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SENATE FILE 290

EDUCATION

BY WARNSTADT

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to school finance by increasing the foundation
2 property tax, increasing the regular program and special
3 education support services foundation base, distributing
4 specified program funds on a per pupil basis through the
5 school finance formula, making an appropriation, and providing
6 an effective date and applicability provision.

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

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SF 290 EDUCATION

1 Section 1. Section 257.1, subsection 2, unnumbered
2 paragraph 2, Code 2005, is amended to read as follows:

3 For the budget year commencing July 1, ~~1999~~ 2006, and for
4 each succeeding budget year, the regular program foundation
5 base per pupil is ~~eighty-seven-and-five-tenths~~ one hundred
6 percent of the regular program state cost per pupil. For the
7 budget year commencing July 1, ~~1991~~ 2006, and for each
8 succeeding budget year, the special education support services
9 foundation base is ~~seventy-nine~~ one hundred percent of the
10 special education support services state cost per pupil. The
11 combined foundation base is the sum of the regular program
12 foundation base and the special education support services
13 foundation base.

14 Sec. 2. Section 257.3, subsection 1, unnumbered paragraph
15 1, Code 2005, is amended to read as follows:

16 Except as provided in subsections 2 and 3, a school
17 district shall cause to be levied each year, for the school
18 general fund, a foundation property tax equal to ~~five~~ nine
19 dollars and ~~forty~~ ten cents per thousand dollars of assessed
20 valuation on all taxable property in the district. The county
21 auditor shall spread the foundation levy over all taxable
22 property in the district.

23 Sec. 3. Section 257.3, subsection 2, paragraphs a and b,
24 Code 2005, are amended to read as follows:

25 a. Notwithstanding subsection 1, a reorganized school
26 district shall cause a foundation property tax of ~~four~~ eight
27 dollars and ~~forty~~ ten cents per thousand dollars of assessed
28 valuation to be levied on all taxable property which, in the
29 year preceding a reorganization, was within a school district
30 affected by the reorganization as defined in section 275.1, or
31 in the year preceding a dissolution was a part of a school
32 district that dissolved if the dissolution proposal has been
33 approved by the director of the department of education
34 pursuant to section 275.55.

35 b. In succeeding school years, the foundation property tax

1 levy on that portion shall be increased to the rate of four
2 eight dollars and ninety sixty cents per thousand dollars of
3 assessed valuation the first succeeding year, five eight
4 dollars and fifteen eighty-five cents per thousand dollars of
5 assessed valuation the second succeeding year, and five nine
6 dollars and forty ten cents per thousand dollars of assessed
7 valuation the third succeeding year and each year thereafter.

8 Sec. 4. Section 257.8, Code 2005, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 4A. ALTERNATIVE ALLOWABLE GROWTH -- 2006
11 FORMULA ADJUSTMENTS.

12 a. Notwithstanding the calculation in subsection 2, the
13 department of management shall calculate the regular program
14 allowable growth for the budget year beginning July 1, 2006,
15 by multiplying the state percent of growth for the budget year
16 by the regular program state cost per pupil for the base year,
17 and adding to the resulting product a per pupil amount
18 corresponding to the amounts appropriated for the fiscal year
19 beginning July 1, 2005, and ending June 30, 2006, for phase I
20 pursuant to section 294A.25, and for the student achievement
21 and teacher quality program established in chapter 284. For
22 purposes of determining the amount of a budget adjustment as
23 defined in section 257.14, amounts added to allowable growth
24 pursuant to this paragraph shall be subtracted from the school
25 district's regular program cost per pupil for the budget year
26 beginning July 1, 2006, prior to determining the amount of the
27 adjustment.

28 b. A school district shall calculate allowable growth
29 pursuant to the provisions of subsection 2 for the budget year
30 beginning July 1, 2007, and succeeding budget years, utilizing
31 a regular program state cost per pupil figure which
32 incorporates the increases in regular program allowable growth
33 calculated pursuant to paragraph "a".

34 Sec. 5. Section 257.10, subsection 4, Code 2005, is
35 amended by adding the following new unnumbered paragraph:

1 NEW UNNUMBERED PARAGRAPH. For the budget year beginning
2 July 1, 2006, and succeeding budget years, the department of
3 management shall increase the special education support
4 services district cost per pupil, for a school district that
5 has a special education support services district cost per
6 pupil which falls below the special education support services
7 state cost per pupil, to equal the state cost per pupil for
8 special education support services.

9 Sec. 6. Section 284.4, subsection 2, Code 2005, is amended
10 to read as follows:

11 2. By July 1, ~~2002~~ 2006, each school district shall
12 participate in the student achievement and teacher quality
13 program ~~if-the-general-assembly-appropriates-moneys-for~~
14 ~~purposes-of-the-student-achievement-and-teacher-quality~~
15 ~~program-established-pursuant-to-this-chapter~~ utilizing funds
16 distributed on a per pupil basis pursuant to the increase in
17 allowable growth for the school budget year beginning July 1,
18 2006, in section 257.8, subsection 4A.

19 Sec. 7. Section 284.5, subsection 8, Code 2005, is amended
20 to read as follows:

21 ~~8. If-the-general-assembly-appropriates-moneys-for~~
22 ~~purposes-of-this-section,~~ a A school district or area
23 education agency is eligible to receive state assistance for
24 up to two years under this section for each teacher the school
25 district or area education agency employs who was formerly
26 employed in an accredited nonpublic school or in another state
27 as a first-year teacher. The school district or area
28 education agency employing the teacher shall determine the
29 conditions and requirements of a teacher participating in a
30 program in accordance with this subsection. The school
31 district or area education agency that employs the teacher
32 shall recommend the teacher for an educational license if the
33 teacher, through a comprehensive evaluation, is determined to
34 demonstrate competence in the Iowa teaching standards.

35 Sec. 8. Section 294A.6, Code 2005, is amended by adding

1 the following new unnumbered paragraph:

2 NEW UNNUMBERED PARAGRAPH. For the budget year beginning
3 July 1, 2006, and succeeding budget years, the total minimum
4 salary supplement, as described in section 294A.5, subsection
5 2, to be paid to each school district and area education
6 agency under phase I shall be funded by a proportionate
7 percentage of the dollar increase in allowable growth for the
8 school budget year beginning July 1, 2006, pursuant to section
9 257.8, subsection 4A, which shall increase in subsequent years
10 by each year's state percent of growth. The proportion of a
11 school district's budget which corresponds to the amount of
12 funding for phase I based on the increase in allowable growth
13 for the school budget year beginning July 1, 2006, shall be
14 utilized exclusively for phase I.

15 Sec. 9. Section 294A.22, Code 2005, is amended to read as
16 follows:

17 294A.22 PAYMENTS.

18 Payments for each-phase phase II of the educational
19 excellence program shall be made by the department of
20 administrative services on a monthly basis commencing on
21 October 15 and ending on June 15 of each fiscal year, taking
22 into consideration the relative budget and cash position of
23 the state resources. The payments shall be separate from
24 state aid payments made pursuant to sections 257.16 and
25 257.35. The payments made under this section to a school
26 district or area education agency may be combined and a
27 separate accounting of the amount paid for each program shall
28 be included.

29 Any payments made to school districts or area education
30 agencies for phase II under this chapter are miscellaneous
31 income for purposes of chapter 257.

32 Payments made to a teacher by a school district or area
33 education agency under this chapter are wages for the purposes
34 of chapter 91A.

35 ~~If-funds-appropriated-are-insufficient-to-pay-Phase-II~~

~~1 allocations-in-full,-the-department-of-administrative-services
2 shall-prorate-payments-to-school-districts-and-area-education
3 agencies-~~

4 Sec. 10. Section 425A.3, subsection 1, Code 2005, is
5 amended to read as follows:

6 1. The family farm tax credit fund shall be apportioned
7 each year in the manner provided in this chapter so as to give
8 a credit against the tax on each eligible tract of
9 agricultural land within the several school districts of the
10 state in which the levy for the general school fund exceeds
11 five nine dollars and forty ten cents per thousand dollars of
12 assessed value. The amount of the credit on each eligible
13 tract of agricultural land shall be the amount the tax levied
14 for the general school fund exceeds the amount of tax which
15 would be levied on each eligible tract of agricultural land
16 were the levy for the general school fund five nine dollars
17 and forty ten cents per thousand dollars of assessed value for
18 the previous year. However, in the case of a deficiency in
19 the family farm tax credit fund to pay the credits in full,
20 the credit on each eligible tract of agricultural land in the
21 state shall be proportionate and applied as provided in this
22 chapter.

23 Sec. 11. Section 425A.5, Code 2005, is amended to read as
24 follows:

25 425A.5 COMPUTATION BY COUNTY AUDITOR.

26 The family farm tax credit allowed each year shall be
27 computed as follows: On or before April 1, the county auditor
28 shall list by school districts all tracts of agricultural land
29 which are entitled to credit, the taxable value for the
30 previous year, the budget from each school district for the
31 previous year, and the tax rate determined for the general
32 fund of the school district in the manner prescribed in
33 section 444.3 for the previous year, and if the tax rate is in
34 excess of five nine dollars and forty ten cents per thousand
35 dollars of assessed value, the auditor shall multiply the tax

1 levy which is in excess of five nine dollars and forty ten
2 cents per thousand dollars of assessed value by the total
3 taxable value of the agricultural land entitled to credit in
4 the school district, and on or before April 1, certify the
5 total amount of credit and the total number of acres entitled
6 to the credit to the department of revenue.

7 Sec. 12. Section 426.3, Code 2005, is amended to read as
8 follows:

9 426.3 WHERE CREDIT GIVEN.

10 The agricultural land credit fund shall be apportioned each
11 year in the manner hereinafter provided so as to give a credit
12 against the tax on each tract of agricultural lands within the
13 several school districts of the state in which the levy for
14 the general school fund exceeds five nine dollars and forty
15 ten cents per thousand dollars of assessed value; the amount
16 of such credit on each tract of such lands shall be the amount
17 the tax levied for the general school fund exceeds the amount
18 of tax which would be levied on said tract of such lands were
19 the levy for the general school fund five nine dollars and
20 forty ten cents per thousand dollars of assessed value for the
21 previous year, except in the case of a deficiency in the
22 agricultural land credit fund to pay said credits in full, in
23 which case the credit on each eligible tract of such lands in
24 the state shall be proportionate and shall be applied as
25 hereinafter provided.

26 Sec. 13. Section 426.6, unnumbered paragraph 1, Code 2005,
27 is amended to read as follows:

28 The agricultural land tax credit allowed each year shall be
29 computed as follows: On or before April 1, the county auditor
30 shall list by school districts all tracts of agricultural
31 lands which are entitled to credit, together with the taxable
32 value for the previous year, together with the budget from
33 each school district for the previous year, and the tax rate
34 determined for the general fund of the district in the manner
35 prescribed in section 444.3 for the previous year, and if such

1 tax rate is in excess of five nine dollars and forty ten cents
2 per thousand dollars of assessed value, the auditor shall
3 multiply the tax levy which is in excess of five nine dollars
4 and forty ten cents per thousand dollars of assessed value by
5 the total taxable value of the agricultural lands entitled to
6 credit in the district, and on or before April 1, certify the
7 amount to the department of revenue.

8 Sec. 14. Section 294A.25, Code 2005, is repealed.

9 Sec. 15. EFFECTIVE AND APPLICABILITY DATES.

10 1. The sections of this Act increasing the regular program
11 foundation base and the special education support services
12 foundation base, increasing the foundation property tax, and
13 incorporating funding for student achievement and teacher
14 quality and phase I of the educational excellence program into
15 the school finance formula, take effect July 1, 2005, and are
16 applicable to the school budget year beginning July 1, 2006,
17 and succeeding budget years.

18 2. The sections of this Act amending provisions relating
19 to the family farm tax credit and the agricultural land tax
20 credit take effect January 1, 2007, for taxes payable in the
21 fiscal year beginning July 1, 2007.

22 EXPLANATION

23 This bill provides for an increase in the foundation
24 property tax imposed under the state school foundation program
25 pursuant to Code section 257.3, from the current level of
26 \$5.40 to \$9.10 per \$1,000 of assessed valuation on all taxable
27 property in a school district.

28 The bill also provides for an increase in the regular
29 program foundation base and the special education support
30 services foundation base under the state school foundation
31 program from the current foundation base level of 87.5 percent
32 and 79 percent, respectively, to the level of 100 percent.
33 The foundation base is the specified percentage of the state
34 cost per pupil calculation which is paid as state aid to
35 school districts, above and beyond the foundation property

1 tax.

2 The bill additionally provides for an increase in allowable
3 growth for the school budget year beginning July 1, 2006, in
4 an amount determined by the department of management to be
5 equivalent on a per pupil basis to the amount appropriated for
6 the school budget year beginning July 1, 2005, for the student
7 achievement and teacher quality program in Code chapter 284,
8 and phase I of the educational excellence fund pursuant to
9 Code section 294A.25. This amount shall be distributed on a
10 per pupil basis pursuant to the formula. The bill makes
11 conforming changes to Code chapters 284 and 294A.

12 The bill also provides conforming changes to provisions of
13 the family farm tax credit and the agricultural land tax
14 credit contained in Code chapters 425A and 426 relating to the
15 increase in the level of the foundation property tax.

16 The bill provides that provisions increasing the regular
17 program foundation base and the special education support
18 services foundation base, increasing the foundation property
19 tax, and incorporating funding for student achievement and
20 teacher quality and phase I of the educational excellence
21 program into the school finance formula, take effect July 1,
22 2005, and are applicable to the school budget year beginning
23 July 1, 2006, and succeeding budget years. The bill provides
24 that provisions amending the family farm tax credit and the
25 agricultural land tax credit take effect January 1, 2007, for
26 taxes payable in the fiscal year beginning July 1, 2007.

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