

RSAI Position Paper Extend the State Penny for School Infrastructure (Repeal Sunset): A 2015 Legislative Priority

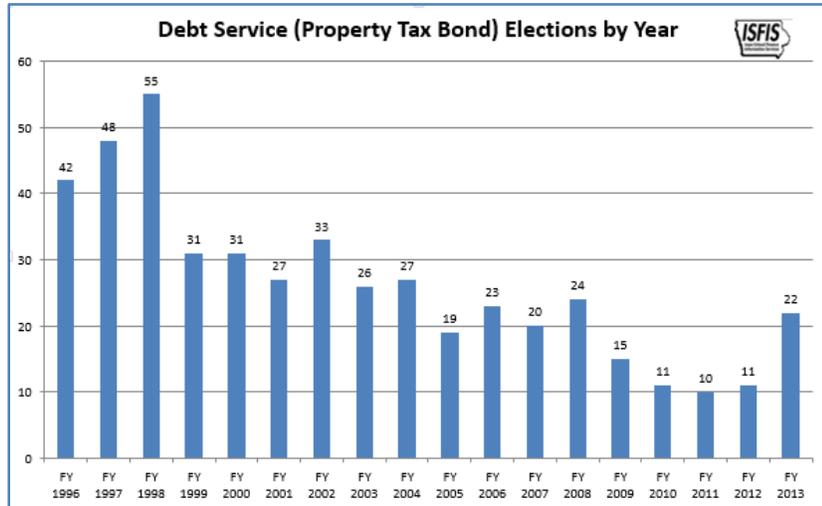
Background: When the State Penny for School Infrastructure was created in 2008, the legislation put in place a Dec. 31, 2029 sunset. That was a legitimate 20-year timeframe that matched the typical bonding period for property-tax backed construction projects. State penny has helped schools address the 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
- Upgraded facilities to safe, energy efficient facilities designed for student learning
- Reduced property taxes

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

- With only 14 years of bonding capacity, a shortened bonding stream has left approximately \$700 million dollars 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, legislated in 2008. 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, as FY 2013 activity demonstrates.



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

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