



rsaia.org

Dec. 1, 2015 statement to Department of Revenue Public Hearing on behalf of the Rural School Advocates of Iowa (RSAI), Dr. Bob Olson, Superintendent of the Clarion-Goldfield-Dows Community School District and Chair of the RSAI Leadership Group Robert.olson@rsaia.org (515) 532-3423

The Rural School Advocates of Iowa, now counting 65 member school districts among us, are very concerned about opportunity and success for every student in Iowa, regardless of where they live.

I'm Dr. Robert Olson, Sup., Clarion-Goldfield-Dows Community School District and Chair of the RSAI Leadership Group. Thank you for requesting the public hearing, regarding the proposed rules to Chapter 15 Administration Rules as noticed in ARC 2239C, expanding sales tax exemptions for manufacturing and business. We would ask this committee to object to the rule and vote for further delay, giving time for the legislature to review and the public to weigh in on priorities.

First, we object to executive branch action that takes over legislative authority to determine tax policy. The **Iowa Code** is very specific about what is exempt. Chapter 423.3 details every exemption from the sales tax, all 95 of them. Printed out on standard 8 ½ by 11 paper, it takes 24 sheets. Had the legislature intended these additional exemptions, a bill proposed in prior years could have been approved and sent to the Governor. Instead, you settled on property tax relief.

Second, this rule lowers the tax base for the State Penny Sales tax for schools. Depending on assumptions, we estimate an impact ranging from \$15-\$29 per student every year through 2029. That's a total statewide of between \$98-\$196 million. Rural Schools are leading the state in one-to-one computer initiatives and use the SAVE fund to provide ongoing support of this instructional strategy. Cutting SAVE revenue would negatively impact this program, which helps our rural students experience the world and prepare for the workforce.

Cutting SAVE revenue would not only limit our ability to lower property taxes connected to revenue bonds, it also limits our ability to lower property taxes by using SAVE revenue to offset bond issues and purchase equipment and buses instead of using PPEL. If we are talking taxes and specifically property taxes, this proposal robs Peter to pay Paul by lowering sales tax and transferring it to property tax.

Third, this proposed rule redirects State General Fund money earmarked for schools that have endured five years of an average 1.8% increase plus the unpredictability of a Governor and Legislature not providing SSA in time for certified budgets, negotiations, and possible RIF deadlines. Vetoing a compromise agreement IN JULY, hammered out by both houses, the Governor's action was a surprise that denied our districts critical resources.

Now deciding that a substantially similar amount of revenue is available, not just one-time, but on an ongoing basis for tax relief, will further inhibit your ability to adequately fund our schools.