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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2746

03/08/2016 Authored by Sundin
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; providing enhanced debt service equalization for
1.3 school districts in certain unique situations; amending Minnesota Statutes 2014,
1.4 section 123B.535.

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

1.6 Section 1. Minnesota Statutes 2014, section 123B.535, is amended to read:

1.7 **123B.535 ~~NATURAL DISASTER~~ ENHANCED DEBT SERVICE**
1.8 **EQUALIZATION.**

1.9 Subdivision 1. **Definitions; eligibility.** (a) For purposes of this section, the eligible
1.10 ~~natural disaster~~ enhanced debt service revenue of a district is defined as the amount
1.11 needed to produce between five and six percent in excess of the amount needed to meet
1.12 when due the principal and interest payments on the obligations of the district issued
1.13 under paragraphs (b) and (c) that would otherwise qualify under section 123B.53 ~~under~~
1.14 ~~the following conditions:~~

1.15 (b) A district that has been negatively affected by a natural disaster qualifies for
1.16 enhanced debt service equalization under this section if:

1.17 (1) the district was impacted by a natural disaster event or area occurring January
1.18 1, 2005, or later, as declared by the President of the United States of America, which is
1.19 eligible for Federal Emergency Management Agency payments;

1.20 (2) the natural disaster caused \$500,000 or more in damages to school district
1.21 buildings; and

1.22 (3) the repair and replacement costs are not covered by insurance payments or
1.23 Federal Emergency Management Agency payments.

2.1 (c) A district that consolidated on or after July 1, 2016, with an approved
 2.2 consolidation plat and plan under section 123A.48 that included building or remodeling
 2.3 school facilities is eligible for enhanced debt service equalization under this section.

2.4 ~~(b)~~ (d) For purposes of this section, the adjusted net tax capacity equalizing factor
 2.5 equals the quotient derived by dividing the total adjusted net tax capacity of all school
 2.6 districts in the state for the year before the year the levy is certified by the total number of
 2.7 adjusted pupil units in the state for the year prior to the year the levy is certified.

2.8 ~~(e)~~ (e) For purposes of this section, the adjusted net tax capacity determined
 2.9 according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of
 2.10 property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

2.11 Subd. 2. **Notification.** A district eligible for ~~natural-disaster~~ enhanced debt service
 2.12 ~~equalization~~ revenue under subdivision 1 must notify the commissioner of the amount of
 2.13 its intended ~~natural-disaster~~ enhanced debt service revenue calculated under subdivision 1
 2.14 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified.

2.15 Subd. 3. **Natural-disaster Enhanced debt service equalization revenue.** The
 2.16 enhanced debt service equalization revenue of a district that qualifies under subdivision 1,
 2.17 paragraph (b) or (c), equals the greater of zero or the eligible debt service revenue, minus
 2.18 the greater of zero or the difference between:

2.19 (1) the amount raised by a levy of ten percent times the adjusted net tax capacity
 2.20 of the district; and

2.21 (2) the district's eligible debt service revenue under section 123B.53.

2.22 Subd. 4. **Equalized ~~natural-disaster~~ enhanced debt service levy.** A district's
 2.23 equalized ~~natural-disaster~~ enhanced debt service levy equals the district's ~~natural-disaster~~
 2.24 enhanced debt service equalization revenue times the lesser of one or the ratio of:

2.25 (1) the quotient derived by dividing the adjusted net tax capacity of the district for
 2.26 the year before the year the levy is certified by the adjusted pupil units in the district for
 2.27 the school year ending in the year prior to the year the levy is certified; to

2.28 (2) 300 percent of the statewide adjusted net tax capacity equalizing factor.

2.29 Subd. 5. **Natural-disaster Enhanced debt service equalization aid.** A district's
 2.30 ~~natural-disaster~~ enhanced debt service equalization aid equals the difference between the
 2.31 district's ~~natural-disaster~~ enhanced debt service equalization revenue and the district's
 2.32 equalized ~~natural-disaster~~ enhanced debt service levy.

2.33 Subd. 6. **Natural-disaster Enhanced debt service equalization aid payment**
 2.34 **schedule.** Enhanced debt service equalization aid must be paid according to section
 2.35 127A.45, subdivision 10.

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