**RSAI Position Paper Extend State Penny for School Infrastructure**

**A 2016 Legislative Priority**

**Background:** When the State Penny for School Infrastructure was created in 2008, the legislation put in place a Dec. 31, 2029 sunset. That was a legitimate 20-year timeframe that matched the typical bonding period for property-tax backed construction projects. State penny has helped schools address the age-old problem of equity and adequacy for school facilities. Use of the local option tax from 1998-2008 and the state penny sales tax for school infrastructure since has:

* + Funded technology expansions in districts (such as 1:1 initiatives)
  + Elevated student learning (such as science labs in middle schools to support STEM)
  + Resulted in fewer days lost due to extreme temps and returned saved energy dollars to the program
  + Equalized infrastructure funding per student
  + Purchased items otherwise requiring PPEL levy increases or new Bond Issues
  + Reduced property taxes
  + Provided additional property tax relief through dedication of use tax to equity.

**Current Reality:** Seven years later, schools are starting to feel the pinch of a shortened bonding period:

* + With only 13 years, a shortened bonding stream has left approximately $700 million of borrowing capacity on the table, compared to a full 20-year period.
  + With low interest rates and unmet needs, this is the wrong time to turn to property taxes rather than sales taxes to continue facilities repair and construction.
  + Fallback will always be property taxes. Inequity in valuations means that some districts will utilize PPEL/Debt Service property taxes bearing no relationship to enrollment or need. Iowa will get right back into infrastructure mess we were in with inadequate facilities and unequal student resources.

History of the number of bond issues approved by voters annually proves the point: fewer bond issues have been passed every year since the start of the state penny. That track record will continue if the penny can be bonded against for the full 20 years. Absent that action, as the time frame shortens, the number of bond issues backed by property taxes will escalate.

School Infrastructure Local Option Taxes were first available to districts in FY 1999. The State Penny was passed in the 2008 Session.

RSAI calls on the Iowa Legislature to extend the penny or **repeal the sunset altogether.**