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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **2714**

03/08/2016 Authored by Peterson, Newton, Zerwas, Fenton, Uglem and others  
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act  
1.2 relating to education finance; modifying the calculation of referendum  
1.3 equalization revenue, aid, and levy; amending Minnesota Statutes 2014, section  
1.4 126C.17, subdivisions 5, 6.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2014, section 126C.17, subdivision 5, is amended to read:

1.7 Subd. 5. **Referendum equalization revenue.** (a) A district's referendum  
1.8 equalization revenue equals the sum of the first tier referendum equalization revenue  
1.9 and the second tier referendum equalization revenue, and the third tier referendum  
1.10 equalization revenue.

1.11 (b) A district's first tier referendum equalization revenue equals the district's first tier  
1.12 referendum equalization allowance times the district's adjusted pupil units for that year.

1.13 (c) A district's first tier referendum equalization allowance equals the lesser of the  
1.14 district's referendum allowance under subdivision 1 or \$300.

1.15 (d) A district's second tier referendum equalization revenue equals the district's  
1.16 second tier referendum equalization allowance times the district's adjusted pupil units for  
1.17 that year.

1.18 (e) A district's second tier referendum equalization allowance equals the lesser of the  
1.19 district's referendum allowance under subdivision 1 or ~~\$760~~ \$1,000, minus the district's  
1.20 first tier referendum equalization allowance.

1.21 (f) A district's third tier referendum equalization revenue equals the district's third  
1.22 tier referendum equalization allowance times the district's adjusted pupil units for that year.

1.23 (g) A district's third tier referendum equalization allowance equals the lesser of  
1.24 the district's referendum allowance under subdivision 1 or 25 percent of the formula

allowance, minus the sum of the district's first tier referendum equalization allowance and second tier referendum equalization allowance.

(h) Notwithstanding paragraph (g), the third tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the sum of the district's first tier referendum equalization allowance and second tier referendum equalization allowance.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and later.

Sec. 2. Minnesota Statutes 2014, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy equals the sum of the first tier referendum equalization levy, the second tier referendum equalization levy, and the third tier referendum equalization levy.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$880,000.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to ~~\$510,000~~ \$650,000.

(d) A district's third tier referendum equalization levy equals the district's third tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$290,000.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and later.