



REPUBLICAN CAUCUS STAFF  
HOUSE OF REPRESENTATIVES  
STATE CAPITOL  
DES MOINES, IOWA 50319  
515.281.3440  
IOWAHOUSEREPUBLICANS.COM

## HOUSE REPUBLICAN STAFF ANALYSIS

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Bill: House File 189 (formerly HSB 41)  
Committee: Ways And Means  
Date: July 31, 2011  
Staff: Dustin Blythe (1-3452)  
Members: Representative Byrnes & Representative Taylor

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### School District Property Tax Relief

House File 189 establishes a school district property tax relief supplement for certain fiscal years. For FY 2012, the property tax increase for 0% allowable growth would be \$47 million dollars. This bill would make an appropriation from the general fund in the same amount to protect property tax payers.

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### Summary of Action

Passed Ways and Means Committee 18-6  
Passed Full House 73-22  
Died in the Senate

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### Section by Section Analysis

#### Section 1 – School District Property Tax Relief Supplement Appropriation

An appropriation is made from the general fund of the state to the department of management beginning July 1, 2011 in an amount sufficient to pay the school district property tax relief supplements under this section.

The Department of Management shall determine the amount of the budget adjustment for each school district within the state – under section 257.14, subsection 3, paragraph “a”, subparagraph (8)

Each school district that has a budget adjustment amount greater than zero will receive a property tax relief supplement equal to that amount.

Requires the Department of Management to notify each school district the amount they will receive not later than June 1, 2011.

School districts that receive a property tax relief supplement are prohibited from levying property taxes for budget adjustments beginning July 1, 2011.

Property tax relief supplement payments received by schools may be used for any purpose that property taxes generated would have been used for.

Bill takes effect upon enactment to the budget year beginning July 1, 2011

Fiscal Impact

At zero percent allowable growth, the budget guarantee property tax increase for FY 2012 would be \$47,762,234. This bill would appropriate the same amount from the general fund to cover this increase. 277 districts would be impacted.

This would result in a statewide property tax rate decrease of 0.3673 per thousand.

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## **Amendment Analysis**

### **Amendment H-1075 (Jacoby)**

Operation 1

Strikes the entire bill, and then proceeds to set the allowable growth rate for budget year beginning July 1, 2011 at two percent. Also sets allowable growth for budget year beginning July 1, 2012 at two percent.

Makes an exception for FY 2011 and FY 2012, in that the establishment of the state percent of growth for a budget year shall be the only subject matter of the bill which enacts the state percent of growth.

The categorical state percent of growth for budget year beginning July 1, 2011 will be two percent. The categorical state percent of growth for the budget year beginning July 1, 2012 will be two percent.

Except for FY 2011 and FY 2012, the establishment of the categorical state percent growth shall be on the only subject matter of the bill that enacts the categorical state percent growth.

Amendment was ruled not german and vote to suspend the rules failed.

### **Amendment H-1076 (Jacoby)**

Operation 1

Strikes lines 9 through 28 and inserts - the department of management shall determine all of the following for each school district within the state:

- (a.) Total amount of revenue generated for the base year for each school districts foundation property tax levy, the school districts additional property tax levy and taking into account amounts allocated to the school district pursuant to section 257.15
- (b.) Total amount of revenue generated for the budget year by the school districts foundation property tax levy, the school districts additional property tax levy and taking into account amounts allocated to the school district pursuant to section 257.15

(c.) Any school district that has a remainder more than zero (after subtracting paragraph (a) from (b) above) shall receive a property tax relief supplement for the same amount.

Fiscal Impact

At zero percent allowable growth the property tax increase overall would be \$73.1 million. This amendment would appropriate the same amount to cover this increase. 295 districts are impacted.

This amendment was withdrawn.

Differences between our bill and their amendment

Our bill covers the budget guarantee (\$25 million and the increase of \$22 million in FY 2012) at zero percent allowable growth, for a total property tax reduction of \$47 million.

Their amendment covers the entire property tax increase of \$73.1 million at zero percent allowable growth for all categories impacted by the state aid formula.