

FILED FEB 24 2005

SENATE FILE 220
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SF 23)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the authorized uses of physical plant and
2 equipment levy revenue, and including an applicability
3 provision.

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

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SF 220

1 Section 1. Section 298.3, subsection 3, Code 2005, is
2 amended to read as follows:

3 3. The purchase, lease, or lease-purchase of a single unit
4 of equipment or technology exceeding five hundred dollars in
5 value per unit, and the purchase of software or payments under
6 a software licensing agreement exceeding five hundred dollars
7 in value per purchase or agreement relating to that equipment
8 or technology purchase, lease, or lease-purchase.

9 Sec. 2. Section 298.3, subsection 6, Code 2005, is amended
10 to read as follows:

11 6. Repairing, remodeling, reconstructing, improving,
12 maintaining, or expanding the schoolhouses or buildings and
13 additions to existing schoolhouses.

14 For the purpose of this subsection, "repairing" means
15 restoring an existing structure or thing to its original
16 condition, as near as may be, after decay, waste, injury, or
17 partial destruction, ~~but does not include maintenance~~
18 including repairing a building in preparation for sale; and
19 "reconstructing" means rebuilding or restoring as an entity a
20 thing which was lost or destroyed. For the purposes of this
21 subsection, maintenance costs shall exceed five hundred
22 dollars per incidence or occurrence.

23 Sec. 3. Section 298.3, subsection 9, Code 2005, is amended
24 to read as follows:

25 9. Purchase, repair, or maintenance of transportation
26 equipment for transporting students, and for depreciation of
27 costs for leasing transportation services.

28 Sec. 4. APPLICABILITY. This Act is applicable for
29 physical plant and equipment levies either in existence or
30 imposed on or after the effective date of this Act, and local
31 option sales taxes for school infrastructure purposes either
32 in existence or imposed on or after the effective date of this
33 Act.

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EXPLANATION

35 This bill relates to the purposes for which physical plant

1 and equipment levy revenue may be utilized. The bill expands
2 one of the current uses involving the purchase, lease, or
3 lease-purchase of a single unit of equipment or technology
4 exceeding \$500 in value per unit, to also include related
5 purchases of software or payments under a software licensing
6 agreement. A software purchase or the value of a software
7 licensing agreement must exceed \$500 in order to be considered
8 an authorized use of revenue.

9 The bill also provides that physical plant and equipment
10 levy revenue may be expended for the purpose of maintaining
11 schoolhouses or buildings and additions to schoolhouses, and
12 that the currently authorized use of repairing a building
13 shall include building repairs in preparation for the sale of
14 the building. To be considered an authorized use of revenue,
15 maintenance costs must exceed \$500 per incidence or
16 occurrence.

17 The bill additionally provides that physical plant and
18 equipment levy revenue may be used not only for the purchase
19 of transportation equipment, as currently authorized, but also
20 for the repair or maintenance of transportation equipment, and
21 for depreciation of costs for leasing transportation services.

22 The bill is applicable for physical plant and equipment
23 levies either in existence on or imposed after the bill's
24 effective date, and because Code section 423E.1 includes the
25 purposes authorized for the physical plant and equipment levy
26 in the definition of "school infrastructure", the bill is also
27 applicable to local option sales taxes for school
28 infrastructure purposes either in existence on or imposed
29 after the bill's effective date.

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**EIGHTY FIRST GENERAL ASSEMBLY
2005 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

MARCH 1, 2005

SENATE FILE 220

S-3004

1 Amend Senate File 220 as follows:
2 1. Page 1, by inserting after line 27 the
3 following:
4 "Sec. ____ . Section 298.3, Code 2005, is amended by
5 adding the following new unnumbered paragraph:
6 NEW UNNUMBERED PARAGRAPH. A school district shall
7 only be authorized to utilize physical plant and
8 equipment levy revenue for the purchase of software or
9 payments under a software licensing agreement pursuant
10 to subsection 3, for maintenance costs or repairing a
11 building in preparation for sale pursuant to
12 subsection 6, or for transportation repair,
13 maintenance, or depreciation costs pursuant to
14 subsection 9, if the department of management
15 determines that the school district has an assessed
16 property tax valuation per pupil below the statewide
17 average assessed property tax valuation per pupil."
By STEVEN H. WARNSTADT

S-3004 FILED FEBRUARY 28, 2005

SENATE FILE 220

S-3005

1 Amend Senate File 220 as follows:
2 1. Page 1, by inserting after line 27 the
3 following:
4 "Sec. ____ . Section 298.3, Code 2005, is amended by
5 adding the following new unnumbered paragraph:
6 NEW UNNUMBERED PARAGRAPH. A school district shall
7 only be authorized to utilize physical plant and
8 equipment levy revenue for the purchase of software or
9 payments under a software licensing agreement pursuant
10 to subsection 3, for maintenance costs or repairing a
11 building in preparation for sale pursuant to
12 subsection 6, or for transportation repair,
13 maintenance, or depreciation costs pursuant to
14 subsection 9, if the department of management
15 determines that the rate of property tax levied by a
16 school district per one thousand dollars of assessed
17 valuation for school funding purposes exceeds the
18 statewide average rate of property tax levied by
19 school districts per one thousand dollars of assessed
20 valuation for school funding purposes."
By STEVEN H. WARNSTADT

S-3005 FILED MARCH 2, 2005

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 220 - School Infra., Local Option Sales Tax & PEPL (LSB 1477 SV)
Analyst: Dwayne Ferguson (Phone: (515) 281-6561) (dwayne.ferguson@legis.state.ia.us)
Fiscal Note Version - New

Description

Senate File 220 expands the permitted uses of funds from Physical Plant and Equipment Levy (PPEL) and the local option sales taxes for school infrastructure to include the purchase of software or software licensing payments exceeding \$500 per purchase, building repair in preparation for a sale, maintenance costs exceeding \$500, and repair or maintenance of transportation equipment (busses) and depreciation costs for leased transportation services.

Assumptions

- The Bill does not increase limits on PPEL or local option sales taxes for school infrastructure rates. The maximum board-approved PPEL levy is \$0.33, and the maximum voter-approved PPEL levy is \$1.34. An income surtax may be used in combination with the voter-approved levy but not to exceed the amount of revenue that would be raised by the maximum levy.
- Of the 367 school districts, 337 have the board-approved PPEL. Of these districts, 309 are at the maximum rate, and 28 are below the maximum. For the voter-approved PPEL, 257 have PPEL; 37 are at or above the maximum rate, and 220 are below the maximum rate.
- In FY 2005, PPEL is projected to provide school districts with revenues of \$98.7 million.
- School districts below the maximum have the potential to raise an additional \$2.1 million in board-approved PPEL revenues and \$64.7 million in voter-approved revenues.

Fiscal Impact

Senate File 220 will not have an impact on property taxes or sales taxes since it does not affect the maximum rates that may be applied by the Physical Plant and Equipment Levy or the local option sales taxes for school infrastructure.

Sources

Department of Revenue
Iowa State Association of Counties
Iowa Association of School Boards
Department of Management (School Aid Data)

/s/ Holly M. Lyons

March 1, 2005

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.

**EIGHTY FIRST GENERAL ASSEMBLY
2005 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

APRIL 6, 2005

SENATE FILE 220

S-3087

1 Amend Senate File 220 as follows:

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

4 "Section 1. Section 257.17, Code 2005, is amended
5 to read as follows:

6 257.17 AID REDUCTION FOR EARLY SCHOOL STARTS.

7 State aid payments made pursuant to section 257.16
8 for a fiscal year shall be reduced by one one-
9 hundred-eightieth for each day of that fiscal year for
10 which the school district begins school before the
11 earliest starting date specified in section 279.10,
12 subsection 1. ~~However, this section does not apply to~~
13 ~~a school district that has received approval from the~~
14 ~~director of the department of education under section~~
15 ~~279.10, subsection 4, to commence classes for~~
16 ~~regularly established elementary and secondary schools~~
17 ~~in advance of the starting date established in section~~
18 ~~279.10, subsection 1.~~

19 Sec. 2. Section 279.10, subsection 1, Code 2005,
20 is amended to read as follows:

21 1. The school year shall begin on the first day of
22 July and each regularly established elementary and
23 secondary school shall begin no sooner than a day
24 ~~during the calendar week in which the first day of~~
25 ~~September falls August 22~~ but no later than the first
26 Monday in December. ~~However, if the first day of~~
27 ~~September falls on a Sunday, school may begin on a day~~
28 ~~during the calendar week which immediately precedes~~
29 ~~the first day of September.~~ School shall continue for
30 at least one hundred eighty days, except as provided
31 in subsection 3, and may be maintained during the
32 entire calendar year. However, if the board of
33 directors of a district extends the school calendar
34 because inclement weather caused the district to
35 temporarily close school during the regular school
36 calendar, the district may excuse a graduating senior
37 who has met district or school requirements for
38 graduation from attendance during the extended school
39 calendar. A school corporation may begin employment
40 of personnel for in-service training and development
41 purposes before the date to begin elementary and
42 secondary school.

43 Sec. 3. Section 279.10, subsection 4, Code 2005,
44 is amended by striking the subsection."

45 2. Page 1, line 28, by striking the words "This
46 Act is" and inserting the following: "The sections of
47 this Act amending section 298.3 are".

48 3. Title page, by striking line 1 and inserting
49 the following: "An Act relating to requirements and
50 support for school districts, including changing the

S-3087

S-3087

Page 2

1 school start date, eliminating authorization for a
2 school district to request approval for an earlier
3 start date, and providing for matters related to the
4 expansion of the authorized uses of physical plant
5 and".
6 4. By renumbering as necessary.

By JOHN PUTNEY

S-3087 FILED APRIL 5, 2005

ADOPTED

SENATE FILE 220
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SF 23)

(AS AMENDED AND PASSED BY THE SENATE APRIL 5, 2005)

~~_____~~ - New Language by the Senate

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to requirements and support for school districts,
2 including changing the school start date, eliminating
3 authorization for a school district to request approval for an
4 earlier start date, and providing for matters related to the
5 expansion of physical plant and equipment levy revenue, and
6 including an applicability provision.

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

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S.F. 220

1 Section 1. Section 257.17, Code 2005, is amended to read
2 as follows:

3 257.17 AID REDUCTION FOR EARLY SCHOOL STARTS.

4 State aid payments made pursuant to section 257.16 for a
5 fiscal year shall be reduced by one one-hundred-eightieth for
6 each day of that fiscal year for which the school district
7 begins school before the earliest starting date specified in
8 section 279.10, subsection 1. However, this section does not
9 apply to a school district that has received approval from the
10 director of the department of education under section 279.10,
11 subsection 4, to commence classes for regularly established
12 elementary and secondary schools in advance of the starting
13 date established in section 279.10, subsection 1.

14 Sec. 2. Section 279.10, subsection 1, Code 2005, is
15 amended to read as follows:

16 1. The school year shall begin on the first day of July
17 and each regularly established elementary and secondary school
18 shall begin no sooner than a day during the calendar week in
19 which the first day of September falls August 22 but no later
20 than the first Monday in December. However, if the first day
21 of September falls on a Sunday, school may begin on a day
22 during the calendar week which immediately precedes the first
23 day of September. School shall continue for at least one
24 hundred eighty days, except as provided in subsection 3, and
25 may be maintained during the entire calendar year. However,
26 if the board of directors of a district extends the school
27 calendar because inclement weather caused the district to
28 temporarily close school during the regular school calendar,
29 the district may excuse a graduating senior who has met
30 district or school requirements for graduation from attendance
31 during the extended school calendar. A school corporation may
32 begin employment of personnel for in-service training and
33 development purposes before the date to begin elementary and
34 secondary school.

35 Sec. 3. Section 279.10, subsection 4, Code 2005, is

1 amended by striking the subsection.

2 Sec. 4. Section 298.3, subsection 3, Code 2005, is amended
3 to read as follows:

4 3. The purchase, lease, or lease-purchase of a single unit
5 of equipment or technology exceeding five hundred dollars in
6 value per unit, and the purchase of software or payments under
7 a software licensing agreement exceeding five hundred dollars
8 in value per purchase or agreement relating to that equipment
9 or technology purchase, lease, or lease-purchase.

10 Sec. 5. Section 298.3, subsection 6, Code 2005, is amended
11 to read as follows:

12 6. Repairing, remodeling, reconstructing, improving,
13 maintaining, or expanding the schoolhouses or buildings and
14 additions to existing schoolhouses.

15 For the purpose of this subsection, "repairing" means
16 restoring an existing structure or thing to its original
17 condition, as near as may be, after decay, waste, injury, or
18 partial destruction, ~~but does not include maintenance~~
19 including repairing a building in preparation for sale; and
20 "reconstructing" means rebuilding or restoring as an entity a
21 thing which was lost or destroyed. For the purposes of this
22 subsection, maintenance costs shall exceed five hundred
23 dollars per incidence or occurrence.

24 Sec. 6. Section 298.3, subsection 9, Code 2005, is amended
25 to read as follows:

26 9. Purchase, repair, or maintenance of transportation
27 equipment for transporting students, and for depreciation of
28 costs for leasing transportation services.

29 Sec. 7. Section 298.3, Code 2005, is amended by adding the
30 following new unnumbered paragraph:

31 NEW UNNUMBERED PARAGRAPH. A school district shall only be
32 authorized to utilize physical plant and equipment levy
33 revenue for the purchase of software or payments under a
34 software licensing agreement pursuant to subsection 3, for
35 maintenance costs or repairing a building in preparation for

1 sale pursuant to subsection 6, or for transportation repair,
2 maintenance, or depreciation costs pursuant to subsection 9,
3 if the department of management determines that the school
4 district has an assessed property tax valuation per pupil
5 below the statewide average assessed property tax valuation
6 per pupil.

7 Sec. 8. APPLICABILITY. The sections of this Act amending
8 section 298.3 are applicable for physical plant and equipment
9 levies either in existence or imposed on or after the
10 effective date of this Act, and local option sales taxes for
11 school infrastructure purposes either in existence or imposed
12 on or after the effective date of this Act.

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SENATE FILE 220

H-1345

- 1 Amend Senate File 220, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 2, by striking line 28, and inserting the
4 following: "leased transportation equipment."
5 2. By striking page 2, line 29, through page 3,
6 line 6.
7 3. Page 3, by striking line 7 and inserting the
8 following:
9 "Sec. ____ . EFFECTIVE AND APPLICABILITY DATES.
10 1. The sections of this Act amending".
11 4. Page 3, by inserting after line 12 the
12 following:
13 "2. The sections of this Act amending sections
14 257.17 and 279.10 take effect July 1, 2006."
15 5. Title page, line 6, by inserting after the
16 word "an" the following: "effective and".
17 6. By renumbering as necessary.

COMMITTEE ON EDUCATION

TYMESON of Madison, Chairperson

H-1345 FILED APRIL 7, 2005

SENATE FILE 220

H-1351

- 1 Amend Senate File 220, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, line 19, by striking the word and
4 figure "August 22" and inserting the following: "July
5 1".

By MASCHER of Johnson

H-1351 FILED APRIL 11, 2005

SENATE FILE 220

H-1532

1 Amend Senate File 220, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking page 1, line 35, through page 2,
4 line 1, and inserting the following:

5 "Sec. ____ . Section 279.10, subsection 4, Code
6 2005, is amended by striking the subsection and
7 inserting in lieu thereof the following:

8 4. The director of the department of education
9 shall grant a request made by a board of directors of
10 a school district stating its desire to commence
11 classes for regularly established elementary and
12 secondary schools prior to the earliest starting date
13 specified in subsection 1, if the school district is
14 sharing a common school calendar with one or more
15 other school districts for purposes of a collaborative
16 educational program. The provisions of section 257.17
17 relating to an aid reduction for early school start
18 dates shall not apply to a school district receiving a
19 waiver pursuant to this subsection."

20 2. Title page, line 4, by striking the word
21 "date," and inserting the following: "date except
22 under specified circumstances,".

By WILDERDYKE of Harrison

H-1532 FILED APRIL 26, 2005

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 220 - School Infra., Local Option Sales Tax & PEPL (LSB 1477 SV.1)
Analyst: Dwayne Ferguson (Phone: (515) 281-6561) (dwayne.ferguson@legis.state.ia.us)
Fiscal Note Version – As Amended and Passed by the Senate

Description

Senate File 220, as amended and passed by the Senate, eliminates the early start waiver by the Department of Education and sets the earliest school year start date at August 22. The Bill also expands the permitted uses of funds from Physical Plant and Equipment Levy (PPEL) and the local option sales taxes for school infrastructure to include the purchase of software or software licensing payments exceeding \$500 per purchase, building repair in preparation for a sale, maintenance costs exceeding \$500, repair or maintenance of transportation equipment (busses), and depreciation costs for leased transportation services if the school district's property tax valuation per pupil is below the statewide average property tax valuation per pupil.

Assumptions

- The Bill does not increase limits on PPEL or local option sales taxes for school infrastructure rates. The maximum board-approved PPEL levy is \$0.33, and the maximum voter-approved PPEL levy is \$1.34. An income surtax may be used in combination with the voter-approved levy but not to exceed the amount of revenue that would be raised by the maximum levy.
- Of the 367 school districts, 337 have the board-approved PPEL. Of these districts, 309 are at the maximum rate, and 28 are below the maximum. For the voter-approved PPEL, 257 have PPEL; 37 are at or above the maximum rate, and 220 are below the maximum rate.
- In FY 2005, PPEL is projected to provide school districts with revenues of \$98.7 million.
- School districts below the maximum have the potential to raise an additional \$2.1 million in board-approved PPEL revenues and \$64.7 million in voter-approved revenues.

Fiscal Impact

Senate File 220, as amended and passed by the Senate, will not have an impact on property taxes or sales taxes since it does not affect the maximum rates that may be applied by the Physical Plant and Equipment Levy or the local option sales taxes for school infrastructure.

Elimination of the early start date waiver by the Department of Education does not have a significant fiscal impact and will free some staff time within the Department for other departmental activities.

Sources

Department of Education
Department of Revenue
Iowa State Association of Counties
Iowa Association of School Boards
Department of Management (School Aid Data)

/s/ Holly M. Lyons

April 11, 2005

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.
