

Sec. 2. This act is effective July 1, 1974.

Approved April 11, 1974.

CHAPTER 521—H.F.No.2996
[Coded in Part]

An act relating to operation of government; providing for aids to education, tax levies, and the distribution of tax revenues; changing the funding of post-secondary vocational-technical education to a current funding basis; granting certain powers to school districts and the state board of education; establishing early childhood identification and education pilot programs and a transitional year procedure; school district contracts; educational assessment; appropriating money; amending Laws 1969, Chapter 775, Section 4, Subdivision 3; amending Minnesota Statutes 1971, Chapter 121, by adding a section; Sections 121.21, Subdivision 5; 123.37, Subdivision 1 and by adding subdivisions; 123.39, Subdivision 1; 124.17, Subdivision 2 and by adding a subdivision; 124.28, Subdivision 1; 270.11, Subdivision 2; 275.125, Subdivision 7; Minnesota Statutes, 1973 Supplement, Sections 124.04; 124.17, Subdivision 1; 124.20; 124.212, Subdivisions 7a and 10; 124.222, Subdivision 1; 124.223; 124.30, Subdivision 2; and 275.125, Subdivisions 2a and 3; repealing Minnesota Statutes 1971, Section 124.13.

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

Section 1. [121.211] EDUCATION; AIDS; POST-SECONDARY VOCATIONAL-TECHNICAL EDUCATION FUNDING. Subdivision 1. **PURPOSE.** The purpose of this section is to change the funding of post-secondary vocational-technical education from reimbursement of past expenditures to a current funding process.

Subd. 2. CURRENT AID. Beginning July 1, 1975, the state board for vocational education shall not enter into agreements to pay reimbursements but shall be obligated for reimbursement payments incurred in fiscal year 1975. Beginning July 1, 1976, all vocational aid payments to the extent funds are available shall be made based on the approved budget for the current fiscal year.

Subd. 3. BUDGETS. Before January 1, 1976, and before January 1 of each year thereafter area vocational-technical institute budgets for the following fiscal year shall be submitted to the state board for vocational education. The commissioner, subject to the approval of the state board for vocational education, shall approve the state and federal portion of the budget for each district prior to May 15 of each year. The total amount of reimbursement payments approved for fiscal year 1975 payable in fiscal year 1976 shall not exceed by more than 14 percent the amount appropriated for post-secondary vocational-technical education for fiscal year 1975. Inflation and expansion occurring in fiscal year 1976 shall be incorporated into the fiscal year 1976

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budget request. No district shall increase its indebtedness during fiscal year 1976 unless authorized by the state board for vocational education. The state board for vocational education shall before January 1, 1975 promulgate rules and regulations which establish the approval criteria of budgets including but not limited to the following: responsiveness to current and projected manpower needs of population groups to be served in the various geographic areas and communities of the state, particularly disadvantaged and handicapped persons; adequacy of evaluation of programs; other criteria set forth in the state plan for vocational education. The commissioner, in cooperation with the department of finance, shall establish program budget standards by which area vocational-technical institutes shall submit financial requests.

Subd. 4. **LOCAL DEFICITS.** The commissioner with the approval of the state board for vocational education shall establish a uniform auditing procedure for post-secondary vocational education. This procedure shall be used to determine the local deficit or surplus in each district as of July 1, 1974 and as of July 1 for each year thereafter. This deficit or surplus shall be certified to the commissioner before January 1, 1975 and January 1 of each year thereafter.

Sec. 2. **[3.9271] EARLY CHILDHOOD IDENTIFICATION AND EDUCATION PROGRAMS.** Subdivision 1. For the 1974-75 school year, the council on quality education shall make grants to no fewer than six pilot early childhood identification and education programs. Early childhood identification and education programs are programs for children before kindergarten and below age six which may include the following: identification of potential barriers to learning, education of parents on child development, libraries of educational materials, family services, education for parenthood programs in secondary schools, in-center activity, home-based programs, and referral services.

Notwithstanding section 3.926, subdivision 2, every early childhood identification and education program proposal shall be submitted to the council on quality education not less than six weeks before the planned commencement of the program. These programs shall be as equally distributed as possible among districts in cities of the first class, in suburbs, and outside the seven county metropolitan area. Each pilot program shall serve one elementary school attendance area in the local school district.

The council on quality education shall prescribe the form and manner of application and shall determine the participating pilot programs. In the determination of pilot programs, programs shall be given preference for their ability to coordinate their services with existing programs and other governmental agencies. The council on quality education shall report on the programs annually to the committees on education of the senate and house of representatives.

Subd. 2. Each district providing pilot programs shall establish and
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maintain an account separate from all other district accounts for the receipt and disbursement of all funds related to these early childhood identification and education programs.

Subd. 3. A school district providing early childhood identification and education programs shall be eligible to receive funds for these programs from other government agencies and from private sources when such funds are available.

Subd. 4. A district may charge reasonable fees for early childhood identification and education services; however, a district shall waive the charge or fee if any pupil, his parent or guardian is unable to pay it.

Sec. 3. **[3.9272] ADVISORY COMMITTEE ON EARLY CHILDHOOD IDENTIFICATION AND EDUCATION PROGRAMS.** The council on quality education shall appoint an advisory committee on early childhood identification and education programs.

Sec. 4. **[3.9273] THE STATE BOARD OF EDUCATION.** The state board of education shall provide service to the pilot programs by:

(1) Applying for funds which are, or may become, available under federal programs pertaining to child development, including funds for administration, demonstration projects, training, technical assistance, planning, and evaluation;

(2) Making maximum use of existing information services to inform the public concerning comprehensive early childhood development;

(3) Providing professional and technical assistance.

Sec. 5. **[3.9274] ADVISORY COMMITTEES.** Each pilot program shall provide for an advisory committee selected from the attendance area by the local board of education. A majority of the members of this committee shall be parents participating in the program. The committee shall report to the council on quality education, the local school board, and the district community school advisory council if this council has been established in the district.

Sec. 6. **[3.9275] VOLUNTARY PARTICIPATION.** All participation by parents and children in these early childhood identification and education programs shall be voluntary, and shall not preclude participation in any other state or local program. All pilot programs shall provide services to all qualified children, regardless of race, religion or ethnic background, and no such programs shall be used in whole or in part for religious worship or instruction.

Sec. 7. **[120.80] TRANSITIONAL YEAR EARLY GRADUATION.** Subdivision 1. Notwithstanding any law to the contrary, any secondary

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school student who has completed all required courses may, with the approval of the student, his parent or guardian, and local school officials, graduate prior to the completion of the school year. All aid which such student, had he not graduated, would have earned for the district pursuant to *Minnesota Statutes, Section 124.212*, plus that portion of the amount raised by the local tax levy which results from such transitional year students plus that portion of any excess levy allowable under *Minnesota Statutes, Section 275.125, Subdivision 3 (5)* shall continue to be earned by the district.

Subd. 2. The commissioner shall promulgate rules and regulations setting forth the standards for application for and approval of this early graduation procedure.

Sec. 8. [124.475] **FUNDING AND REFUNDING BONDS.** Notwithstanding the provisions of any general or special law to the contrary, any school district, however organized, may issue its general obligation bonds to fund or refund outstanding bonds without an election to the extent and in the manner provided in *Minnesota Statutes, Chapter 475*, but without complying with the provisions of *Minnesota Statutes, Section 124.43, Subdivision 6*, and *Minnesota Statutes, Section 475.54, Subdivision 2*; and such refunding bonds may but need not be included for purposes of determining maturity schedules of any other bonds thereafter issued as otherwise required under *Minnesota Statutes, Section 475.54, Subdivision 2*.

Sec. 9. Notwithstanding any law to the contrary, in Independent School Districts No. 93 and No. 99 where the adjusted assessed valuation is under contest in a Minnesota court as of February 1, 1974, foundation aid payments for the 1972-73 and 1973-74 school years shall be made on the basis of the uncontested portion of the valuation of these districts. If as a result of the pending litigation these districts experience an increase in the adjusted assessed value as determined by the equalization aid review committee and recover tax revenues in excess of those which would have been raised on the uncontested adjusted assessed value as determined by the equalization aid review committee, any excess in foundation aid payments which resulted from the use of this uncontested adjusted assessed value in the aid determination shall be returned to the state by these districts.

Sec. 10. Laws 1969, Chapter 775, Section 4, Subdivision 3, is amended to read:

Subd. 3. **SPECIAL INTERMEDIATE SCHOOL DISTRICT NO. 916.** The intermediate school board, acting in its own behalf, may issue bonds for the acquisition and betterment of school facilities or equipment or for the funding or refunding of outstanding bonds, warrants, orders or certificates of indebtedness. *Minnesota Statutes, Chapter 475*, shall be applicable in all respects. The purpose and the amount of any borrowing shall first be approved by resolution of the school board of the intermediate school district. When such resolution has been

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adopted by the intermediate school board it shall be published once in a newspaper of general circulation in said district.

The intermediate school board shall not sell and issue ~~such~~ bonds for acquisition or betterment purposes until the question of their issuance has been submitted to the voters of the intermediate school district at a special election held in and for such intermediate district. The date of such election, the question to be submitted, and all other necessary conduct of such election shall be fixed by the intermediate school board and said election shall be conducted and canvassed under the direction of the intermediate school board in accordance with Minnesota Statutes, Section 123.32, insofar as the same may be deemed applicable.

If a majority of the total number of votes cast on the question within the intermediate school district is in favor of the question, the intermediate school board may thereupon proceed with the sale and the issuance of said bonds. The full faith, credit and unlimited taxing powers of the intermediate school district shall be pledged to the payment of all bonds and certificates of indebtedness and none of such obligations shall be included in the net debt of any participating school district as defined by Minnesota Statutes, Section 475.51, Subdivision 4, or any other law similar thereto. The intermediate school board upon awarding a contract for the sale of such bonds shall certify to the county auditor or county auditors the years and amounts of taxes required to be levied for the payment of such bonds as provided by Minnesota Statutes, Section 475.61. The county auditor shall cause such taxes to be spread in each year until bonds and interest have been paid upon all of the assessable, taxable valuation of said intermediate school district. In all other respects Minnesota Statutes, Chapter 475, shall apply and said bonds shall be deemed authorized securities within the provisions of Minnesota Statutes, Section 50.14, and shall be deemed instruments of a public governmental agency and exempt from taxation under provisions of Minnesota Statutes, Chapter 290, or any other act similar thereto.

Sec. 11. Minnesota Statutes 1971, Section 121.21, Subdivision 5, is amended to read:

Subd. 5. The commissioner with the approval of the state board for vocational education is authorized to apportion and distribute funds to the local school districts under the provisions of this section, such apportionment and reimbursement to be on a cost basis for those trainees living outside of the local school districts; provided however that in fiscal years 1975 and 1976 nonresident reimbursement shall be limited to: (1) expenditures approved by the state board for vocational education, (2) debt service, and (3) fixed costs; ~~provided however further~~ that those school districts enrolling more than the state average of resident students shall receive nonresident aids based on the average percentage of nonresident attendance for the preceding school year for the state in area vocational-technical schools.

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Sec. 12. Minnesota Statutes 1971, Chapter 121, is amended by adding a section to read:

[121.50] EDUCATIONAL ASSESSMENT PROGRAM; APPROPRIATION. Subdivision 1. It is the policy of this state to provide assistance in measurement of the effectiveness of the public educational system.

Subd. 2. The commissioner or his representative is authorized to select a sample of public school pupils for purposes of the educational assessment program funded pursuant to Laws 1973, Chapter 768, Section 2, Subdivision 4.

Subd. 3. The board of any district may, by resolution and consistent with this section, enter into a written agreement with the department, if the commissioner determines it to be in the best interests of the assessment program, to have statewide educational assessment instruments as developed by the department administered to its pupils in excess of any sample of its pupils previously selected by the commissioner and in addition thereto any related services.

Subd. 4. The department is authorized to enter into a written agreement with a district to provide the services described in subdivision 3 which will protect the interest of the state as determined by the commissioner provided that such services will be on an actual cost basis to the district and in no event at direct cost expense to the state and provided further that a district which fails to remit the amount due and payable within 60 days of the date of billing shall forfeit that portion of any subsequent state aids otherwise earned and payable to such district which are equal to the amount due and payable under such agreement.

Subd. 5. All amounts received by the department pursuant to this section, including any state aids forfeited as provided by subdivision 4, shall forthwith be deposited with the state treasurer to be credited to the general fund in the state treasury.

Subd. 6. There is hereby continuously appropriated from the general fund to the department of education any and all amounts deposited by the department pursuant to subdivision 5 to be used for the purposes set out in this section.

Sec. 13. Minnesota Statutes 1971, Section 123.37, Subdivision 1, is amended to read:

123.37 INDEPENDENT SCHOOL DISTRICTS, CONTRACTS. Subdivision 1. No contract for work or labor, or for the purchase of furniture, fixtures, or other property, except books registered under the copyright laws, or for the construction or repair of school houses, the estimated cost or value of which shall exceed: (a) \$3,000 for school districts with an enrollment of students in grades 1 to 12 of less than

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10,000, or (b) \$5,000 for all other school districts, shall be made by the school board without first advertising for bids or proposals by two weeks' published notice in the official newspaper. Such notice shall state the time and place of receiving bids and contain a brief description of the subject matter.

Such additional publication in the official newspaper or elsewhere may be made as the board shall deem necessary.

After taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids, every such contract shall be awarded to the lowest responsible bidder, duly executed in writing, and the person to whom the same is awarded shall give a sufficient bond to the board for its faithful performance, and otherwise conditioned as required by law. A record shall be kept of all bids, with names of bidders and amount of bids, and with the successful bid indicated thereon. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the lowest responsible bid shall be rejected unless the alteration or erasure is corrected as herein provided. An alteration or erasure may be crossed out and the correction thereof printed in ink or typewritten adjacent thereto and initialed in ink by the person signing the bid. In the case of identical low bids from two or more bidders, the board may, at its discretion, utilize negotiated procurement methods with the tied low bidders for that particular transaction, so long as the price paid does not exceed the low tied bid price. In the case where only a single bid is received, the board may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid does not exceed the original bid. If no satisfactory bid is received, the board may readvertise. Standard requirement price contracts established for supplies or services to be purchased by the district shall be established by competitive bids. Such standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs. Either party to the contract may request that the other party demonstrate such increase or decrease. The term of such contracts shall not exceed two years with an option on the part of the district to renew for an additional two years. Provided that in the case of purchase of perishable food items except milk for school lunches and vocational training programs a contract of any amount may be made by direct negotiation by obtaining two or more written quotations for the purchase or sale, when possible, without advertising for bids or otherwise complying with the requirements of this section or section 471.345, subdivision 3. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof.

Every contract made without compliance with the provisions of this section shall be void. Provided, that in case of the destruction of buildings or injury thereto, where the public interest would suffer by delay, contracts for repairs may be made without advertising for bids.

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Firm bid contracts for the purchase of milk and ice cream renegotiated between August 25, 1973 and July 1, 1974 which provide for a price increase or decrease based upon a demonstrable industrywide or regional increase in the vendor's costs are valid and not void under this subdivision; provided that the adjustment shall not exceed the increase or decrease authorized in the applicable federal marketing order for raw milk; and provided further that a school district which did not renegotiate its contract before February 1, 1974, shall not adjust its contract to provide for price increases or decreases for purchases made before February 1, 1974.

Sec. 14. Minnesota Statutes 1971, Section 123.37, is amended by adding a subdivision to read:

Subd. 1a. The board may authorize its superintendent or business manager to lease, purchase, and contract for goods and services within the budget as approved by the board, provided that any transaction in an amount exceeding the minimum amount for which bids are required must first be specifically authorized by the board and must fulfill all other applicable requirements in section 123.37, subdivision 1.

Sec. 15. Minnesota Statutes 1971, Section 123.37, is amended by adding a subdivision to read:

Subd. 1b. Notwithstanding the provisions of subdivision 1, a contract for the transportation of school children may be made either by direct negotiation by obtaining two or more written quotations for the service, when possible, or upon sealed bids. At least 30 days before awarding a directly negotiated contract, the school district shall, by published notice, request quotations for the service to be provided. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. If a contract is made by direct negotiation, negotiations shall be carried on at a meeting of the school board open to the public. If a contract is made upon sealed bids, the procedure for advertising and awarding bids shall conform to the provisions of subdivision 1.

Sec. 16. Minnesota Statutes 1971, Section 123.39, Subdivision 1, is amended to read:

123.39 INDEPENDENT SCHOOL DISTRICTS, TRANSPORTATION. Subdivision 1. The board may provide for the free transportation of pupils to and from school, and to schools, in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year as it may deem advisable, and subject to its rules. Every driver shall possess all the qualifications required by the rules of the state board of education. In any district which at the time of the adoption of this code was a consolidated district or enjoyed the privileges of a consolidated district, the

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board shall arrange for the attendance of all pupils living two miles or more from the school, through suitable provision for transportation or for the boarding and rooming of such pupils as may be more economically and conveniently provided for by such means. The district is authorized to provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by such means or who attend school in a building rented or leased by a district within the confines of an adjacent district .

Sec. 17. Minnesota Statutes, 1973 Supplement, Section 124.04, is amended to read:

124.04 CAPITAL EXPENDITURE TAXING AUTHORITY. In addition to the tax levy prescribed by law for general and special school purposes, the board of any district may levy annually an amount not to exceed \$65 per pupil unit and not to exceed 10 mills on each dollar of assessed valuation of the taxable property in the district as adjusted for the preceding year by the equalization aid review committee notwithstanding the provisions of sections 272.64 and 275.49, provided that said levy may not exceed by more than two mills (three mills if the district adds units pursuant to section 124.17, subdivision 1, clause (7)) the levy under this section in the previous year and provided further that any district which did not levy pursuant to this section in 1972 may certify a maximum levy of 6 mills not to exceed \$65 per pupil unit in 1974 . The tax so levied shall be collected in the manner provided by law for the collection of school taxes. The proceeds of the tax may be used only to acquire land, improve and repair school sites and to equip, re-equip, repair and improve buildings and permanent attached fixtures. Subject to the commissioner's approval, the tax proceeds may also be used to rent or lease buildings for school purposes and to acquire or construct buildings. The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

The proceeds of the tax shall not be used for custodial or other maintenance services.

Sec. 18. Minnesota Statutes, 1973 Supplement, Section 124.17, Subdivision 1, is amended to read:

124.17 DEFINITION OF PUPIL UNITS. Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In an elementary school, for kindergarten and for handicapped pre-kindergarten pupils as defined in section 120.03, and enrolled in one-half day sessions throughout the school year or the equivalent thereof, approved by the commissioner of education, one-half pupil unit and other elementary pupils, one pupil unit.

(2) In secondary schools, pupils in junior high school or a six-year

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school and all other pupils in secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of a middle school shall be counted as secondary pupils.

(3) In area vocational-technical schools one and one-half pupil units.

(4) To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program shall be counted as an additional five-tenths pupil unit. The department of public welfare is directed to furnish to the department of education that information concerning children from families with dependent children which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

(5) In every district where the number of pupils from families receiving aid to families with dependent children or its successor program exceeds ten-nine percent of the total actual pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional 35/100 of a pupil unit; for those districts where the number of such pupils is more than eight percent but not more than ten-nine percent of the total pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional two-tenths of a pupil unit and for those districts where the number of such pupils is at least five percent but not more than eight percent of the total pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit. Such weighing shall be in addition to the weighing provided in clauses (1), (2), (3), and (4) of this section. School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents.

(6) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units for such district shall equal the average of actual pupil units for the prior and current years.

(7) Where the actual number of pupil units has increased from the prior year by more than four-three percent, a number of pupil units equal to one fourth of the difference between the units as computed in clauses (1) and (2) for the two years shall be added to the other units for the district.

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(8) Only pupil units in clauses (1) ~~and (2) and (3)~~ shall be used in computing adjusted maintenance cost per pupil unit.

Sec. 19. Minnesota Statutes 1971, Section 124.17, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in grades kindergarten through twelve, for pupils in area vocational-technical schools and for handicapped prekindergarten pupils shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused; provided that any pupil, regardless of age, who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as withdrawn. Nothing in Extra Session Laws 1971, Chapter 31, shall be construed as waiving the compulsory attendance provisions cited in section 120.10. Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days said schools are in session. For districts operating 12 months schools, days schools are in session shall mean the number of session days required by section 124.19, subdivision 1. The average daily membership of a pupil enrolled on a shared time basis shall equal the ratio of the total minutes for which such pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil. Foundation aid for each pupil in such shared time classes shall be paid at a rate proportionate to aid paid for other resident pupils of the district providing instruction. A district shall not be entitled to transportation aid under section 124.22 for pupils enrolled on a shared time basis unless the statutes specifically provide for transportation aid to such student.

Sec. 20. Minnesota Statutes 1971, Section 124.17, is amended by adding a subdivision to read:

Subd. 2a. Notwithstanding subdivision 2, pupils granted transitional year status shall continue to be counted as members on the current roll of the school for the remainder of the school year. For purposes of computing average daily membership transitional year pupils shall be considered to be enrolled every day school is in session for the remainder of the school year.

Sec. 21. Minnesota Statutes, 1973 Supplement, Section 124.20, is amended to read:

124.20 AID COMPUTATION FOR SUMMER SCHOOL AND YEAR-ROUND CLASSES. State aid for summer school classes which are not a part of the regular school term in hospitals, sanatoriums, home instruction programs, and inter-session classes of year-round programs in elementary and secondary schools, and summer school in-

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struction in area vocational schools or teachers college laboratory schools or in the university laboratory school shall be paid at a proportionate rate for aids paid during the regular school term, provided that no district shall receive aid for programs under this section in an amount greater than its actual expenditures for these programs.

Sec. 22. Minnesota Statutes, 1973 Supplement, Section 124.212, Subdivision 7a, is amended to read:

Subd. 7a. For the 1974-1975 school year a district shall receive in foundation aid, the lesser of: (1) ~~\$820~~ \$825 per pupil unit less 30 mills times the 1972 adjusted assessed valuation of the district, or (2) the amount that bears the same relation to the difference in (1) as the sum of the greater sum computed pursuant to section 124.212, subdivision 6a, clause (2), and the greater of (a) one-third of the difference that results when such greater sum is subtracted from ~~\$820~~ \$825, or (b) ~~\$32-\$37~~, bears to ~~\$820~~ \$825. This section shall not be construed as in any instance authorizing the levy of total amounts of taxes for school purposes in excess of the amount allowed by law on October 15, 1973.

Sec. 23. Minnesota Statutes, 1973 Supplement, Section 124.212, Subdivision 10, is amended to read:

Subd. 10. The equalization aid review committee, consisting of the commissioner of education, the commissioner of administration, and the commissioner of ~~taxation-revenue~~, is hereby continued and permanently established. The duty of this committee shall be to review the assessed valuation of the districts of the state. When such reviews disclose reasonable evidence that the assessed valuation of any district furnished by any county auditor is not based upon the market value of taxable property in such district, then said committee shall call upon the department of ~~taxation-revenue~~ to ascertain the market value of such property, and adjust such values as required by law to determine the adjusted assessed valuation. The department of ~~taxation-revenue~~ shall take such steps as it may consider necessary in the performance of that duty and may incur such expense as is necessary therefor. The commissioner of ~~taxation-revenue~~ is authorized to reimburse any county or governmental official for services performed at his request in ascertaining such adjusted valuation. On or before ~~May 1~~ March 15, annually, the department of ~~taxation-revenue~~ shall submit its report on the assessed values established by the previous year's assessment to said committee for approval or rejection and, if approved, such report shall be filed not later than the following July 1 with the commissioner of education and each county auditor for those school districts for which he has the responsibility for determination of mill rates. A copy of the adjusted assessed value so filed shall be forthwith mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which such district is located.

Sec. 24. Minnesota Statutes, 1973 Supplement, Section 124.222,

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Subdivision 1, is amended to read:

124.222 TRANSPORTATION AID ENTITLEMENT. Subdivision 1. **COMPUTATION.** For the 1974-1975 school year the state shall pay to each school district for all school transportation and related services for which the district is authorized by law to receive state aid: (1) The lesser product of either

(a) The actual net operating cost per eligible pupil transported during the 1975 fiscal year times the number of eligible pupils transported during the 1975 fiscal year; or

(b) ~~110~~ 115 percent of the actual net operating cost per eligible pupil transported during the year ending June 30, 1973, times the number of eligible pupils transported during the 1975 fiscal year;

(2) Minus the amount raised by a levy of one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy collected in calendar year 1974;

(3) Plus, the amount of depreciation for one year on the school bus fleet computed by the department of education on a straight line basis at the rate of ten percent per year of the net cost of the fleet.

Sec. 25. Minnesota Statutes, 1973 Supplement, Section 124.223, is amended to read:

124.223 TRANSPORTATION AID AUTHORIZATION. For the 1974-1975 school year and thereafter, school transportation and related services for which state transportation aid is authorized are:

(1) Transportation or board of resident pupils who reside one mile or more from the public schools which they could attend, or transportation to, from, or between the schools they attend pursuant to a program approved by the commissioner of education, or who reside one mile or more from a private school actually attended, but only to the extent permitted by sections 123.76 to 123.79 with respect to private school pupils; provided that state transportation aid is authorized in an amount not to exceed \$700,000 annually for the transportation of any elementary pupil, if the commissioner determines that the transportation is necessary because of extraordinary traffic hazards;

(2) Transportation to or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) Transportation for residents to a state board approved secondary vocational center;

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(4) Transportation or board and lodging of a handicapped pupil when he cannot be transported on a regular school bus, and the conveying of handicapped pupils between home and school and within the school plant;

(5) Transportation of resident handicapped children persons who fulfill the eligibility requirements of Minnesota Statutes, Section 252.23 (1) to licensed daytime activity centers attended by the children—these persons ;

(6) When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(7) Services described in clauses (1) to (6) when provided in conjunction with a state board approved summer school program.

Sec. 26. Minnesota Statutes 1971, Section 124.28, Subdivision 1, is amended to read:

124.28 **GROSS EARNINGS REFUND.** Subdivision 1. When the properties of any district are made up, to the extent of at least 20 percent in value of property which is exempt from local taxation because taxes thereon are paid into the state treasury under the provisions of the gross earnings tax law, for the refund receivable in fiscal year 1974 and thereafter such district shall receive annually a refund from such gross earnings taxes in the amount that would be produced by a tax on such exempt property at three times the current tax rate for school purposes in the district including the rate for nonresident high school children levied by the county provided that any district which has 15 percent in value of such exempt property and presently receiving gross earnings refund shall continue to receive it until June 30, 1963. For the purpose of determining the amount of this refund, the value of such exempt property shall be set at 30 percent of its full and true value except that in no case shall the assessed value of said exempt property for this purpose exceed such an amount as when added to the assessed value of all other property in the district exceed \$3,000—\$9,000 per resident pupil unit. In the determination of the amounts to which districts shall be entitled in the distribution of any state aids that are based upon total valuation per pupil this valuation shall be included.

Sec. 27. Minnesota Statutes, 1973 Supplement, Section 124.30, Subdivision 2, is amended to read:

Subd. 2. For fiscal year 1974 and thereafter, no district with an assessed valuation of \$1,300—\$3,900 or more per pupil unit in average daily membership shall receive any aid under the provisions of this section. This subdivision does not apply to any district formed in accordance with the provisions of the consolidation law, in which more than 85 percent of the lands are tax exempt nor to any district with more than 30 townships in which more than 50 percent of the land in such district is tax exempt.

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Sec. 28. Minnesota Statutes 1971, Section 270.11, Subdivision 2, is amended to read:

Subd. 2. COUNTY AUDITOR'S REPORTS OF ASSESSMENT FILED WITH COMMISSIONER. The commissioner of ~~taxation-revenue~~ shall require the auditor of each county in the state to file with him, on or before August 1, each year, complete abstracts of all real and personal property in the county, as equalized by the county board of equalization, and itemized by assessment districts, accompanied by a printed or typewritten copy of the proceedings of the county board of equalization, and it shall be the duty of the county auditor to so report to the commissioner of ~~taxation~~ revenue .

The final abstract of assessments after adjustments by the state board of equalization and inclusion of any omitted property shall be submitted to the commissioner of revenue on or before January 1 of each calendar year.

Sec. 29. Minnesota Statutes, 1973 Supplement, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In 1973, a school district may levy for all general and special school purposes, an amount equal to the amount raised by the 1972 adjusted assessed valuation of the district times the number of mills, not to exceed 30, that bears the same relation to 30, as the greater sum computed pursuant to section 124.212, subdivision 7a, clause (2), bears to \$820.

(2) In 1974, a school district may levy for all general and special school purposes, an amount equal to the amount raised by the 1973 adjusted assessed valuation of the district times the number of mills, not to exceed 30, that bears the same relation to 30, as the sum of the greater sum computed pursuant to section 124.212, subdivision 7a, clause (2), and the greater of (a) one-half of the difference that results when such greater sum is subtracted from ~~\$860~~ \$875 , or (b) ~~\$40~~ \$50 , bears to ~~\$860~~ \$875 .

(3) The levy authorized by clauses (1) or (2) may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only one such election may be held in a single school year. The question on the ballot shall be whether a specific millage which will yield a specific amount based on the most recent assessed valuation may be added to that authorized by clauses (1) or (2). If approved, the amount provided by the millage applied to each year's assessed valuation shall be authorized for certification until revoked by the voters of the district at a subsequent referendum, which may be called by the school board and which shall be called by the school board upon the written petition of qualified voters of the district

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unless the petition for revocation is submitted in the same year in which a levy has been increased by the voters pursuant to this clause. A petition authorized by this clause shall be effective if signed by a number of qualified voters in excess of 15 percent, or 10 percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board unless the petition for revocation is submitted in the same year in which a levy has been increased by the voters pursuant to this clause. Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

Sec. 30. Minnesota Statutes, 1973 Supplement, Section 275.125, Subdivision 3, is amended to read:

Subd. 3. In addition to the levy authorized by section 275.125, subdivision 2a, a qualifying district may levy additional amounts as follows:

(1) The amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by clause (7)(C) of this subdivision, and for repayment of debt service loans and capital loans, the amount authorized for capital expenditures pursuant to section 124.04 and the amount authorized for liabilities of dissolved districts pursuant to section 122.45.

(2) For school transportation services, an amount not to exceed the amount raised by a levy of one mill times the adjusted assessed valuation of the taxable property of the district for the preceding year; provided that in 1973 and thereafter a district having boundaries coterminous with the boundaries of a city of the first class may levy an amount not to exceed 20 percent of its costs for transportation and related services for which state aid is authorized for the 1974-1975 school year and thereafter, and provided further that a district may levy under this clause for the annual cash payments to be made for the purchase of buses, but only for that portion of the payments not offset by state transportation aid received on account of depreciation ; and provided further that beginning with the levy certified in 1974, a district may levy for that portion of transportation costs approved by the commissioner as qualifying for aid because of extraordinary traffic hazards but for which no state aid is receivable for the current fiscal year pursuant to section 124.223, clause (1) .

(3) For purposes of the 1973 levy, collectible in 1974, any district which qualified for an extra levy under Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (4), shall be allowed to levy the same amount per pupil unit allowed by that clause. Provided, however, that a district having boundaries coterminous with the boundaries of a city of the first class which was affected by the limitation of an extra levy not to exceed 1.5 mills times the adjusted assessed valuation of

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the district shall be allowed to levy 1.9 mills. For purposes of the 1973 levy, collectible in 1974, any district which qualified for an extra levy in 1971, collectible in 1972, under Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (3) but did not qualify for an extra levy under Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (4) in 1972, collectible in 1973, shall be allowed to levy the amount per pupil unit it was qualified to levy under Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (3).

(4) In 1973 only, for a district which was authorized to levy pursuant to Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (3), but which was not authorized to levy pursuant to Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (4), an amount not to exceed the aggregate amount authorized by Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (3).

(5) ~~A district which qualified for a levy under clause (3) above shall be allowed to levy that same amount per pupil unit in 1974. For the 1974 levy, collectible in 1975, any district, in which the 1970-1971 adjusted maintenance cost per pupil unit in average daily membership was greater than \$663 per pupil unit, may levy an amount per pupil unit which is equal to or less than the difference between the 1970-1971 adjusted maintenance cost per pupil unit in average daily membership and \$663 per pupil unit, reduced by two and one-half percent. The per pupil amount of the reduction shall be rounded down to the dollar. No district may levy under this clause an amount which exceeds the sum of the levy permitted under Minnesota Statutes, 1973 Supplement, Section 275.125, Subdivision 3(3) and the amount raised by 2 mills times the adjusted assessed valuation of the taxable property of the district for the preceding year. Provided, however, that a district within-with boundaries coterminous with the boundaries of a city of the first class which was affected by the limitation of an extra levy not to exceed 1.9 mills times the adjusted assessed valuation of the district shall be allowed to levy the 1.9-2.0 mills.~~

(6) For districts in cities of the first class, maintaining post secondary vocational schools, one half mills times the adjusted assessed valuation of the taxable property of the district for the preceding year; and for other districts maintaining post secondary vocational schools, three mills times the adjusted assessed valuation of the taxable property of the district for the preceding year, provided that districts formed pursuant to Laws 1967, Chapter 822, and Laws 1969, Chapters 775 and 1060, shall be subject to the levy limitations imposed by those laws, as amended.

(7) (A) In order that the transition from existing patterns of financing public schools to the system prescribed in Extra Session Laws 1971, Chapter 31, Article 20 may be made in an orderly fashion, a district may levy an additional levy under the terms of this section.

(B) If that part of the levy certified by the school district in 1970,

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received in 1971, plus so much of the levy, allowed under subdivisions 2 and 3, sections 1 to 5 of this act, to be certified in 1971, received in 1972, as will be received between July 1, 1971 and June 30, 1972, and when added to all other state aids, local funds available and net existing local debts, exclusive of bonded debt and existing capital loans will not be sufficient to allow a district to spend an amount per pupil unit sufficient to raise its 1970-1971 adjusted maintenance cost per pupil unit by \$42 it may petition the commissioner of education for authority to levy an additional levy. Before such a levy can be made, the commissioner must authorize such a levy. Such authorization shall specify the amount of the levy, provided that such levy may not exceed .5 mills in a city of the first class or 1.5 mills in any other district times the 1970 adjusted assessed valuation of the district as determined by the equalization aid review committee.

(C) If the additional levy allowed in (B) is insufficient to raise the adjusted maintenance cost of a district to \$42 above its costs in 1970-1971 it may petition the commissioner of education for authority to issue general obligation bonds of an amount sufficient to meet the deficiency. The commissioner must authorize such a bond issue. The authorization shall specify the amount of the bond issue provided that the levy authorization to pay the principal and interest on the bonds may not exceed .5 mills in a district within a city of the first class, or 1.5 mills in any other district, times the 1970 adjusted assessed valuation of the district as determined by the equalization aid review committee. The bonds authorized by this section shall be sold and issued pursuant to the provisions of chapter 475, except as otherwise provided herein. Such bonds shall not be included in computing any debt limitation for a district and no election shall be required for their sale and issuance.

A district may not be authorized an additional levy under both (B) and (C) of this section.

(8) In 1973, and each year thereafter, for a district which has established a community school advisory council pursuant to section 121.88, whether or not the district receives reimbursement from the state pursuant to section 121.89, an amount of money raised by the greater of (A) \$1 per capita, or (B) the number of mills not to exceed the number of mills necessary in 1973 to raise \$1 per capita in 1973 for community services including summer school, nonvocational adult programs, recreation programs, and programs contemplated by sections 121.85 to 121.89.

The population of the district for purposes of this clause is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

(9) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, subdivision 8a, shall reduce the permissible levies authorized by this subdivision by 25 per-

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cent in 1973, 50 percent in 1974, 75 percent in 1975, and 100 percent for each year thereafter of that portion of the previous year's payment not deducted from foundation aid on account of the payment, unless such a levy reduction is otherwise required by law. The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies.

(10) ~~The commissioner shall certify to the county auditors any errors made in 1971 and 1972 in general and special purpose levy amounts—the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to subdivision 4 as well as adjustments to final pupil unit counts .~~

A school district shall have the right to require the commissioner to review his certification and to present evidence in support of modification of his certification.

The county auditor is authorized to adjust the 1973 levy to correct for the errors—shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may at the discretion of the school district be spread over not to exceed two calendar years .

(11) The commissioner of education shall certify to the county auditors any underlevies made in 1971 and 1972 in the transportation levy amounts. The 1971 underlevies shall be determined to be (1) the actual net costs of reimbursable transportation as reported to the department of education for the 1972-1973 school year plus the amount expended by the district to acquire school buses in 1972-1973 used for reimbursable transportation, less (2) the 1971 certified transportation levy as amended and state aids received in 1972-1973 for transportation including depreciation. Underlevies in the 1972 transportation levy shall be computed in like manner using 1973-1974 costs and state aids received in the 1973-1974 school year. The 1974 levy shall be adjusted to correct for such underlevies, provided that upon written request of the affected school board to the commissioner, the adjustment shall be prorated in the 1974 and 1975 transportation levies. No district may levy under this clause in any year an amount which exceeds the amount raised by a levy of two mills times the previous year's adjusted assessed valuation of the taxable property of the district.

(12) When a district finds it economically advantageous to rent or lease existing school buildings for instructional purposes, and the proceeds of the levy permitted under section 124.04 are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this clause shall contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this clause shall

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include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building, conformity of the lease to the laws and regulations of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner shall not authorize a levy under this clause in an amount greater than the cost to the district of renting or leasing a school building for approved purposes.

Sec. 31. Minnesota Statutes 1971, Section 275.125, Subdivision 7, is amended to read:

Subd. 7. By November 1 of each year (~~December 1, in 1971 only~~) each district shall submit to the commissioner of education ~~and the commissioner of taxation~~ a certificate of compliance with the levy limitations of this section ~~and of section 124.04~~. The commissioner of ~~taxation-education~~ shall prescribe the form of this certificate.

Sec. 32. **APPROPRIATION.** There is appropriated from the general fund of the state treasury to the department of education the following sums for the year ending June 30, 1975 and for the purposes indicated:

(1) Foundation aid..... \$5,549,000

This appropriation shall be added to the \$497,500,000 appropriated in Laws 1973, Chapter 683, Section 28, Clause (1).

(2) Transportation aid..... \$2,700,000

This appropriation shall be added to the \$51,000,000 appropriated in Laws 1973, Chapter 683, Section 28, Clause (2).

(3) Right to read..... \$200,000

This appropriation shall be added to the \$1,751,440 appropriated in Laws 1973, Chapter 768, Section 2, Subdivision 1, and shall be used solely to supplement the \$100,000 designated for the right to read program for the fiscal year ending June 30, 1975.

(4) Educational assessment..... \$100,000

This appropriation shall be added to the \$796,800 appropriated in Laws 1973, Chapter 768, Section 2, Subdivision 4, and shall be used solely for the purposes of the educational assessment program.

(5) Council on quality education..... \$250,000

This appropriation shall be used for funding early childhood identification and education programs pursuant to sections 2 to 6 of this act. No more than \$10,000 may be expended for administration of

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these programs by the council on quality education and no more than \$10,000 may be expended for evaluation of these programs.

(6) Educational television..... \$100,000

Of this appropriation an amount not to exceed \$20,000 shall be made available by the commissioner to each Minnesota member station of Midwestern Educational Television, Incorporated upon the request of the director of the member station.

Sec. 33. Sections 1, 2, 3, 4, 5, 6, 8, 9, 11, 13, 14, 15, 17, 21, 26 and 27 of this act shall be effective the day following final enactment. Section 10 of this act shall be effective following final enactment and upon the approval of a majority of the governing body of special intermediate school district no. 916 and upon compliance with Minnesota Statutes, Section 645.021, except the last sentence of section 645.021, subdivision 1, shall not apply to section 10. Section 12 of this act shall be effective the day following final enactment for the biennium ending June 30, 1975 and shall expire June 30, 1975.

Sec. 34. Minnesota Statutes 1971, Section 124.13, is repealed.

Approved April 11, 1974.

CHAPTER 522—H.F.No.3002

An act relating to motor vehicles; interstate registration and reciprocity, withdrawal of vehicle from fleet; refund; amending Minnesota Statutes 1971, Section 168.187, Subdivision 15.

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

Section 1. Minnesota Statutes 1971, Section 168.187, Subdivision 15, is amended to read:

Subd. 15. MOTOR VEHICLES; INTERSTATE REGISTRATION AND RECIPROCITY; WITHDRAWAL OF FLEET, CREDITS, AND ACCOUNTING. If any vehicle is withdrawn from a proportionally registered fleet during the period for which it is registered, the owner of such fleet shall so notify the commissioner of public safety. The commissioner of public safety may require the owner to surrender cab cards and such other identification devices with respect to such vehicle. If a vehicle is permanently withdrawn from a proportionally registered fleet because it has been destroyed, sold or otherwise completely removed from the service of the owner, the unused portion of the fees paid with respect to such vehicle shall be applied against liability of such owner for subsequent additions to such fleet during such registration year or for additional fees upon audit. If at the end of such regis-

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