



## Note to Iowa Legislature: Keep your Hands Off our SILO money!

By Deborah D. Thornton

“No man’s life, liberty, or property are safe while the Legislature is in session.”  
- Gideon J. Tucker, 1826-1899, U.S. Secretary of State<sup>1</sup>

This quote by Judge Tucker is as apt today as it was in the 1800s. Further, this opinion was echoed by Governor Tom Vilsack in 2001, during earlier discussions about a statewide sales tax for school infrastructure. He said, “If we were to engage in a debate about raising the sales tax by a penny, I’m not sure you’d be able to control that debate so the sole purpose would be for education equity.”<sup>2</sup> Thanks to legislation proposed by Representative Roger Wendt (D-Woodbury) and submitted by a bi-partisan group of Legislators, that debate is going on today.

Currently, all 99 Iowa counties have a School Infrastructure Local Option (SILO) tax. The tax is used for either school infrastructure development or property tax relief. It is proposed and passed at the local level, as a maximum one percent sales tax for a maximum of 10 years. After 10 years the tax sunsets unless voters feel their schools still need building funds and vote for reinstatement. After the legislation passed in 1998, amendments were made so that counties with fewer retail sales and lower income would receive “overage” funds from high retail sales counties and general state taxes, thus being made more “equitable.” These provisions do not apply to all counties. For example, the last two counties to pass the SILO, Johnson and Linn, did so in 2007 and were induced to do so by being exempted from sharing their revenues for the first five years of the tax.<sup>3</sup>

The current legislation, House File (HF) 2066, proposes to repeal the individual, county-controlled SILO tax and replace it with a permanent one percent statewide sales tax. Additionally, it extends this tax to motor vehicles, which are currently exempted from the SILO, and proposes to use those funds for TIME 21 highway projects. Interestingly enough, HF2066 does not revoke the Johnson and Linn 100 percent revenue exemptions and only guarantees school districts at the amount of funds they are currently receiving, not more. What it does do is make the one percent sales tax permanent and move it to state, not local, control.

A key premise of the statewide tax and the sharing idea is to make the districts more “equitable.” Specifically the idea is that in order to have equal opportunity to learn, all students must have equal physical space. While this theory has supporters, it has been disproved many times by the practical examples of many outstanding Iowans. Buildings can support good academics, but buildings do not make the education or the success. Teachers, students, and parents make the education, whether in a barn or in a state-of-the-art high tech, air conditioned, environmentally correct classroom.

Further, a statewide study evaluating school building needs has not been completed since 1999, when Iowa State University estimated that there were \$3.8 billion in unmet school repairs.<sup>4</sup> Since that time hundreds of millions of tax dollars have been spent on new schools and technology, new football fields and basketball gyms, and other upgrades. It would seem that before radically changing the

---

A Publication of: **Public Interest Institute at Iowa Wesleyan College**

600 North Jackson Street, Mt. Pleasant, Iowa 52641-1328

If you wish to support our efforts, please donate by sending a check to us at the above address.

PII is a 501 (c) (3) non-profit organization and all contributions are tax deductible.

E-Mail: [public.interest.institute@limitedgovernment.org](mailto:public.interest.institute@limitedgovernment.org)

Website: [www.limitedgovernment.org](http://www.limitedgovernment.org) Phone: 319-385-3462 Fax: 319-385-3799

current SILO system, the Legislature should have an updated report on actual building needs. This is not being proposed — just a new sales tax with little local control and no sunset provision.

A recent nationwide public school principal study reaffirms the idea that the Iowa Department of Education should complete a new building needs study before asking for a permanent statewide sales tax increase. When questioned by the National Center for Education Statistics (NCES) in 2005, 80 percent or more of public school principals said that on eight of nine items their facility was either satisfactory or very satisfactory. These items covered environmental building factors such as artificial lighting, natural lighting, heating, ventilation, indoor air quality, noise control, physical condition, and size of rooms.

The only exception was air conditioning, where 17 percent said their schools did not have air conditioning and therefore were not satisfactory.<sup>5</sup> The air conditioning complaint probably holds true in many Iowa schools, even after almost 10 years of SILO funding. This can and should be addressed in the current system. If a school needs air conditioning, then the local school board should use their SILO money to install it. If they don't, then the voters and parents of their districts should vote them out of office and install school board members who are better able to respond to the district's needs. This does not require a permanent, statewide sales tax increase.

Another concern about the Iowa public schools is the steadily decreasing enrollment. Over the past 10 years the number of students statewide has fallen from 505,130 to 480,609 in October of 2007, a reduction of over 24,500 students.<sup>6</sup> Current state population projections follow this trend, with 50 of 99 counties, and most rural counties, anticipated to continue losing population over the next eight years.<sup>7</sup> Enrollment in some districts fell by as much as 17 percent in 2007-2008. This was true even for "urban" districts such as Davenport, Sioux City, and Waterloo, where enrollment decreased by as many as 255 students.<sup>8</sup> The federal government estimates that 60 percent of public schools nationwide are under-enrolled by at least five percent, with one out of four rural schools being under-enrolled by more than 25 percent.<sup>9</sup> The number of districts in Iowa has also decreased to only 365 in 2005-2006. However 43.3 percent still had fewer than 600 total students, grades K-12.<sup>10</sup>

Though government studies have never solved any problem, a more appropriate action for the 2008 Iowa Legislature than a permanent sales tax increase would be a comprehensive analysis of the condition, use, and enrollment of the current buildings. In the meantime, Iowa Legislators should keep their hands off our SILO money.

(Endnotes)

<sup>1</sup><[http://quotes.liberty-tree.ca/quote/gideon\\_tucker\\_quote\\_656b](http://quotes.liberty-tree.ca/quote/gideon_tucker_quote_656b)> (January 31, 2008).

<sup>2</sup>Lynn Okamoto, "Local-option tax benefits debated," *The Des Moines Register*, November 27, 2001, p. 2B.

<sup>3</sup>"Is the SILO LOSST?" Policy Study, No. 07-5, <<http://www.limitedgovernment.org/publications/pubs/studies/PS-07-5.pdf>>, December 2007.

<sup>4</sup>David Yepsen, "Counties considering tax option," *The Des Moines Register*, February 22, 1999, p. 1M.

<sup>5</sup>"Public School Principals' Perceptions of Their School Facilities: Fall 2005," National Center for Education Statistics, p. iv.

<sup>6</sup>"Majority of Iowa School Districts Report Declining Enrollment," December 19, 2007, p.1, <<http://www.iowa.gov/educate/content/view/845/1005/>> and 2006 Certified Enrollment Files.

<sup>7</sup>"Projections of Population for the U.S., Iowa and its Counties: 2010-2030," Woods & Poole Economics, Inc., <<http://data.iowadatecenter.org/datables/CountyAll/co2007populationprojections20002030.pdt>> (January 7, 2007).

<sup>8</sup>Majority.

<sup>9</sup>Principals.

<sup>10</sup>Condition of Education, Iowa Department of Education, 2006 Report, p. 38.

*Deborah D. Thornton is a Research Analyst with Public Interest Institute.*

*Permission to reprint or copy in whole or part is granted, provided a version of this credit line is used: "Reprinted by permission from INSTITUTE BRIEF, a publication of Public Interest Institute." The views expressed in this publication are those of the author and not necessarily those of Public Interest Institute. They are brought to you in the interest of a better-informed citizenry.*