 Code 2005, is amended to read as follows:  
20 e. Moneys from a workforce training and economic  
21 development fund created in section 260C.18A or  
22 260C.18C, based on the number of program job positions  
23 agreed to by the employer to be available under the  
24 agreement, the amount of which shall be calculated in  
25 the same manner as the program job credits provided  
26 for in section 260G.4A.  
27 Sec. 4. EFFECTIVE AND APPLICABILITY DATE. This  
28 Act takes effect July 1, 2005, and is applicable to  
29 the school budget year beginning July 1, 2006, and  
30 succeeding budget years."  
31 2. Title page, by striking lines 1 and 2 and  
32 inserting the following: "An Act establishing a  
33 community college"."

By SHOULTZ of Black Hawk

HOUSE FILE 848

H-1423

1 Amend the amendment, H-1410, to House File 848 as  
2 follows:

3 1. Page 6, by inserting after line 37, the  
4 following:

5 "Sec. \_\_\_\_ . NEW SECTION. 426C.1 COMMERCIAL AND  
6 INDUSTRIAL PROPERTY TAX CREDIT -- FUND --  
7 APPORTIONMENT -- PAYMENT.

8 1. A commercial and industrial property tax credit  
9 fund is created. There is appropriated from the  
10 general fund of the state to the department of revenue  
11 to be credited to the commercial and industrial  
12 property tax credit fund for the fiscal year beginning  
13 July 1, 2006, and for each subsequent fiscal year, an  
14 amount sufficient to pay the warrants required under  
15 this chapter.

16 The director of the department of administrative  
17 services shall issue warrants on the commercial and  
18 industrial property tax credit fund payable to the  
19 county treasurers of the several counties of the state  
20 under this chapter.

21 2. The commercial and industrial property tax  
22 credit fund shall be apportioned each year so as to  
23 give a credit against the tax on eligible commercial  
24 and industrial property in the state in an amount  
25 equal to ten percent of the actual levy on the actual  
26 value of such property.

27 3. The amount due each county shall be paid in two  
28 payments on November 15 and March 15 of each fiscal  
29 year, drawn upon warrants payable to the respective  
30 county treasurers. The two payments shall be as  
31 nearly equal as possible.

32 4. The amount of credits shall be apportioned by  
33 each county treasurer to the several taxing districts  
34 as provided by law, in the same manner as though the  
35 amount of the credit had been paid by the owners.  
36 However, the several taxing districts shall not draw  
37 the funds so credited until after the semiannual  
38 allocations have been received by the county  
39 treasurer, as provided in this chapter.

40 Sec. \_\_\_\_ . NEW SECTION. 426C.2 COMPUTATION BY  
41 AUDITOR.

42 On or before May 15, the county auditor shall  
43 compute the amount of property taxes to be levied on  
44 or estimated to be levied on all property eligible for  
45 the commercial and industrial property tax credit  
46 which are due and payable in the ensuing fiscal year  
47 and on or before May 15 shall certify the total amount  
48 to the department of revenue.

49 Sec. \_\_\_\_ . NEW SECTION. 426C.3 WARRANTS  
50 AUTHORIZED BY DIRECTOR.

H-1423

1 After receiving from the county auditors the  
2 certifications provided for in section 426C.2, and  
3 during the following fiscal year, the director of  
4 revenue shall authorize the department of  
5 administrative services to draw warrants on the  
6 commercial and industrial property tax credit fund  
7 payable to the county treasurers as provided in  
8 section 426C.1.

9 Sec. \_\_\_\_ . NEW SECTION. 426C.4 APPORTIONMENT BY  
10 AUDITOR.

11 The county auditor shall determine the amount to be  
12 credited to each parcel of commercial or industrial  
13 property, and shall enter upon tax lists as a credit  
14 against the tax levied on each parcel of commercial or  
15 industrial property on which there has been made an  
16 allowance of credit before delivering said tax lists  
17 to the county treasurer. Upon receipt of the warrant  
18 by the county auditor, the auditor shall deliver the  
19 warrant to the county treasurer for apportionment.  
20 The county treasurer shall show on each tax receipt  
21 the amount of tax credit for each parcel of business  
22 property. In case of change of ownership the credit  
23 shall follow the title.

24 Sec. \_\_\_\_ . NEW SECTION. 426C.5 RULES.

25 The director of revenue shall prescribe forms and  
26 rules, not inconsistent with this chapter, necessary  
27 to carry out its purposes."

28 2. By striking page 9, line 15, through page 13,  
29 line 26.

30 3. Page 19, by striking lines 20 through 24, and  
31 inserting the following:

32 "2. The sections of this Act enacting chapter 426C  
33 apply to property taxes due and payable in fiscal  
34 years beginning on or after July 1, 2006."

35 4. Page 19, by inserting before line 25, the  
36 following:

37 "Sec. \_\_\_\_ . IMPLEMENTATION. The provisions of  
38 section 25B.7 do not apply to the commercial and  
39 industrial property tax credits established in this  
40 Act."

41 5. Page 19, by striking lines 35 through 37, and  
42 inserting the following: "providing for a property  
43 tax credit for property taxes due on commercial and  
44 industrial property, making an appropriation, and  
45 providing effective and applicability dates."

46 6. By renumbering as necessary.

By HOGG of Linn

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 848 - School Foundation Level (LSB 2134 HZ)

Analyst: Dwayne Ferguson (Phone: (515) 281-6561) (dwayne.ferguson@legis.state.ia.us)

Fiscal Note Version - New

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**Description**

House File 848 amends Section 257.1, Code of Iowa, to incrementally phase in an increase in the foundation level for regular program costs and school special education costs from the current 87.5% to 100.0% beginning in FY 2007 through FY 2013. The Area Education Agency (AEA) special education foundation level remains at 79.0%.

The Bill creates a Local Workforce and Economic Development Fund at each community college funded through a property tax. The bases for determining the property tax rate are the community colleges budgeted expenditures for the employer contributions under the Federal Insurance Contributions Act (FICA), the employer contributions to employees' retirement systems, utility costs, and ten cents per thousand dollars of assessed valuation. The property tax is phased in over four years in 20.0% increments to a maximum of 80.0% of the identified budgeted costs. The Bill specifies how these funds may be used.

**Assumptions**

K-12 School Foundation Aid:

- The allowable growth rate throughout the phase-in is 4.0%.
- Budget enrollments are based on Department of Education 2005 preliminary projections. Enrollment projections for FY 2008 to FY 2010 are reduced by 0.25% to accommodate the preliminary FY 2007 projection adjustment.
- The \$7.5 million AEA reduction is applied to FY 2006 and later years, rather than the \$19.3 million reduction applied in FY 2005.
- FY 2005 taxable valuations decreased by 2.9%; FY 2006 valuations are estimated to increase 2.3%; FY 2007 valuations are projected to increase by 2.0%; FY 2008 are projected to increase by 1.0%; FY 2009 are projected to increase by 2.0%; and FY 2010 are projected to increase by 1.0%.
- Weighting increases include: 10.0% annually for Shared Teacher and Pupil; 10.0% annually for ESL; no change for At-Risk students; and Special Education at 3.5% in FY 2005, 1.1% in FY 2006, and 3.5% in FY 2007 through FY 2010.
- The Department of Education provides enrollment projections through FY 2010; fiscal years 2011 through 2013 are increased proportionately allowing for property tax equalization occurring in alternate years.

Community College Local Workforce and Economic Development Fund:

- Based on recent historical expenditures by the community colleges:
  1. Salaries are the basis for FICA and retirement contributions and increase 4.5% annually.
  2. Utility costs increase 9.4% annually.
  3. Taxable values increase at the rates specified for the K-12 foundation formula.

## Fiscal Impact

House File 848 changes the funding stream for K-12 school districts. It does not change the total amount of funding K-12 schools receive. The following table shows the costs under current law and the proposed changes (totals may not add due to rounding).

### Dollars in Millions

Fiscal Year	Current			Proposed		
	State Aid	Property Taxes	Total Funding	State Aid	Property Taxes	Total Funding
FY 2005	\$ 1,881.2	\$ 1,025.7	\$ 2,907.0	\$ 1,881.2	\$ 1,025.7	\$ 2,907.0
FY 2006	1,974.6	1,045.1	3,019.7	1,974.6	1,045.1	3,019.7
FY 2007	2,074.1	1,072.9	3,147.0	2,125.3	1,021.7	3,147.0
FY 2008	2,182.3	1,093.8	3,276.2	2,289.6	986.5	3,276.2
FY 2009	2,287.9	1,125.0	3,412.9	2,455.5	957.4	3,412.9
FY 2010	2,400.8	1,151.5	3,552.3	2,633.8	918.5	3,552.3
FY 2011	2,519.4	1,181.9	3,701.3	2,829.8	871.5	3,701.3
FY 2012	2,647.3	1,205.6	3,852.9	3,041.9	811.0	3,852.9
FY 2013	2,778.0	1,236.5	4,014.5	3,268.2	746.3	4,014.5

Fiscal Year	Change		
	State Aid	Property Taxes	Total Funding
FY 2005	\$ 0.0	\$ 0.0	\$ 0.0
FY 2006	0.0	0.0	0.0
FY 2007	51.2	-51.2	0.0
FY 2008	107.3	-107.3	0.0
FY 2009	167.6	-167.6	0.0
FY 2010	233.0	-233.0	0.0
FY 2011	310.4	-310.4	0.0
FY 2012	394.7	-394.7	0.0
FY 2013	490.2	-490.2	0.0

These changes produce incremental increases in funding for State foundation aid from the General Fund and corresponding decreases in foundation property taxes. The increased cost to the General Fund will increment by \$51.2 million in FY 2007, by an additional \$56.1 million in FY 2008, \$60.3 million in FY 2009, \$65.4 million in FY 2010, \$77.4 million in FY 2011, \$84.3 million in FY 2012, and \$95.5 million in the final year.

House File 848 increases funding for community colleges through property taxes as follows:

Area Education Agency	FY 2007		FY 2008		FY 2009		FY 2010	
	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
I Northeast	\$ 657,524	\$ 0.09	\$ 1,375,960	\$ 0.18	\$ 2,165,461	\$ 0.28	\$ 3,024,764	\$ 0.39
II North Iowa	485,469	0.11	1,018,941	0.22	1,607,849	0.34	2,252,683	0.47
III Iowa Lakes	536,424	0.15	1,133,967	0.32	1,801,330	0.49	2,542,188	0.69
IV Northwest Iowa	222,482	0.09	466,342	0.19	735,107	0.29	1,028,602	0.41
V Iowa Central	623,356	0.12	1,312,732	0.25	2,078,010	0.39	2,921,445	0.54
VI Iowa Valley	503,213	0.15	1,063,587	0.32	1,689,206	0.50	2,383,516	0.70
VII Hawkeye	709,394	0.11	1,491,113	0.24	2,356,091	0.37	3,305,951	0.51
IX Eastern Iowa	953,797	0.10	2,002,799	0.20	3,162,337	0.32	4,433,042	0.44
X Kirkwood	1,645,002	0.11	3,454,576	0.23	5,453,904	0.35	7,645,511	0.49
XI DMACC	1,870,922	0.07	3,906,806	0.15	6,137,807	0.24	8,555,306	0.33
XII Western Iowa	588,214	0.11	1,235,586	0.22	1,951,240	0.35	2,736,099	0.48
XIII Iowa Western	640,444	0.11	1,350,459	0.23	2,140,920	0.36	3,014,194	0.50
XIV Southwestern	239,548	0.11	504,199	0.23	797,853	0.35	1,121,153	0.49
XV Indian Hills	712,819	0.18	1,500,044	0.37	2,371,241	0.58	3,330,251	0.80
XVI Southeastern	423,643	0.14	891,168	0.30	1,408,629	0.47	1,977,786	0.65
Total	<u>\$ 10,812,249</u>	<u>\$ 0.11</u>	<u>\$ 22,708,279</u>	<u>\$ 0.22</u>	<u>\$ 35,856,986</u>	<u>\$ 0.34</u>	<u>\$ 50,272,491</u>	<u>\$ 0.47</u>

The above tax rates are the amount per thousand dollars of assessed valuation.

**Sources**

Department of Management  
 Department of Education  
 Des Moines Area Community College

/s/ Holly M. Lyons

April 11, 2005

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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Amendment H-1410 to HF 848 - School Foundation Level (LSB 2134 HZ.1)  
Analyst: Dwayne Ferguson (Phone: (515) 281-6561) (dwayne.ferguson@legis.state.ia.us)  
Fiscal Note Version – New  
Requester: Representative Rob Hogg

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**Description**

Amendment H-1410 to House File 848 makes changes to the supplemental property tax for community colleges and merges most of HF 847 (Property Tax Reform II) into this Bill. The portions of HF 848 that amend Section 257.1, Code of Iowa, to incrementally phase in an increase in the foundation level for regular program costs and school special education costs from the current 87.5% to 100.0% beginning in FY 2007 through FY 2013 are not changed by this amendment.

**Local Workforce and Economic Development Fund:** The Amendment creates a Local Workforce and Economic Development Fund at each community college funded through a property tax. The bases for determining the property tax rate are the community colleges budgeted expenditures for the employer contributions under the Federal Insurance Contributions Act (FICA), the employer contributions to employees' retirement systems, utility costs, and ten cents per thousand dollars of assessed valuation. The property tax is phased in over five years in 16.0% increments to a maximum of 80.0% of the identified budgeted costs. The Bill specifies how these funds may be used.

**Statewide Property Assessment Appeal Board:** The Amendment creates a Statewide Property Assessment Appeal Board to hear appeals of local boards of review for the assessment year beginning January 1, 2007. The appellant still may appeal directly to District Court, rather than going to the Statewide Board. An appellant who first appeals to the Statewide Board, may then appeal the Statewide Board's decision to District Court.

The Amendment requires local assessors to use the forms and apply the guidelines contained in the Real Property Appraisal Manual prepared by the Department of Revenue. Willful disregard of the assessment rules, forms, and guidelines may result in the Department withholding the county's or city's homestead property tax credit reimbursements. Assessors may apply to the Director of the Department of Revenue to use alternative manuals, guidelines, or forms.

**Property Class Ties:** The Amendment ties together the taxable value growth limitations for residential, agricultural, commercial, and industrial property by limiting the increase to the lowest percentage for all of those classes or 4.0%, which ever is lower. This is retroactive to January 1, 2005, assessment year.

**Assumptions**

**Local Workforce and Economic Development Fund:** Community College supplemental property tax funding estimate was based on recent historical expenditures:

- Salaries are the basis for FICA and retirement contributions and increase 4.5% annually.
- Utility costs increase 9.4% annually.
- Taxable values increase at the rates specified for the K-12 foundation formula.

**Statewide Property Assessment Appeal Board:** The Statewide Property Assessment Appeal Board estimate was based on the following assumptions:

- The Board will have six employees beginning January 2007: three board members, an Executive Secretary, General Counsel, and a secretary.
- The three board members' salaries will be comparable to a District Court Judge (\$112,000, plus 17.5% for benefits).
- The Executive Secretary's salary will be similar to that of an executive secretary or executive director of a small agency (\$73,000, plus 26.0% for benefits).
- The General Counsel's salary will be comparable to a mid-range Deputy Attorney General II salary (\$63,000, plus 26.0% for benefits).
- The secretary's salary will be comparable to a mid-range Secretary 2 salary (\$33,000, plus 30.0% for benefits).
- An Administrative Law Judge 2 is estimated to cost \$75,000 plus 26.0% for benefits. It is assumed the Board will not hire Administrative Law Judges until the second year of operation, and then according to demand.
- Additional costs for office space, office equipment, and offices supplies will be incurred. To the extent that the Department of Revenue has space, equipment, and supplies available, these costs will be reduced. These costs are not included in the estimate.
- The Board will likely incur travel and lodging expenses which are not estimated here.
- The Board may request that the Department of Inspections and Appeals have an Administrative Law Judge hold assessment appeal hearings. The estimated cost of a hearing is \$362. There is no estimate of how many hearings will be handled in this manner.
- It is assumed the Department of Revenue will request funding from the General Fund to operate the Board.
- In 2003, 456 local Board of Review assessment rulings were appealed to District Court. This type of case falls in the category of law and equity cases in a time-usage study conducted by the Judicial Branch. The average cost for cases of this type (including all outcomes – dismissals, settlements, and trial) was \$203 per case. The maximum savings if all cases are diverted would be approximately \$93,000. For those appeals of the Statewide Board's rulings, the Courts would experience some savings as the cases would be limited to corrections of errors instead of a de novo review.

**Property Class Ties:** The estimate for tying together the taxable valuation growth for residential, agricultural, commercial, and industrial classes of property was based on the following assumptions:

- For this example, the growth in property value and new construction would follow the same pattern in assessment years 2005 through 2014 as occurred between 1995 and 2004.
- The agricultural class had the smallest growth rate for each assessment year 1995 through 2004 and would likewise have the smallest growth and provide the limit on growth for assessment years 2005 through 2014.
- The pattern of rollbacks projected by the Department of Revenue for commercial and industrial valuations when tied to agricultural valuation growth would be repeated proportionately in assessment years 2005 through 2014, since all other growth patterns were being repeated for this projection.
- The consolidated tax rate is \$35.00 per \$1,000 taxable valuation. The Uniform Levy remains at \$5.40 per \$1,000 of taxable valuation.
- State Foundation Aid, paid from the General Fund, will increase to offset reductions in Uniform Levy revenues. The Additional Levy rate will increase to accommodate a decrease in taxable valuations.

## Fiscal Impact

**Local Workforce and Economic Development Fund:** Amendment H-1410 increases funding for community colleges through property taxes as follows:

Area Education Agency	FY 2007		FY 2008		FY 2009		FY 2010		FY 2011	
	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
I Northeast	\$ 526,019	\$ 0.07	\$ 1,100,768	\$ 0.15	\$ 1,732,369	\$ 0.23	\$ 2,571,049	\$ 0.33	\$ 3,177,102	\$ 0.40
II North Iowa	388,375	0.08	815,153	0.18	1,286,279	0.27	1,914,781	0.40	2,372,555	0.49
III Iowa Lakes	429,139	0.12	907,174	0.25	1,441,064	0.39	2,160,860	0.58	2,695,753	0.71
IV Northwest Iowa	177,985	0.07	373,074	0.15	588,085	0.24	874,312	0.35	1,082,248	0.42
V Iowa Central	498,685	0.10	1,050,186	0.20	1,662,408	0.31	2,483,228	0.46	3,086,973	0.56
VI Iowa Valley	402,570	0.12	850,870	0.26	1,351,365	0.40	2,025,989	0.59	2,526,976	0.72
VII Hawkeye	567,515	0.09	1,192,891	0.19	1,884,873	0.29	2,810,058	0.43	3,486,687	0.53
IX Eastern Iowa	763,038	0.08	1,602,239	0.16	2,529,870	0.25	3,768,086	0.37	4,672,319	0.45
X Kirkwood	1,316,001	0.09	2,763,661	0.18	4,363,123	0.28	6,498,684	0.41	8,056,448	0.50
XI DMACC	1,496,738	0.06	3,125,445	0.12	4,910,246	0.19	7,272,010	0.28	8,970,681	0.34
XII Western Iowa	470,571	0.09	988,469	0.18	1,560,992	0.28	2,325,684	0.41	2,884,067	0.50
XIII Iowa Western	512,355	0.09	1,080,367	0.18	1,712,736	0.29	2,562,065	0.43	3,190,119	0.52
XIV Southwestern	191,638	0.09	403,359	0.18	638,282	0.28	952,980	0.42	1,184,314	0.51
XV Indian Hills	570,255	0.14	1,200,035	0.30	1,896,993	0.46	2,830,713	0.68	3,513,158	0.83
XVI Southeastern	338,914	0.12	712,934	0.24	1,126,904	0.37	1,681,118	0.55	2,086,431	0.67
Total	<u>\$ 8,649,799</u>	<u>\$ 0.08</u>	<u>\$ 18,166,623</u>	<u>\$ 0.17</u>	<u>\$ 28,685,589</u>	<u>\$ 0.27</u>	<u>\$ 42,731,617</u>	<u>\$ 0.40</u>	<u>\$ 52,985,831</u>	<u>\$ 0.48</u>

The above tax rates are the amount per thousand dollars of assessed valuation.

**Statewide Property Assessment Appeal Board:** The Property Assessment Appeal Board will cost an estimated \$305,000 in salaries and benefits for the last six months of FY 2007, and an estimated \$611,000 for the whole year in FY 2008. There will be additional costs for office space, equipment, supplies, and for travel. If the Board hires administrative law judges, each one will increase salary and benefits costs by approximately \$94,000 annually. Each appeal referred to the Department of Inspections and Appeals to be heard by an administrative law judge will cost approximately \$362.

The Courts will likely experience some cost savings from reduced appeals of local Board of Review assessment appeal rulings, but these savings are not likely to be significant.

**Property Class Ties:** Creating rollbacks based on tying together residential, agricultural, commercial, and industrial classes taxable value growth will reduce the taxable valuations. If property tax rates are not increased, there will be a resulting decrease in revenues from property taxes. For example, if the pattern of the last ten years is repeated in the next ten years, the following reductions would occur if levy rates are not increased.

Fiscal Year	Assessment Year	Proposed Law Taxable Value Change	\$35.00 Consolidated Levy	\$5.40 Uniform Levy
2007	2005	\$ -1,479,715,312	\$ -51,790,036	\$ -7,990,463
2008	2006	-2,286,120,491	-80,014,217	-12,345,051
2009	2007	-2,665,145,744	-93,280,101	-14,391,787
2010	2008	-2,384,811,937	-83,468,418	-12,877,984
2011	2009	-2,682,261,070	-93,879,137	-14,484,210
2012	2010	-2,284,443,842	-79,955,534	-12,335,997
2013	2011	-3,828,746,098	-134,006,113	-20,675,229
2014	2012	-4,854,202,455	-169,897,086	-26,212,693
2015	2013	-7,250,859,440	-253,780,080	-39,154,641
2016	2014	-7,641,400,795	-267,449,028	-41,263,564

This example repeats the growth pattern of the last ten years and shows that revenues for taxing authorities would decrease by approximately \$51.8 million in the first year. The reduction would continue, reaching a \$267.4 million reduction after ten years. To the extent that taxing authorities can raise levy rates within established limits, they would not experience revenue

reductions. The Uniform Levy decrease would be offset by increased State Foundation Aid for school districts, at a cost to the General Fund of \$8.0 million in the first year (FY 2007) increasing annually to \$41.2 million after ten years.

Over the ten-year example, the proportion of property taxes paid by residential taxpayers would increase by 2.5%, agricultural taxpayers' proportion of taxes would increase by 0.7%, and commercial and industrial taxpayers' combined proportion would decrease by 3.3%.

These property tax estimates should be treated as an example since projected amounts will vary to the extent that the next ten years' growth differs from the preceding ten years.

**Combined Impact of HF 848 and Amendment 1410:**

House File 848, as amended by H-1410, will have the following impact on the State General Fund.

**Changes Affecting the State General Fund**  
(Dollars in Millions)

Fiscal Year	HF 848	Tie Property Class Growth	Prop. Assess. Appeal Board	Total
FY 2007	\$ 51.20	\$ 7.99	\$ 0.31	\$ 59.19
FY 2008	107.28	12.35	0.61	119.62
FY 2009	167.58	14.39	0.64	181.97
FY 2010	233.04	12.88	0.67	245.92
FY 2011	310.40	14.48	0.70	324.88
FY 2012	394.66	12.34	0.73	406.99
FY 2013	490.20	20.68	0.76	510.88

Notes:

1. The property class tie reduces commercial and industrial taxable value which must be offset by increased General Fund expenditures for State Foundation Aid.
2. The Statewide Property Assessment Appeal Board costs are assumed to grow at the same rate as the community college salaries or 4.5% annually.

House File 848, as amended by H-1410, will have the following impact on property taxes.

**Changes Affecting Property Taxes**  
(Dollars in Millions)

Fiscal Year	HF 848	Comm. Coll. Supplemental Property Tax	Total
FY 2007	\$ -51.20	\$ 10.81	\$ -40.39
FY 2008	-107.28	22.71	-84.57
FY 2009	-167.58	35.86	-131.72
FY 2010	-233.04	50.27	-182.77
FY 2011	-310.40	50.27	-260.13
FY 2012	-394.66	50.27	-344.39
FY 2013	-490.20	50.27	-439.93

Note: Property taxes may be reduced for those taxing authorities that are unable to increase rates sufficiently to offset the reduction in commercial and industrial property taxable valuations.

**Sources**

Department of Management  
Department of Education  
Des Moines Area Community College  
Department of Revenue  
Department of Inspections and Appeals  
Office of the Attorney General  
Judicial Branch  
State Employees Salary Book  
Iowa State Association of Counties

/s/ Holly M. Lyons

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April 20, 2005

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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HOUSE FILE 848

H-1491

1 Amend House File 848 as follows:

2 1. By striking page 2, line 5, through page 5,  
3 line 10, and inserting the following:

4 "Sec. \_\_\_\_ Section 260C.17, Code 2005, is amended  
5 by striking the section and inserting in lieu thereof  
6 the following:

7 260C.17 PREPARATION AND APPROVAL OF BUDGET --  
8 OPERATIONS LEVY.

9 1. BUDGET APPROVAL. The board of directors of  
10 each merged area shall prepare an annual budget  
11 designating the proposed expenditures for operation of  
12 the community college. The board shall further  
13 designate the amounts which are to be raised by local  
14 taxation and the amounts which are to be raised by  
15 other sources of revenue for the operation. The  
16 budget of each merged area shall be submitted to the  
17 state board no later than May 1 preceding the next  
18 fiscal year for approval. The state board shall  
19 review the proposed budget and shall, prior to June 1,  
20 either grant its approval or return the budget without  
21 approval with the comments of the state board attached  
22 to it. Any unapproved budget shall be resubmitted to  
23 the state board for final approval.

24 2. BASE LEVEL. Upon approval of the budget by the  
25 state board, the board of directors shall certify the  
26 amount to the respective county auditors and the  
27 boards of supervisors annually shall levy a tax of  
28 twenty and one-fourth cents per thousand dollars of  
29 assessed value on taxable property in a merged area  
30 for the operation of a community college.

31 3. OPTIONAL SUPPLEMENTAL AMOUNT. In addition to  
32 the amount of the operations levy under subsection 2,  
33 the board of directors of each community college may  
34 certify an additional amount for levy by March 15 to  
35 the respective county auditors for collection in the  
36 subsequent fiscal year, and the boards of supervisors  
37 shall levy a tax on all taxable property in the merged  
38 area for deposit in the local workforce and economic  
39 development fund created in section 260C.18C. The sum  
40 of the moneys collected by a community college under  
41 this subsection shall not exceed the sum of sixteen  
42 percent of the following for the fiscal year beginning  
43 July 1, 2006, thirty-two percent of the following for  
44 the fiscal year beginning July 1, 2007, forty-eight  
45 percent of the following for the fiscal year beginning  
46 July 1, 2008, sixty-four percent of the following for  
47 the fiscal year beginning July 1, 2009, and eighty  
48 percent of the following for fiscal years beginning on  
49 or after July 1, 2010:

50 a. The community college's budgeted employer

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1 contributions under the Federal Insurance  
2 Contributions Act, as defined in section 97C.2, for  
3 the fiscal year of collection.  
4 b. The community college's budgeted employer  
5 contributions to the community college's employees'  
6 retirement systems for the fiscal year of collection.  
7 c. The community college's budgeted utility costs  
8 for the fiscal year of collection. As used in this  
9 paragraph, "utility costs" includes the cost of  
10 electricity, water, waste collection, fuel oil and gas  
11 for heating, heat, and air conditioning expenditures.  
12 "Utility costs" does not include telephone service, or  
13 gas used in laboratories and shops for community  
14 college purposes.  
15 d. The moneys the community college would receive  
16 from the collection of a property tax of ten cents per  
17 thousand dollars of assessed valuation for the fiscal  
18 year of collection.

19 For fiscal years beginning on or after July 1,  
20 2011, the rate of the levy certified under this  
21 subsection shall not exceed the community college's  
22 supplemental operations levy cap. For purposes of  
23 this paragraph, "community college's supplemental  
24 operations levy cap" means the maximum levy expressed  
25 in cents per thousand dollars of assessed valuation  
26 which could have been collected by the community  
27 college under this subsection for the fiscal year  
28 beginning July 1, 2010.

29 Moneys collected under this subsection shall be  
30 deposited in the community college's local workforce  
31 and economic development fund.

32 4. TAXES COLLECTED. Taxes collected pursuant to  
33 the levy shall be paid by the respective county  
34 treasurers to the treasurer of the merged area as  
35 provided in section 331.552, subsection 29.

36 Sec. \_\_\_\_ . NEW SECTION. 260C.18C LOCAL WORKFORCE  
37 AND ECONOMIC DEVELOPMENT FUND.

38 1. LOCAL WORKFORCE AND ECONOMIC DEVELOPMENT FUND.  
39 A local workforce and economic development fund is  
40 created at each community college. Moneys shall be  
41 deposited and expended from the fund as provided in  
42 this section.

43 2. ALLOWABLE USE. Moneys deposited in the fund  
44 are at the disposal of the community college to be  
45 spent only on the following, provided that no more  
46 than fifteen percent of the moneys deposited may be  
47 used as provided under paragraph "f" and provided that  
48 seventy percent of the moneys used as provided in  
49 paragraphs "a" through "e" shall be used on projects  
50 in the areas of advanced manufacturing, information

1 technology and insurance, and life sciences which  
2 include the areas of biotechnology, health care  
3 technology, and nursing care technology:

4 a. Projects for which an agreement with the  
5 community college and an employer within the community  
6 college's merged area meet all of the requirements of  
7 the accelerated career education program under chapter  
8 260G.

9 b. Projects for which an agreement with the  
10 community college and a business meet all the  
11 requirements of the Iowa jobs training Act under  
12 chapter 260F. However, such projects are not subject  
13 to the maximum advance or award limitations contained  
14 in section 260F.6, subsection 2, or the allocation  
15 limitations contained in section 260F.8, subsection 1.

16 c. For the development and implementation of  
17 career academies that are designed to provide new  
18 career preparation opportunities for high school  
19 students and that are formally linked with  
20 postsecondary career and technical education programs.  
21 For purposes of this section, "career academy" means a  
22 program of study that combines a minimum of two years  
23 of secondary education with an associate degree, or  
24 the equivalent, career preparatory program in a  
25 nonduplicative, sequential course of study that is  
26 standards-based, integrates academic and technical  
27 instruction, utilizes work-based and worksite learning  
28 where appropriate and available, utilizes an  
29 individual career planning process with parent  
30 involvement, and leads to an associate degree or  
31 postsecondary diploma or certificate in a career field  
32 that prepares an individual for entry and advancement  
33 in a high-skill and rewarding career field and further  
34 education. The department of economic development, in  
35 conjunction with the state board of education and the  
36 division of community colleges and workforce  
37 preparation of the department of education, shall  
38 adopt administrative rules for the development and  
39 implementation of such career academies pursuant to  
40 section 256.11, subsection 5, paragraph "h", section  
41 260C.1, and Title II of Pub. L. No. 105-332, the Carl  
42 D. Perkins Vocational and Technical Education Act of  
43 1998.

44 d. Programs and courses that provide vocational  
45 and technical training and programs for in-service  
46 training and retraining of workers under section  
47 260C.1, subsections 2 and 3.

48 e. Job retention projects under section 260F.9.

49 f. Student support services, including but not  
50 limited to:

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- 1 (1) Student counseling, including personal
- 2 counseling, academic counseling, behavioral
- 3 counseling, and career counseling.
- 4 (2) Support groups for high-need students.
- 5 (3) Student mentoring.
- 6 (4) Orientation to college classes taught in high
- 7 school which include career planning.
- 8 (5) Back-to-college training for nontraditional
- 9 students.
- 10 (6) Utilization of software for assessing the
- 11 students' work interests, listing current job
- 12 openings, and projecting future job openings in the
- 13 state of Iowa to assist students in planning their
- 14 careers.

15 Sec. \_\_\_\_ . Section 260G.3, subsection 2, paragraph

16 e, Code 2005, is amended to read as follows:

17 e. Moneys from a workforce training and economic

18 development fund created in section 260C.18A or

19 260C.18C, based on the number of program job positions

20 agreed to by the employer to be available under the

21 agreement, the amount of which shall be calculated in

22 the same manner as the program job credits provided

23 for in section 260G.4A."

24 2. Title page, by striking lines 2 and 3 and

25 inserting the following: "program foundation base,

26 modifying the community college operations levy,

27 creating a local workforce and economic development

28 fund for community colleges, and".

**By** PAULSEN of Linn

**H-1491** FILED APRIL 26, 2005

**HOUSE FILE 848**

**H-1492**

1 Amend House File 848 as follows:

2 1. By striking page 1, line 1, through page 2,

3 line 4.

4 2. Title page, by striking lines 1 and 2 and

5 inserting the following: "An Act relating to

6 education funding by establishing a community

7 college".

8 3. By renumbering as necessary.

**By** HEATON of Henry

**H-1492** FILED APRIL 26, 2005

HOUSE FILE 848

H-1510

1 Amend House File 848 as follows:

2 1. Page 2, by inserting before line 5 the  
3 following:

4 "Sec. \_\_\_\_ . NEW SECTION. 257.51 BEFORE AND AFTER  
5 SCHOOL PROGRAMS -- ADDITIONAL ALLOWABLE GROWTH.

6 1. The general assembly finds and declares that  
7 quality before and after school programs provide safe,  
8 engaging environments that complement the school day  
9 by promoting learning to improve student outcomes.  
10 While there is no one single formula for success in  
11 before and after school programs, the general assembly  
12 encourages communities to invest local resources in  
13 before and after school programs. The general  
14 assembly finds that effective programs combine  
15 academic, enrichment, cultural, and recreational  
16 activities to guide learning and engage children and  
17 youth in year-round age-appropriate activities. The  
18 best programs develop activities to meet the  
19 particular needs and interests of the children and  
20 youth they serve, whether they are provided by a year-  
21 round school-based program or by a school program  
22 linked to community-based, faith-based, or nonprofit  
23 organizations. The types of activities supported by  
24 the best before and after school programs include, but  
25 are not limited to, the following:

26 a. Tutoring and supplementing instruction in basic  
27 skills, such as reading, math, and science.

28 b. Drug and violence prevention curricula and  
29 counseling.

30 c. Youth leadership activities.

31 d. Volunteer and service learning opportunities.

32 e. Career and vocational awareness and  
33 preparation.

34 f. Courses and enrichment in arts and culture.

35 g. Computer instruction.

36 h. Character development and civic participation.

37 i. Language instruction, including English as a  
38 second language.

39 j. Mentoring.

40 k. Positive interaction with law enforcement.

41 l. Supervised recreation programs.

42 m. Health and nutrition programs.

43 2. Boards of directors of school districts,  
44 individually or jointly with other boards of directors  
45 of school districts, requesting to use additional  
46 allowable growth for before and after school programs  
47 shall annually submit an application for additional  
48 allowable growth that includes a program budget to the  
49 department of education as provided in this chapter.  
50 The school district shall incorporate a program plan

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1 for its before and after school program into its  
2 comprehensive school improvement plan required under  
3 section 256.7, subsection 21.

4 3. The school district's comprehensive school  
5 improvement plan shall identify the parts of the  
6 program that will be implemented first upon approval  
7 of the application. A district may charge a fee for  
8 participation in the before and after school program,  
9 but shall make every reasonable effort to remove  
10 financial barriers that prevent families from  
11 utilizing the before and after school program. The  
12 program plans may provide for a school-based program  
13 or school-linked program to community-based, faith-  
14 based, and nonprofit organizations in the community.

15 4. The state board of education shall adopt rules  
16 under chapter 17A relating to the administration of  
17 this section. The rules shall prescribe the  
18 components of the program plans to be addressed in the  
19 school district's comprehensive school improvement  
20 plan under this section.

21 5. For purposes of this section, "before and after  
22 school program" means a school-based or school-linked  
23 program that is offered before and after school,  
24 before school, after school, during the summer, or at  
25 other times school is not in session.

26 6. The board of directors of a school district  
27 requesting to use additional allowable growth for  
28 before and after school programs shall submit  
29 applications for approval of the programs to the  
30 department of education not later than November 1  
31 preceding the budget year during which the programs  
32 will be offered. The department of education shall  
33 review the application and shall, prior to January 15,  
34 either grant approval for the programs or return the  
35 request for approval with comments of the department  
36 of education included. An unapproved application may  
37 be resubmitted with modifications to the department of  
38 education no later than February 1. No later than  
39 February 15, the department of education shall notify  
40 the department of management and the school budget  
41 review committee of the names of the school districts  
42 for which programs using additional allowable growth  
43 for funding have been approved and the approved budget  
44 of each program listed separately for each school  
45 district having an approved program.

46 7. The budget of an approved before and after  
47 school program for a school district shall be funded  
48 annually on a basis of at least one-fourth or more  
49 from user fees, grants, subsidies, and other locally  
50 generated sources and up to three-fourths by an

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1 increase in allowable growth as defined in section  
2 257.8. Annually, the department of management shall  
3 establish a modified allowable growth for each  
4 district equal to the difference between the approved  
5 budget for the before and after school programs for  
6 that district and the portion of the budget funded  
7 from user fees, grants, subsidies, and other locally  
8 generated sources for that purpose. The maximum  
9 dollar amount of allowable growth for a program shall  
10 not exceed five percent times the budget enrollment  
11 times the district cost per pupil less the amount  
12 available from user fees, grants, subsidies, and other  
13 locally generated sources for the program.

14 8. If any portion of the before and after school  
15 program budget remains unexpended at the end of the  
16 budget year, the remainder shall be carried over to  
17 the subsequent budget year and added to the before and  
18 after school program budget as a locally generated  
19 source of funding for that year."

20 2. Title page, line 3, by inserting after the  
21 word "levy," the following: "allowing school  
22 districts to request additional allowable growth for  
23 before and after school programs,".

<b>By</b> BERRY of Black Hawk	KRESSIG of Black Hawk
FORD of Polk	LENSING of Johnson
HOGG of Linn	SCHUELLER of Jackson
JOCHUM of Dubuque	WENDT of Woodbury
LYKAM of Scott	WINCKLER of Scott
MILLER of Webster	THOMAS of Clayton
HEDDENS of Story	WESSEL-KROESCHELL of Story
HUNTER of Polk	

**H-1510** FILED APRIL 26, 2005

**HOUSE FILE 848**

**H-1514**

1 Amend the amendment, H-1491, to House File 848 as  
2 follows:

3 1. By striking page 1, line 3, through page 4,  
4 line 28, and inserting the following: "line 10."

5 2. Title page, by striking lines 2 and 3, and  
6 inserting the following: "program foundation base,  
7 and"."

**By** RAYHONS of Hancock

**H-1514** FILED APRIL 26, 2005

HOUSE FILE 848

H-1515

1 Amend House File 848 as follows:

2 1. By striking page 2, line 5, through page 5,  
3 line 10.

4 2. Title page, by striking lines 2 and 3, and  
5 inserting the following: "program foundation base,  
6 and".

By RAYHONS of Hancock

H-1515 FILED APRIL 26, 2005

HOUSE FILE 848

H-1519

1 Amend House File 848 as follows:

2 1. By striking page 1, line 2, through page 2,  
3 line 4, and inserting the following: "paragraph 2,  
4 Code 2005, is amended to read as follows:

5 For the budget year commencing July 1, ~~1999~~ 2006,  
6 and for each succeeding budget year the regular  
7 program foundation base per pupil is ~~eighty-seven and~~  
8 ~~five-tenths~~ eighty-nine and twenty-eight hundredths  
9 percent of the regular program state cost per pupil.

10 For the budget year commencing July 1, 1991, and for  
11 each succeeding budget year the special education  
12 support services foundation base is seventy-nine  
13 percent of the special education support services  
14 state cost per pupil. The combined foundation base is  
15 the sum of the regular program foundation base and the  
16 special education support services foundation base."

17 2. By renumbering as necessary.

By HOGG of Linn

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