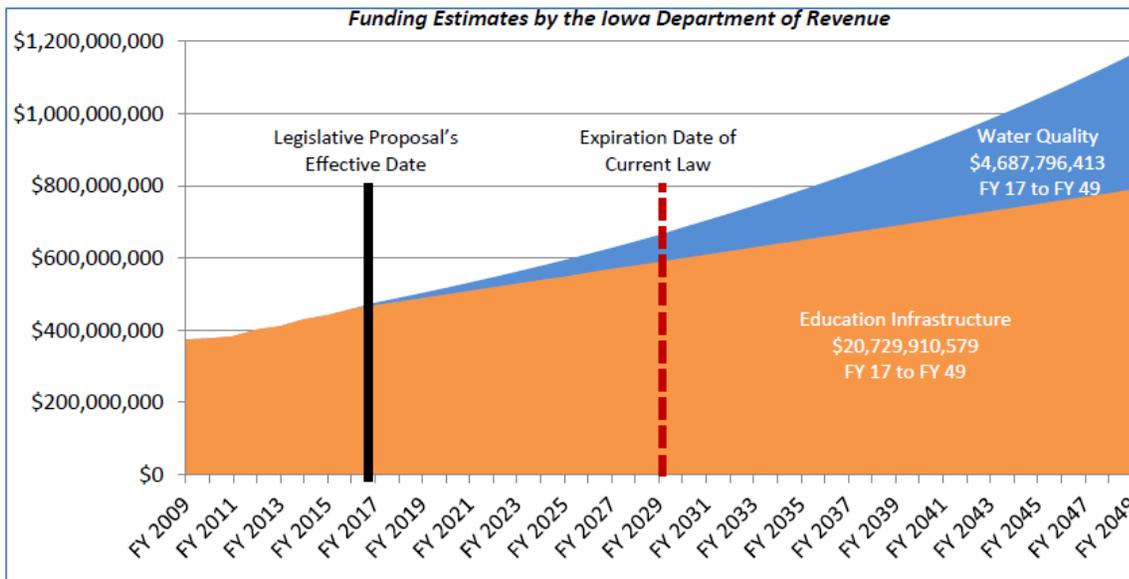
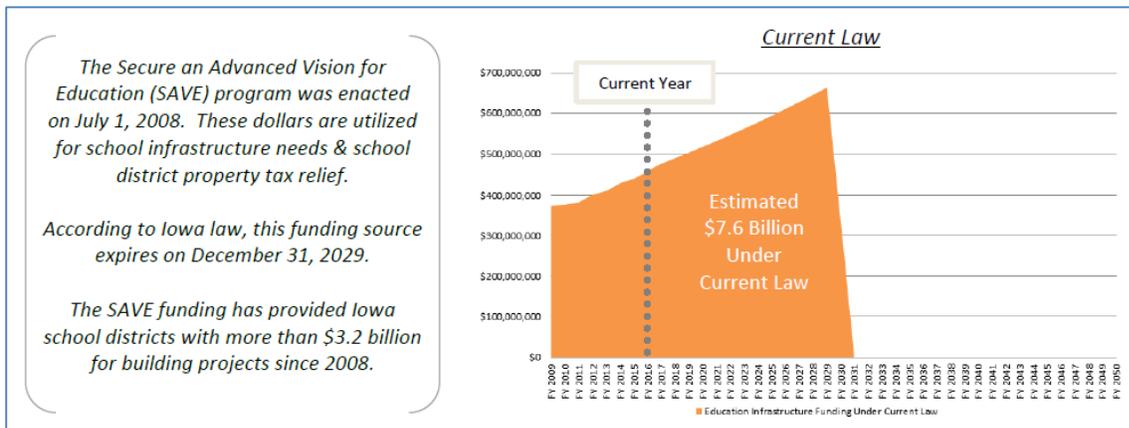


**Governor’s Proposal to “Support Our Education Infrastructure & Water Quality Efforts”
Jan. 6, 2016**

In a press conference yesterday, Gov. Branstad announced a proposal to extend the sunset of the state penny for school infrastructure, the SAVE program, from its current sunset scheduled for Dec. 31, 2029, an additional 20 years through 2049. The proposal dedicates the first \$10 million of growth in the state penny sales tax revenue to the SAVE fund for school infrastructure. In today’s dollars, that is the equivalent of about 2.1% revenue growth compared to the REC growth estimate of 3.1% for FY 2016. Any additional growth would be diverted as a dedicated funding source for water quality. We estimate little if any funding available for water quality in FY 2017 due to the Department of Revenue changes to the definition of business sales tax exemptions, effective July 1, 2016, negatively impacting FY 2017 revenue growth. Coverage of reactions in the Des Moines Register is found [here](#).

The following two charts were included in the Governor’s memorandum distributed to the press to further explain the proposal:





Analysis of this proposal breaks down into two time periods:

- Through 2029, when current law requires sunset of the penny, this proposal diverts growth to water quality that would otherwise go to schools. If sales tax revenues grow an average 3% through that period, the cumulative amount of diversion would exceed \$400 million.
- From 2029 through 2049, when current law provides no revenue for the SAVE fund, this proposal would provide over \$13 Billion in new revenue for school infrastructure, technology, buses and property tax relief, including a longer bonding period that schools can access to invest in school construction.

The RSAI state penny extension priority for the 2016 Legislative Session states:

- RSAI calls on the Iowa Legislature to extend or repeal the sunset of the state penny for school infrastructure.

RSAI leaders have been advocating with the Governor and the Legislature to repeal the sunset, or at a minimum, to extend it so schools can continue to access longer term bonding capacity without having to turn to property taxes for school infrastructure, equipment and bus purchases. We encourage school leaders to continue the dialogue on the need for extending the penny:

- Thank the Senate for passing a bi-partisan bill last year. [SF 477](#) was approved by the full Senate, 37 to 13, during the 2015 Session. The bill would extend the State Penny Sunset until Dec. 31, 2049. The bill was assigned directly to the House Ways and Means Committee, bypassing any consideration by the House Education Committee. Talk to House Ways and Means Committee members to generate support for that bill.
- Thank the Governor for recognizing the need for at least 20 more years of the sales tax to support school infrastructure, equipment and property tax relief.
- School leaders remain concerned about the significant diversion of state penny resources in the Governor’s proposal, especially given low levels of funding and the veto of \$55 million last summer. We look forward to finding a consensus solution that meets the needs of public school infrastructure, technology, equipment and buses long into the future, beyond 2029.

We will report further action when it happens, including release of the Governor’s budget and legislative action during the next 100 days (and longer if recent history repeats itself). In the meantime, keep advocating for the students in your schools!

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