

not include interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of property on a family farm security loan executed after December 31, 1977 and before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60.

Sec. 4. This act is effective for interest received during taxable years beginning after December 31, 1977 on loans executed after December 31, 1977 and before January 1, 1982.

Approved April 5, 1978.

CHAPTER 764-H.F.No.1885

[Coded in Part]

An act relating to education; providing for aids to education, tax levies and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, the commissioner of education, the state board of education, the state board for vocational education, county auditors, teachers and school bus contractors; allowing certain fees; revising provisions governing school district reorganization; increasing the foundation aid and special education aid formulas; establishing formulas for certain transportation and secondary vocational education programs; increasing incentives for teacher mobility; authorizing certain expenditures; transferring certain appropriated sums; appropriating money; amending Minnesota Statutes 1976, Sections 6.62, Subdivision 1; 120.17, Subdivisions 3, 9 and by adding a subdivision; 120.64, Subdivision 4; 120.73, by adding a subdivision; 121.21, Subdivision 6; 121.216; 121.904, Subdivision 7 and by adding a subdivision; 122.22, Subdivisions 2, 9, 14 and by adding a subdivision; 122.23, Subdivisions 2, 3, 6, 13, 15, 16 and 18; 123.34, Subdivisions 4 and 8; 123.37, Subdivisions 1b, 3 and 4; 123.39, by adding subdivisions; 124.15, Subdivisions 2 and 6; 124.17, Subdivision 3 and by adding a subdivision; 124.20; 124.212, Subdivision 20 and by adding subdivisions; 124.222, by adding a subdivision; 124.563, Subdivision 2; 124.74; 124.76; 125.12, Subdivisions 6a and 6b; 125.185, Subdivision 4 and by adding a subdivision; 126.12; 127.25, Subdivisions 1, 2 and by adding a subdivision; 127.29, Subdivision 1; 127.30, Subdivision 1; 128A.02, by adding subdivisions; 128A.03, Subdivision 2; 134.03; 179.70, Subdivision 1; 275.125, Subdivisions 15, 16, 18 and by adding a subdivision; 275.48; 298.39; 298.396; 471.16, Subdivision 16 and by adding a subdivision; 475.60, Subdivision 2; Chapters 120, by adding a section; 122, by adding sections; 124, by adding a section; Minnesota Statutes, 1977 Supplement, Sections 121.16, Subdivision 1; 121.912, Subdivision 1; 122.85, Subdivisions 1 and 6; 124.17, Subdivisions 1 and 2; 124.19, Subdivision 1; 124.212, Subdivisions 5a, 7b and 8a; 124.213, Subdivisions 1 and 2; 124.214; 124.222, Subdivision 6; 124.223; 124.32, Subdivisions 1, 1a, 1b, 5 and 7; 124.38, Subdivision 7; 124.562, Subdivision 1; 124.563, Subdivision 1; 124.572, Subdivisions 2 and 3; 124.573, Subdivisions 2, 3 and by adding a subdivision; 125.60, Subdivisions 2, 3 and by adding subdivisions; 125.61, Subdivisions 1, 2, 3, 4, 6 and by adding a subdivision; 176.011, Subdivision 9; 275.07; 275.124; 275.125, Subdivisions 2a, 4, 9, 11a and 13; 298.28, Subdivision 1; 354.094, Subdivisions 1 and 4; 354.66, Subdivisions 1 and 9; 354A.091, Subdivision 4; 354A.22, Subdivisions 1 and 9; Laws 1967, Chapter 33, by adding a section; Chapter 822, Section 7, as amended; Laws 1969, Chapter 775, Section 4, Subdivision 1 and

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Subdivision 2, as amended; Chapter 1060, Section 7, as amended; Laws 1971, Chapter 722, Section 1, as amended; Laws 1977, Chapter 85, Section 1; repealing Minnesota Statutes 1976, Sections 120.065; 120.07; 122.46, Subdivision 2; 122.53; 124.02; 124.16; Minnesota Statutes, 1977 Supplement, Sections 123.39, Subdivision 5a; 124.213; 125.61, Subdivision 5; and 128A.06.

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

Section 1. Minnesota Statutes 1976, Section 6.62, Subdivision 1, is amended to read:

6.62 POST-AUDIT; TAX LEVY. Subdivision 1. **LEVY OF TAX.** Counties, cities, ~~and~~ towns; ~~and school districts~~ are authorized, if necessary, to levy, over and above tax levy limitations for other governmental purposes, an amount sufficient to pay the expense of a post-audit by the state auditor.

A school district is authorized to levy an amount sufficient to pay for the expense of a post-audit by the state auditor if the audit is performed at the discretion of the state auditor pursuant to section 6.51 or if the audit has been requested through a petition by freeholders pursuant to section 6.54. A school district is not authorized to levy these amounts if the post-audit by the state auditor is requested by the school board pursuant to section 6.55.

Sec. 2. Minnesota Statutes 1976, Chapter 120, is amended by adding a section to read:

[120.075] Any pupil who, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, was enrolled on January 1, 1978, in a school district of which he was not a resident may continue in enrollment in that district. This provision shall also apply to any brother or sister of that enrolled pupil who is related to that pupil by blood, adoption or marriage and to any foster child of that pupil's parents. The enrollment of that pupil or of the other qualified members of his family shall remain subject to the provisions of those sections as they read on January 1, 1978. Any district which had a pupil enrolled on January 1, 1978, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, shall report this fact to the commissioner prior to August 15, 1978.

Sec. 3. Minnesota Statutes 1976, Section 120.17, Subdivision 3, is amended to read:

Subd. 3. RULES OF THE STATE BOARD. The state board shall promulgate rules relative to qualifications of essential personnel, courses of study or training, methods of instruction and training, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation and any other rules and standards it deems necessary, for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children.

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Sec. 4. Minnesota Statutes 1976, Section 120.17, is amended by adding a subdivision to read:

Subd. 4a. ATTENDANCE IN ANOTHER DISTRICT. No resident of a district who is eligible for special instruction and services pursuant to this section shall be denied provision of this instruction and service because he attends a public school in another school district pursuant to section 123.39, subdivision 5, if his attendance is not subject to section 120.065 or 123.39, subdivision 5a. If the pupil attends a public school located in a contiguous district and the district of attendance does not provide special instruction and services, the district of residence shall provide necessary transportation for the pupil between the boundary of the district of residence and the educational facility where special instruction and services are provided within the district of residence. The district of residence may provide necessary transportation for the pupil between its boundary and the school attended in the contiguous district, but shall not pay the cost of transportation provided outside the boundary of the district of residence.

Sec. 5. Minnesota Statutes 1976, Section 120.17, Subdivision 9, is amended to read:

Subd. 9. SPECIAL INSTRUCTION. After August 15, 1977, No resident of a district who is eligible for special instruction and services pursuant to this section shall be denied provision of this instruction and service on a shared time basis because of attendance at a nonpublic school defined in section 123.932, subdivision 3. Nothing in this subdivision shall be construed to prevent any school district from providing special instruction and services pursuant to section 120.17 on a shared time basis prior to August 15, 1977. If a resident handicapped pupil attends a nonpublic school located within his district of residence, the district shall provide necessary transportation for that pupil within the district between the nonpublic school and the educational facility where special instruction and services are provided on a shared time basis. If a resident handicapped pupil attends a nonpublic school located in a district contiguous to his district of residence and if no agreement exists pursuant to section 124.212, subdivision 9, clause (c) or (d), for the provision of special instruction and services on a shared time basis to that pupil by the district of attendance, the district of residence shall provide necessary transportation for that pupil between the boundary of the district of residence and the educational facility where the special instruction and services are provided within the district of residence. The district of residence may provide necessary transportation for that pupil between its boundary and the nonpublic school attended, but the nonpublic school shall pay the cost of transportation provided outside the district boundary.

Sec. 6. Minnesota Statutes 1976, Section 120.64, Subdivision 4, is amended to read:

Subd. 4. Any school district operating a flexible school year program shall enter into one contract governing the entire school year with each teacher employed in a flexible program. If individual teachers contract to teach less than a period of 175 days during a school year, each 175 days of employment accrued during any five year period after the adoption of a flexible year program shall be deemed consecutive and shall constitute a full year's employment for purposes of establishing and retaining continuing contract rights to a full school year position pursuant to sections 125.12, subdivisions 3 and 4, and 125.17, subdivisions 2 and 3. A teacher who has not been discharged or

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advised of a refusal to renew his contract by ~~April 1~~ of the applicable date, as specified in section 125.12 or 125.17, in the year in which he will complete the requisite number of days for securing a continuing contract shall have a continuing full school year contract with the district.

Sec. 7. Minnesota Statutes 1976, Section 120.73, is amended by adding a subdivision to read:

Subd. 2a. Students may be required to furnish their own transportation to and from an instructional community-based employment station which is part of an approved occupational experience secondary vocational program. As an alternative, a school board may require the payment of reasonable fees for transportation to and from these instructional community-based employment stations. This subdivision shall only be applied to students who receive remuneration for their participation in these programs.

Sec. 8. Minnesota Statutes, 1977 Supplement, Section 121.16, Subdivision 1, is amended to read:

121.16 COMMISSIONER OF EDUCATION. Subdivision 1. The department shall be under the administrative control of the commissioner of education which office is established. The commissioner shall be the secretary of the state board. He shall be appointed by the state board with the approval of the governor under the provisions of section 15.06. For purposes of section 15.06, the board shall be the appointing authority.

The commissioner shall be a person who possesses educational attainment and breadth of experience in the administration of public education and of the finances pertaining thereto commensurate with the spirit and intent of this code. Notwithstanding any other law to the contrary, the commissioner may appoint two deputy commissioners who shall serve in the unclassified service. The commissioner shall also appoint other employees as may be necessary for the organization of the department. He shall perform such duties as the law and the rules of the state board may provide and be held responsible for the efficient administration and discipline of the department. He shall make recommendations to the board, and he shall be charged with the execution of powers and duties which the state board may prescribe, from time to time, to promote public education in the state, to safeguard the finances pertaining thereto, and to enable the state board to carry out its duties.

Sec. 9. Minnesota Statutes 1976, Section 121.21, Subdivision 6, is amended to read:

Subd. 6. The state board for vocational education shall promulgate, pursuant to chapter 15, such rules ~~and regulations~~ governing the operation and maintenance of schools so classified as will afford the people of the state an equal opportunity to acquire public vocational and technical education. Rules relating to post-secondary vocational-technical education shall not incorporate the provisions of the state plan for vocational education by reference.

The rules shall provide for, but are not limited to, the following:

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(a) The area to be served by each school, which may include one or more districts or parts thereof;

(b) Curriculum and standards of instruction and scholarship;

(c) Attendance requirements, age limits of trainees, Minnesota non-resident attendance, and the determination of the actual costs of providing individual programs, and attendance for which no tuition shall be charged; all to be determined in accordance with the provisions of sections 124.561 to 124.565;

(d) The distribution and apportionment to the local districts of all funds, whether state or federal or other funds, which may be made available to the state board for vocational education for carrying out the purposes of post-secondary vocational-technical education in accordance with law and the approved state plan for vocational education;

(e) Transportation requirements and payment of aid therefor; and

(f) Payment by the state board of tuition to school districts or post-secondary vocational-technical schools in another state; and

(g) General administrative matters.

Sec. 10. Minnesota Statutes 1976, Section 121.216, is amended to read:

121.216 VOCATIONAL-TECHNICAL INSTITUTES; STUDENT ASSOCIATIONS. Every school board governing an area vocational technical institute shall give recognition as an authorized extracurricular activity to an area vocational-technical institute student association affiliated with the Minnesota vocational-technical student association. The student association is authorized to collect a reasonable ~~voluntary~~ fee from students to finance the activities of the association in an amount determined by each ~~association after consultation with~~ the governing board of the area vocational-technical institute which has recognized it. ~~No student shall be obligated to pay the fee or be excluded from the association's activities because of failure to pay the fee.~~

Every governing body which recognizes a student association shall deposit the fees in a student association fund. The moneys in this fund shall be available for expenditure for student recreational, social, welfare, and educational pursuits supplemental to the regular curricular offerings.

Sec. 11. Minnesota Statutes 1976, Section 121.904, Subdivision 7, is amended to read:

Subd. 7. Summer school aids shall be recognized as revenues and recorded as receivables during the in proportion to the total number of summer school days in each fiscal year in which ~~the a~~ summer school session ends occurs; provided that nothing in this subdivision shall be construed to provide for a different rate of aid than that provided in section 124.20.

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Sec. 12. Minnesota Statutes 1976, Section 121.904, is amended by adding a subdivision to read:

Subd. 11a. Beginning with payments received in fiscal year 1978, revenues received pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax on severed mineral values or any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties, shall be recognized as revenue in the school year received.

Sec. 13. Minnesota Statutes 1976, Section 121.904, is amended by adding a subdivision to read:

Subd. 11b. (1) Each district affected by the provisions of section 12 of this act shall account for and expend according to the provisions of this subdivision the total amount by which its 1976 payable 1977 and its 1977 payable 1978 permissible levies pursuant to section 275.125 were reduced on account of payments pursuant to sections 294.21 or 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties. Notwithstanding the provisions of section 124.212, subdivision 8a, clause (2) and the provisions of section 275.125, subdivision 9, clause (2) or any other law to the contrary, this total amount shall not be applied to reduce the foundation aid which the district is entitled to receive pursuant to section 124.212 or again be applied to reduce the permissible levies of the district.

(2) The lesser of the amount in (1) or an amount equal to \$200 times the pupil units in the district computed pursuant to section 124.17 for the 1977-1978 school year shall be reflected in an "appropriated fund balance reserve account for current use of taconite payments" which shall be established in the general fund. Each school year, beginning in 1978-1979, each affected district shall transfer an amount equal to \$20 times the number of pupil units in the district in 1977-1978 out of this account into other operating accounts in the general fund, until the amount transferred equals the amount originally reflected in the reserve account; provided that in the last year in which the district is required to make this transfer, it shall transfer the balance of the reserve account, not to exceed an amount equal to \$20 times the number of pupil units in the district in 1977-1978. Notwithstanding the provisions of section 121.917, each affected district may use the amount so transferred each year to increase its expenditures above the amount it would otherwise be authorized to expend in that school year.

(3) Of the amount in (1), any amount not reflected in the account established pursuant to clause (2) shall be reflected in the district's appropriated fund balance reserve account for purposes of reducing statutory operating debt, if the district has established this account pursuant to section 275.125, subdivision 9a. The June 30, 1977 statutory operating debt of the district shall be reduced by the amount so reflected and shall be recertified accordingly by the commissioner.

(4) Notwithstanding the provisions of section 121.912, any portion of the amount in (1) remaining after the application of clauses (2) and (3) shall be transferred to the

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district's capital expenditure fund.

Sec. 14. Minnesota Statutes, 1977 Supplement, Section 121.912, Subdivision 1, is amended to read:

121.912 PERMANENT FUND TRANSFERS. Subdivision 1. After July 1, 1977, no school district shall permanently transfer money from an operating fund to a nonoperating fund ; ~~provided, however, that~~ except as provided in this subdivision. Permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year ~~and~~. Permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. Permanent transfers may be made from the general fund to the capital expenditure fund of a post-secondary vocational-technical school in the amount and for the purposes authorized by the state board for vocational education in approving the school's budget pursuant to section 124.561; provided, the state board shall not approve any permanent transfer for the purpose of the acquisition or betterment of lands or buildings or capital improvements needed for a post-secondary vocational-technical school, for which the district is required to obtain the approval of the state board or authorization by specific legislative act pursuant to section 121.21, subdivision 4.

Sec. 15. Minnesota Statutes 1976, Section 122.22, Subdivision 2, is amended to read:

Subd. 2. Proceedings under this section may be instituted by:

(a) Resolution of the county board of the county containing the greatest land area of the district proposed for dissolution when such district ~~has held no school within the district for two years and has made no provision for the education of its pupils for two years or when any district has had no children of school age for a period of five years is dissolved pursuant to sections 122.32 to 122.52.~~

(b) Petition executed by a majority of the resident freeholders of the district proposed for dissolution addressed to the county board of the county containing the greatest land area of the district.

(c) Certification by the clerk of the district proposed for dissolution to the county board of the county containing the greatest land area of the district to the effect that a majority of votes cast at an election were in favor of dissolving the district.

Sec. 16. Minnesota Statutes 1976, Section 122.22, Subdivision 9, is amended to read:

Subd. 9. An interlocutory order issued under subdivision 8, clause (b) shall contain:

(a) A statement that the dissolution of the district is proposed.

(b) A description, by words or plat or both showing proposed disposition of ~~Changes~~ or additions indicated by underline deletions by ~~strikeout~~

territory in the district to be dissolved.

(e) A statement showing the proposed distribution of the current assets and liabilities of the district to be dissolved, real and personal. If the order provides for the transfer of an interest in real estate to a district, the order may also impose a dollar amount as a claim against that district in favor of other districts which claim shall be paid and enforced in the manner provided by law for the payment of judgments against a district.

(d) (c) The outstanding bonded debt of the district to be dissolved.

(e) (d) A proposed effective date of the order ~~not later than~~. The effective date shall be at least three months after the date of the order, and shall be July 1 next following its issuance but not less than 45 days from of an odd-numbered year date of the order.

(f) (e) Such other information as the county board may desire to include.

The auditor shall within ten days from its issuance serve a copy of the interlocutory order by mail upon the clerk of the district proposed for dissolution and upon the clerk of each district to which it is proposed to attach any territory by the order and upon the auditor of each other county in which all or any part of the district proposed for dissolution or any district to which it is proposed to attach territory lies, and upon the commissioner.

Sec. 17. Minnesota Statutes 1976, Section 122.22, Subdivision 14, is amended to read:

Subd. 14. The results of each election shall be certified by the board to the auditor. If a majority of all votes cast on each question at the election approve the interlocutory order and favor the assumption of the debt, the interlocutory order becomes final and effective as of ~~the date of the election or~~ the date specified in the order ~~whichever is later~~. Each person served with the interlocutory order shall be so notified.

Sec. 18. Minnesota Statutes 1976, Section 122.22, is amended by adding a subdivision to read:

Subd. 20. If the dissolved district is not divided by the order of dissolution and attachment, all of its current assets and liabilities, real and personal, and all its legally valid and enforceable claims and contract obligations shall pass to the district to which it is attached, except as provided in section 122.532. If the district to be dissolved is divided by the interlocutory order of dissolution and attachment, the commissioner shall, within 30 days after the interlocutory order is issued, issue his order for the distribution of its current assets and liabilities, real and personal. If the commissioner's order provides for the transfer of an interest in real estate to a district, this order may also impose a dollar amount as a claim against that district in favor of other districts and this claim shall be paid and enforced in the manner provided by law for the payment of judgments against a district. The obligations of districts to the teachers employed by the dissolved district shall be governed by the provisions of section 122.532.

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Sec. 19. Minnesota Statutes 1976, Section 122.23, Subdivision 2, is amended to read:

Subd. 2. Upon a resolution of a school board in the area proposed for consolidation or upon receipt of a petition therefor executed by 25 percent of the voters resident in the area proposed for consolidation or by 50 such voters, whichever is lesser, the county auditor of the county which contains the greatest land area of the proposed new district shall forthwith cause a plat to be prepared. The resolution or petition shall show the approximate area proposed for consolidation. The resolution or petition may propose either that the bonded debt of the component districts will be paid according to the levies previously made for that debt under chapter 475, as provided in subdivision 16a, or that the taxable property in the newly created district will be taxable for the payment of the bonded debt previously incurred by any component district as provided in subdivision 16b. The resolution or petition may also propose that the board of the newly created district consist of seven members, and may also propose the establishment of separate election districts from which school board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts. If more than one request for a plat is received by a county auditor and the requests involve parts of identical districts, he shall forthwith prepare a plat which in his opinion best serves the educational interests of the inhabitants of the districts or areas affected. The plat shall show:

(a) Boundaries of the proposed district, as determined by the county auditor, and present district boundaries,

(b) The location of school buildings in the area proposed as a new district and the location of school buildings in adjoining districts,

(c) The boundaries of any proposed separate election districts, in accordance with the provisions of section 123.32, and

(d) Other pertinent information as determined by the county auditor.

Sec. 20. Minnesota Statutes 1976, Section 122.23, Subdivision 3, is amended to read:

Subd. 3. A supporting statement to accompany the plat shall be prepared by the county auditor. The statement shall contain:

(a) The adjusted assessed valuation of property in the proposed district,

(b) If a part of any district is included in the proposed new district, the adjusted assessed valuation of the property and the approximate number of pupils residing in the part of the district included shall be shown separately and the adjusted assessed valuation of the property and the approximate number of pupils residing in the part of the district not included shall also be shown,

(c) The reasons for the proposed consolidation, " including a statement that at the

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time the plat is submitted to the state board of education, no proceedings are pending to dissolve any district involved in the plat unless all of the district to be dissolved and all of each district to which attachment is proposed is included in the plat. "

(d) A statement showing that the jurisdictional fact requirements of subdivision 1 are met by the proposal,

(e) Any proposal contained in the resolution or petition regarding the disposition of the bonded debt of component districts,

~~(e)~~ (f) Any other information the county auditor desires to include, and

~~(f)~~ (g) The signature of the county auditor.

Sec. 21. Minnesota Statutes 1976, Section 122.23, Subdivision 6, is amended to read:

Subd. 6. The state board shall, upon receipt of a plat, forthwith examine it and approve, modify or reject it. The state board shall also approve or reject any proposal contained in the resolution or petition regarding the disposition of the bonded debt of the component districts. If the plat shows the boundaries of proposed separate election districts and if the state board modifies the plat, the state board shall also modify the boundaries of the proposed separate election districts. Prior thereto the state board or a member thereof or the commissioner or assistant commissioner as designated by the state board shall conduct a hearing at the nearest county seat in the area upon reasonable notice to the affected districts and county boards if requested within 20 days after submission of the plat. Such a hearing may be requested by the board of any affected district, a county board of commissioners, or the petition of 20 resident voters living within the area proposed for consolidation. ~~†~~ The state board shall endorse thereon on the plat its action regarding any proposal for the disposition of the bonded debt of component districts and its reasons for its actions and within 60 days of the date of the receipt of the plat, it shall return it to the county auditor who submitted it. He ~~The state board~~ shall furnish a copy of that plat, and the supporting statement and his its endorsement to the auditor of each county containing any land area of the proposed new district. If land area of a particular county was included in the plat, as submitted by the county auditor, and all of such land area is excluded in the plat as modified and approved, the state board shall also furnish a copy of the modified plat, supporting statement, and his its endorsement to the auditor of such county.

Sec. 22. Minnesota Statutes 1976, Section 122.23, Subdivision 13, is amended to read:

Subd. 13. If a majority of the votes cast on the question at the election approve the consolidation, and if the necessary approving resolutions of boards entitled to act on the plat have been adopted, the county auditor shall, within ten days of the election or of the expiration of the period during which an election can be called, issue his order setting a date ~~not later than July 1 next following the election~~ for the effective date of the change. The effective date shall be at least three months after the day when the date must be set,

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and shall be July 1 of an odd-numbered year. He shall mail or deliver a copy of such order to each auditor holding a copy of the plat and to the clerk of each district affected by the order and to the commissioner. If the election fails, the proceedings are terminated and the county auditor shall so notify the commissioner and the auditors and the clerk of each school district affected.

Sec. 23. Minnesota Statutes 1976, Section 122.23, Subdivision 15, is amended to read:

Subd. 15. If no district is divided by virtue of the proceedings, all of the assets, real and personal, of the districts involved and all legally valid and enforceable claims and contract obligations of the districts pass to the new district, except as provided in section 122.532. If a district is divided by virtue of the proceedings, upon receipt of the order of the commissioner, the auditor of the county containing the greatest land area of the new district shall present a copy of the plat and supporting statement and orders issued in the proceedings to the commissioner, together with such information as is available to him concerning the assets and liabilities not secured by bonds of each district, any part of which is included in the newly created district. Thereafter within 30 days the commissioner shall issue his order providing for a division of the assets and liabilities of the districts involved and apportioning and dividing these assets and liabilities according to such terms as he may deem just and equitable. In making this division of assets and liabilities, the commissioner may consider the amount of bonded debt to be assumed by property in each area under the provisions of this section. If the order of consolidation transfers any real estate interest to the new district or to another district, the order apportioning assets and liabilities may impose a dollar claim on the district receiving the real estate in favor of any other district involved in an amount not exceeding the reasonable value of the real estate interest involved, which claim shall be paid in the manner provided by law for the enforcement of judgments.

Sec. 24. Minnesota Statutes 1976, Section 122.23, Subdivision 16, is amended to read:

Subd. 16. As of the effective date of the consolidation, the bonded debt of all component districts shall be paid according to the plan for consolidation proposed in the approved plat, pursuant to the provisions of subdivision 16a or 16b, as applicable.

Subd. 16a. If the plan for consolidation so provides, the bonded debt of all component districts shall be paid according to levies previously made for that debt under chapter 475. In this case, the obligation of the taxable property in the component districts with reference to the payment of such bonded debt is not affected by the consolidation.

Subd. 16b. If the plan for consolidation so provides or makes no provision for the disposition of bonded debt, all the taxable property in the newly created district is taxable for the payment of any bonded debt theretofore incurred by any component district in the proportion which the assessed valuation of that part of a pre-existing district which is included in the newly created district bears to the assessed valuation of the entire pre-existing district as of the time of the consolidation. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the county

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~~board commissioner~~ dividing the assets and liabilities of the component parts. This subdivision shall not relieve any property from any tax liability for payment of any bonded obligation but taxable property in the newly created district becomes primarily liable for the payment of bonded debts to the extent of the proportion stated.

Subd. 16c. The board of the newly created district, when constituted as provided in subdivision 17, may provide for an election of that district on the issuance of bonds, and may issue and sell bonds authorized at such an election, or bonds authorized at an election previously held in any pre-existing district wholly included within the newly created district, or bonds for a purpose for which an election is not required by law. Such actions may be taken at any time after the date of the county auditor's order issued under subdivision 13, and before or after the date upon which the consolidation becomes effective for other purposes, and taxes for the payment of any such bonds shall be levied upon all taxable property in the newly created district; except that no bonds shall be delivered to purchasers until 30 days after the date of the county auditor's order. If within this period a notice of appeal from the county auditor's order to the district court is filed in accordance with section 127.25, no bonds shall be delivered by the newly created district to purchasers until and unless the county auditor's order is affirmed by final order of the district court in such special proceeding, and a period of 30 days from the service of such final order expires without an appeal to the supreme court being commenced or, if an appeal is taken, the order is affirmed by the supreme court; except that if all of the territory of one and only one independent district maintaining a secondary school is included in the newly created district, and if the assessed valuation of taxable property in such territory comprises 90 percent or more of the assessed valuation of all taxable property in the newly created district, the board may issue, sell, and deliver any bonds voted by the pre-existing independent district and any bonds voted or otherwise authorized by the newly created district, notwithstanding the pendency of any such appeal, and such bonds shall be paid by the levy of taxes upon the property within the territory of the pre-existing independent district and within such other areas, if any, as may be finally determined to be properly included within the newly created district. In any election held in the newly created district as authorized in the preceding sentence, all qualified electors residing within the area of that district as defined in the county auditor's order shall be entitled to vote, but the votes cast by residents of former districts or portions of former districts included in such area, other than the independent district maintaining the secondary school, shall be received and counted separately; and the bonds shall not be issued and sold unless authorized by a majority of the votes cast thereon by electors of the independent district maintaining the secondary school, and also by a majority of the votes cast thereon by electors residing within the entire area of the newly created district.

Sec. 25. Minnesota Statutes 1976, Section 122.23, Subdivision 18, is amended to read:

Subd. 18. (a) If no board is provided for under the foregoing provision, upon receipt of the assigned identification number, the county auditor shall determine a date, not less than 20 nor more than 60 days from the date of the receipt by him of the assigned identification number, upon which date shall be held a special election in the district for the purpose of electing a board of six members for terms as follows: two until the July

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following the next annual election 1 one year after the effective date of the consolidation, two until the expiration of one year from said July 1, and two until the expiration of two years from said July 1, to hold office until a successor is elected and qualifies according to provisions of law governing the election of board members in independent districts. If the resolution or petition for consolidation pursuant to subdivision 2 proposed that the board of the newly created district consists of seven members, then seven members shall be elected at this election for the terms provided in this clause except that three members shall hold office until the expiration of two years from said July 1. If the resolution or petition for consolidation pursuant to subdivision 2 proposed the establishment of separate election districts, these members shall be elected from separate election districts according to the provisions of that resolution or petition and of section 123.32.

(b) The county auditor shall give ten days' posted notice of election in the area in which the election is to be held and also if there be a newspaper published in the proposed new district, one weeks' published notice shall be given. The notice shall specify the time, place and purpose of the election.

(c) The county may pay the election judges not to exceed \$1 per hour for their services.

(d) Any person desiring to be a candidate for a school election shall file an application with the county auditor to have his name placed on the ballot for such office, specifying the term for which the application is made. The application shall be filed not less than 12 days before the election.

(e) The county auditor shall prepare, at the expense of the county, necessary ballots for the election of officers, placing thereon the names of the proposed candidates for each office. The ballots shall be marked and signed as official ballots and shall be used exclusively at the election. The county auditor shall determine the number of voting precincts and the boundaries of each. He shall determine the location of polling places and the hours the polls shall be open. He shall appoint three election judges for each polling place who shall act as clerks of election. Election judges shall certify ballots and results to the county auditor for tabulation and canvass.

(f) Upon canvass and tabulation by the county auditor he shall issue a certificate of election to the candidate for each office who received the largest number of votes cast for the office. He shall deliver such certificate to the person entitled thereto by registered mail, and each person so certified shall file an acceptance and oath of office with the county auditor within 30 days of the date of mailing of the certificate. A person who fails to qualify prior to the time specified shall be deemed to have refused to serve, but such filing may be made at any time before action to fill vacancy has been taken.

(g) The board of each district included in the new enlarged district shall continue to maintain school therein until ~~July 1 next following,~~ but the effective date of the consolidation. Such boards shall have power and authority only to make such contracts ~~and,~~ to do such things as are necessary to maintain properly the schools for the period ~~they may be in session~~ prior to ~~said first day of July that date, and to certify to the county auditor according to levy limitations applicable to the component districts the taxes~~

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collectible in the calendar year when the consolidation becomes effective.

(h) It shall be the immediate duty of the newly elected board of the new enlarged district, when the members thereof have qualified and the board has been organized, to plan for the maintenance of the school or schools of the new district for the next school year ~~and~~, to enter into the necessary negotiations and contracts for the employment of personnel, purchase of equipment and supplies, and other acquisition and betterment purposes ~~and~~, when authorized by the voters to issue bonds under the provisions of chapter 475; and on ~~said July 1~~ the effective date of the consolidation to assume the full duties of the care, management and control of the new enlarged district. The board of the *new enlarged district shall give due consideration to the feasibility of maintaining such existing attendance centers and of establishing such other attendance centers, especially in rural areas, as will afford equitable and efficient school administration and assure the convenience and welfare of the pupils residing in the enlarged district.* The obligations of the new board to teachers employed by component districts shall be governed by the provisions of section 122.532.

Sec. 26. Minnesota Statutes 1976, Chapter 122, is amended by adding a section to read:

[122.531] LEVY LIMITATIONS OF REORGANIZED DISTRICTS. Subdivision 1. As of the effective date of the involuntary dissolution of a district and its attachment to one or more existing districts pursuant to sections 122.32, or 122.41 to 122.52, the authorization for any referendum levy previously approved by the voters of the dissolved district in that district pursuant to section 275.125, subdivision 2a, clause (4), or its predecessor or successor provision, is cancelled. The authorization for any referendum levy previously approved by the voters of a district to which all or part of the dissolved district is attached shall not be affected by the attachment and shall apply to the entire area of the district as enlarged by the attachment.

Subd. 2. As of the effective date of a consolidation pursuant to section 122.23 or the voluntary dissolution of a district and its attachment to one or more existing districts pursuant to section 123.22, the authorization for all referendum levies previously approved by the voters of all affected districts for those districts pursuant to section 275.125, subdivision 2a, clause (4), or its predecessor or successor provision, is cancelled. However, if all of the territory of any independent district is included in the newly created district, and if the adjusted assessed valuation of taxable property in that territory comprises 90 percent or more of the adjusted assessed valuation of all taxable property in a newly created or enlarged district, the board of the newly created or enlarged district may levy the increased amount previously approved by a referendum in the pre-existing independent district upon all taxable property in the newly created or enlarged district. Any new referendum levy shall be certified only after approval is granted by the voters of the entire newly created or enlarged district in an election pursuant to section 275.125, subdivision 2a, clause (4), or its successor referendum provision.

Subd. 3. (1) In the year when any consolidation of districts or dissolution of a district and its attachment to one or more existing districts pursuant to chapter 122 becomes effective, any newly created or enlarged district may levy an amount per pupil

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unit which is equal to the sum of the products of the amounts per pupil unit levied pursuant to section 275.125, subdivision 6 or 7, in each component district in the previous year times the number of pupil units from that component district who are enrolled in the newly created or enlarged district in the year of the levy, divided by the total number of pupil units in the newly created or enlarged district in the year of the levy.

(2) In each year thereafter, the newly created or enlarged district may levy the same amount per pupil unit as allowed by clause (1).

(3) The provisions of section 275.125, subdivision 6 or 7, shall not apply to any district affected by the provisions of this subdivision.

(4) For purposes of computing allowable levies under this subdivision, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (6) and (7).

Subd. 4. As of the effective date of a consolidation of districts or the dissolution of a district and its attachment to one or more existing districts pursuant to chapter 166, and subject to the conditions of section 275.125, subdivision 9a, all the taxable property which is in the newly created or enlarged district and which was previously taxable for the payment of any statutory operating debt theretofore incurred by any pre-existing district of which the taxable property was a part prior to the consolidation or dissolution and attachment shall remain taxable for the payment of that debt and shall not become taxable for the payment of any statutory operating debt theretofore incurred by any pre-existing district of which the taxable property was not a part prior to the consolidation or dissolution and attachment. The amount of statutory operating debt attributable to that taxable property and to the newly created or enlarged district in which it is located, and the amount of a pre-existing district's appropriated fund balance reserve account for purposes of reducing statutory operating debt attributable to the newly created or enlarged district, shall be apportioned according to the proportion which the adjusted assessed valuation of that part of the pre-existing district bears to the total adjusted assessed valuation of the entire pre-existing district at the time of the consolidation or dissolution and attachment. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the commissioner dividing the assets and liabilities of the component districts. As used in this section, "statutory operating debt" shall have the meaning given it in section 121.914.

Sec. 27. Minnesota Statutes 1976, Chapter 122, is amended by adding a section to read:

[122.532] EMPLOYEES OF REORGANIZED DISTRICTS. Subdivision 1. For purposes of this section, the term "teacher" shall have the meaning attributed to it in section 125.12, subdivision 1.

Subd. 2. As of the effective date of any consolidation or the dissolution of any district and its attachment to one or more existing districts, each teacher employed by an affected district shall be assigned to the newly created or enlarged district in which is located the building where that teacher was primarily employed prior to the consolidation

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or dissolution and attachment.

Subd. 3. The organization certified as the exclusive bargaining representative for the teachers in the particular pre-existing district which employed the largest proportion of the teachers who are assigned to a new employing district according to subdivision 2 shall be certified as the exclusive bargaining representative for the teachers assigned to that new employing district, until that organization is decertified or another organization is certified in its place pursuant to sections 179.61 to 179.77. If no new contract has been executed as of the effective date of the consolidation or dissolution and attachment, the terms and conditions of employment of teachers assigned to the new employing district shall be temporarily governed by the contract executed by that exclusive bargaining representative and that particular pre-existing district, until a new contract is executed between the newly elected board or the board of the district to which a dissolved district is attached and the exclusive bargaining representative. For purposes of negotiation of a new contract with the board of the new employing district and the certification of an exclusive bargaining representative for purposes of that negotiation, the teachers assigned to that district shall be considered an appropriate unit of employees of that district as of the date the county board orders its interlocutory order of dissolution and attachment to be final and effective or as of the date the commissioner assigns an identification number to a new district created by consolidation. During the school year before the consolidation becomes effective, the newly elected board or the board of the district to which a dissolved district is attached, may place teachers assigned to it on unrequested leave of absence as provided in section 125.12 according to: (a) a plan negotiated in a new master contract between it and the exclusive bargaining representative of the teachers assigned to it, or (b) if no such plan exists, an applicable plan negotiated in the contract which according to this subdivision will temporarily govern the terms and conditions of employment of teachers assigned to it, or (c) if no plan exists pursuant to either (a) or (b), the provisions of section 125.12, subdivision 6b, on the basis of a combined seniority list of all teachers assigned to it.

Subd. 4. Except as provided in this section, the provisions of section 125.12 or 125.17 shall apply to the employment of each teacher by the new employing district on the same basis as they would have applied to his employment if he had been employed by that new district before the effective date of the consolidation or dissolution and attachment. For the purpose of applying the provisions of subdivision 3, clause (b), and the provisions of section 125.12, subdivision 6b, pursuant to this section, a teacher's date of first employment shall be the date he began continuous employment in the pre-existing district which employed him.

Sec. 28. Minnesota Statutes 1976, Chapter 122, is amended by adding a section to read:

[122.533] EXPENSES OF TRANSITION. The newly elected board of a newly created district pursuant to section 122.23 or the board of a district to which a dissolved district is attached pursuant to section 122.22, may, for the purpose of paying the expenses of negotiations and other administrative expenses relating to the transition, enter into agreements with banks or any person to take its orders at any rate of interest not to exceed seven percent per annum. These orders shall be paid by the treasurer of the district

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from district funds after the effective date of the consolidation or dissolution and attachment. Notwithstanding the provisions of section 275.125, the district may, in the year the consolidation or dissolution and attachment becomes effective, levy an amount equal to the amount of the orders issued pursuant to this subdivision and the interest on these orders. No district shall issue orders for funds or make a levy pursuant to this subdivision without the commissioner's approval of the expenses to be paid with the funds from the orders and levy.

Sec. 29. Minnesota Statutes, 1977 Supplement, Section 122.85, Subdivision 1, is amended to read:

122.85 EXPERIMENTAL PAIRING. Subdivision 1. Notwithstanding the provisions of sections 122.41 and 122.43, the board of any school district paired with another in this section upon approval by the school boards of both of the paired districts may enter into an agreement providing for the discontinuance by one district of any of grades kindergarten through 12 or portions of those grades and the instruction in the other district of the pupils in the discontinued grades or portions of grades. This provision shall apply on an experimental basis to the following pairs of school districts: Independent School Districts No. 217 and No. 220, No. 243 and No. 245, No. 328 and No. 516, No. 440 and No. 444, No. 649 and No. 650, No. 654 and No. 655, No. 782 and No. 783, and No. 893 and No. 896. These experimental pairing agreements shall not extend beyond June 30, 1980.

Sec. 30. Minnesota Statutes, 1977 Supplement, Section 122.85, Subdivision 6, is amended to read:

Subd. 6. Each district entering into an agreement pursuant to subdivision 1 shall continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123.39, 124.222 and 124.223. This subdivision shall not be construed to prohibit a district from providing some or all transportation to its resident pupils by contracting with the other district which has entered the agreement. For purposes of aid calculations pursuant to section 124.222, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from the any agreement which provides for each district to discontinue at least one grade.

Sec. 31. Minnesota Statutes 1976, Section 123.34, Subdivision 4, is amended to read:

Subd. 4. ~~On July 1 of each year; The treasurer shall file with the clerk a report of his balances, receipts and disbursements by funds, for the year. Such report, together with his vouchers, shall be examined by the board and, if found correct, approved by resolution entered in the records. If incomplete or inaccurate, a further or amended report may be required by the board. He shall make such further all reports as which may from time to time be called for by the board and perform all duties usually incumbent on such officer.~~

Sec. 32. Minnesota Statutes 1976, Section 123.34, Subdivision 8, is amended to read:

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Subd. 8. The clerk shall keep books provided by the district for that purpose a record of all meetings of the district and the board in books provided by the district for that purpose. He shall, within three days after an election notify all persons elected of their election ~~and~~. On or before August 1 of each year he shall file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents shall subsequently be examined by a public accountant paid by the school district as provided in section 121.908, subdivision 3. The board shall by resolution approve the report or require a further or amended report. On or before ~~July 10 in~~ August 15 of each year, he shall make and transmit to the county superintendent a commissioner certified report reports, showing:

- (1) The condition and value of school property;
- (2) ~~The receipts revenues and disbursements~~ expenditures in detail, and such other financial ~~matter~~ information required by law, rule, or as may be called for by the commissioner;
- (3) The length of school term and the enrollment and attendance by grades;
- (4) ~~The names and post-office addresses of all directors and other officers;~~ and
- ~~(5)~~ (4) Such other items of information as may be called for by the commissioner.

He shall enter in his record book copies of all his reports and of the teachers' term reports, as they appear in the registers, and of the proceedings of any meeting as furnished him by the clerk pro tem, and keep an itemized account of all the expenses of the district. He shall furnish to the auditor of the proper county, on or before October 10 of each year, an attested copy of his record, showing the amount of money voted by the district or the board for school purposes; draw and sign all orders upon the treasurer for the payment of money for bills allowed by the board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chairman. Such orders shall state the consideration, payee, and the fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in the order in which they become due, and no money applicable for teachers' wages shall be used for any other purpose, nor shall teachers' wages be paid from any fund except that raised or apportioned for that purpose.

Sec. 33. Minnesota Statutes 1976, Section 123.37, Subdivision 1b, is amended to read:

Subd. 1b. Notwithstanding the provisions of subdivision 1 or section 471.345, a contract for the transportation of school children may be made 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 open to the public. If a contract is made upon sealed bids, the procedure for advertising and awarding

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bids shall conform to the provisions of subdivision 1 except as otherwise provided in this subdivision.

Notwithstanding the provisions of subdivision 1 or section 574.26, a performance bond shall be required of a contractor on a contract for the transportation of school children only when and in the amount deemed necessary by and at the discretion of the school board.

Sec. 34. Minnesota Statutes 1976, Section 123.37, Subdivision 3, is amended to read:

Subd. 3. Any contract made by the board for the rental of rooms or buildings for school purposes; ~~or for the free transportation of pupils to and from school,~~ or for the rental of any facility or facilities owned or operated by or under the direction of any private organization, shall be effective until disapproved by the commissioner, and all such contracts shall be submitted to him for approval immediately after being signed by the parties.

Sec. 35. Minnesota Statutes 1976, Section 123.37, Subdivision 4, is amended to read:

Subd. 4. The commissioner shall approve each such contract unless it appears from the information available to him that:

(a) The amount to be paid by the district concerned for the rooms or facilities rented ~~or for the transportation to be furnished,~~ under such contract substantially exceeds the reasonable value thereof; or

(b) The rooms or facilities to be furnished are not reasonably required for or suitable to the operation of the schools of the district; ~~or the transportation contracted for is not suitable to the requirements of the district;~~ or the contract does not provide adequately against any encroachment on or interference with the conduct of a public school; or

(c) The contract does not conform to law or a duly promulgated regulation of general application of the state board of education.

Sec. 36. Minnesota Statutes 1976, Section 123.39, is amended by adding a subdivision to read:

Subd. 8a. Notwithstanding the provisions of section 221.021, any public school district or school bus contractor providing transportation services to a school district on a regular basis in this state may operate school buses, excluding motor coach buses, for the purpose of providing transportation to nonpupils of the school district attending school events, as defined in section 123.38, subdivision 2a or 2b, provided that no person having a charter carrier permit has his principal office and place of business or bus garage within 12 miles of the principal office of the school district. School district owned buses and the operators thereof shall otherwise comply with the provisions of section 123.39 and the

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rules of the state board of education and shall be insured in at least the amounts stated in section 466.04, subdivision 1. In all cases the total cost of providing such services, as determined by sound accounting procedures, shall be paid by charges made against those using the buses.

Sec. 37. Minnesota Statutes 1976, Section 123.39, is amended by adding a subdivision to read:

Subd. 8b. School districts may use school district owned or contractor operated school buses to provide transportation along regular school bus routes on a space available basis for senior citizens who are 62 years of age or older, provided that this use of a bus does not interfere with the transportation of pupils to and from school or other authorized transportation of pupils. In all cases, the total additional cost of providing these services, as determined by sound accounting procedures, shall be paid by charges made against those using these services or some third party payor. In no case shall the additional cost of this transportation be paid by the school district.

The provisions of section 65B.47, subdivision 4, shall be applicable to senior citizens being transported pursuant to this subdivision.

Sec. 38. Minnesota Statutes 1976, Section 124.15, Subdivision 2, is amended to read:

Subd. 2. Whenever the board of the district authorizes or permits within the district violations of law by:

(1) employment in a public school of the district of a teacher who does not hold a valid teaching certificate or permit, or

(2) noncompliance with a mandatory rule ~~or regulation~~ of general application promulgated by the state board in accordance with statute in the absence of special circumstances making enforcement thereof inequitable, contrary to the best interest of, or imposing an extraordinary hardship on, the district affected, or

(3) continued performance by the district of a contract made for the rental of rooms or buildings for school purposes; ~~or for the free transportation of children to and from school~~ or for the rental of any facility owned or operated by or under the direction of any private organization, which contract has been disapproved where time for review of the determination of disapproval has expired and no proceeding for review is pending, or

(4) any practice which is a violation of sections 1 and 2 of article 13 of the Constitution of the state of Minnesota, or

(5) failure to provide reasonably for the school attendance to which a resident pupil is entitled under Minnesota Statutes, or

(6) noncompliance with state laws prohibiting discrimination because of race, color,

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creed, religion, national origin, sex, marital status, status with regard to public assistance or disability, as defined in Minnesota Statutes 1974, Section 363.03,

the special state aid to which a district is otherwise entitled for any school year shall be reduced in the amount and upon the procedure provided in this section or, in the case of the violation stated in clause (1), upon the procedure provided in section 124.19, subdivision 3.

Sec. 39. Minnesota Statutes 1976, Section 124.15, Subdivision 6, is amended to read:

Subd. 6. Reductions in special aid under this section shall be from foundation ~~program~~ aid. If there is not sufficient foundation ~~program~~ aid remaining to be paid for ~~the school year in which the violation occurred, the reduction shall be from the other~~ special aids payable to the district for that year in the order in which special state aids are listed in this code. ~~If the violation is for performance of a contract for transportation, which has been disapproved, the primary reduction shall be from transportation aid. If reduction is for several violations one of which is continued performance of such a contract, the transportation aid will be the primary fund for reduction in the proportion that the violation for performance of such a contract bears to the total number of violations involved.~~ If there is not a sufficient amount of special state aids remaining payable to the district for the school year in which the violation occurred to permit the full amount of reduction required, that part of the required reduction not taken from that school year's aids will be taken from the special state aids payable to the district for the next school year, and the reduction will be made from the various aids payable for the next year in the order above specified.

Sec. 40. Minnesota Statutes, 1977 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;

(a) For handicapped pre-kindergarten pupils, as defined in section 120.03, enrolled in programs approved by the commissioner, one-half pupil unit;

~~(b) 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~~

(c) For other elementary pupils, one pupil unit.

(2) In secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

(4) To meet the problems of educational overburden caused by broken homes,

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poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program who is enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit. By March 1 of each year the department of public welfare shall certify to the department of education, and to each school district to the extent the information pertains to it, that information concerning children from families with dependent children who were enrolled in the school district on the preceding October 1 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 five 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 one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for purposes of this clause, provided that in districts where the percent of concentration is less than six, no additional pupil units shall be counted under this clause for pupils from families receiving aid to dependent children or its successor program and provided further that no such pupil shall be counted as more than one and one-tenth additional pupil units pursuant to clauses (4) and (5). Such weighting shall be in addition to the weighting provided in clauses (1), (2), (3), and (4). 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. Each district receiving aids on account of both clauses (4), and (5) shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all such aids received.

(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 shall equal the greater of (a) the average quotient obtained when the sum of the numbers of actual pupil units in the district for the two prior years and the current year and one quarter of the number of actual pupil units in the district for the third prior year, is divided by 3.25 or (b) the number of actual pupil units for the current year increased by .6 times the difference between the actual pupil units for the prior year and the current year. Only pupil units as computed in clauses (1) and (2) shall be included for purposes of computations made pursuant to this clause.

(7) In districts maintaining classified secondary schools where the actual number of pupil units has increased from the prior year by two percent or more, the additional pupil units over the prior year, as computed in clauses (1) and (2), shall be multiplied times one-tenth for each percent of increase over the prior year and a number of pupil units equal to the product shall be added to the other units for the district. The percent of increase shall be rounded up to the next whole percent for purposes of this clause, provided that in districts where the percent of increase is less than two, no additional

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pupil units shall be added to the other units for the district and provided further that the number of pupil units of increase over the prior year shall under no circumstances be multiplied by more than five-tenths.

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

Sec. 41. Minnesota Statutes, 1977 Supplement, Section 124.17, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in grades kindergarten through twelve and for handicapped pre-kindergarten 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 without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in ~~Extra Session Laws 1971, Chapter 34, this section~~ 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.~~

Sec. 42. Minnesota Statutes 1976, Section 124.17, is amended by adding a subdivision to read:

Subd. 2c. Notwithstanding the provisions of subdivision 2, in any case where school is in session but pupils are prevented from attending for more than 15 consecutive days because of epidemic, calamity, weather, fuel shortage, or other justifiable cause, the state board, upon application, may allow the district to continue to count these pupils in average daily membership. A lawful employees' strike is not a justifiable cause for purposes of this subdivision.

Sec. 43. Minnesota Statutes 1976, Section 124.17, Subdivision 3, is amended to read:

Subd. 3. In computing pupil units for a prior year, the number of pupil units shall be adjusted to reflect any change for the current year in relative weightings by grade level or category of special assistance ~~and~~, any change in measurement from average daily attendance to average daily membership ~~and~~ any change in school district boundaries, but not for the addition for the first time in the current year of a specified category of special assistance as provided in subdivision 1, clause (4).

Sec. 44. Minnesota Statutes, 1977 Supplement, Section 124.19, Subdivision 1, is amended to read:

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124.19 REQUIREMENTS FOR AID GENERALLY. Subdivision 1. Every district which receives special state aid shall maintain school or provide instruction in other districts, in state university laboratory school or in the university laboratory school, at least a minimum term as defined by the state board. The normal school year when school is in session shall be not less than 175 days, or their equivalent in a district operating a flexible school year program. A district which holds school for that period and is otherwise qualified is entitled to special state aid as by law provided. If school is held a less period such special state aid shall be reduced by the ratio that the difference between 175 days and the number of days school is held bears to 175 days, multiplied by 60 percent of the product of the district's foundation aid formula allowance times its pupil units for that year; but districts maintaining less than the required minimum number of days of school in session do not lose special state aid if the circumstances causing such loss of school time below the required minimum number of days were beyond the control of the board and provided proper evidence has been submitted and a good faith attempt made to make up time lost on account of these circumstances. Days devoted to teachers' institutes or other meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school in session. Effective the 1977-1978 school year, not more than five days may be devoted to parent-teacher conferences or teachers' workshops as part of the required minimum number of days school is in session.

Sec. 45. Minnesota Statutes 1976, Section 124.20, is amended to read:

124.20 EDUCATION; STATE AID; SUMMER SCHOOL AND FLEXIBLE SCHOOL YEAR CLASSES. Foundation aid for (1) summer school classes which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) inter-session classes of flexible school year programs ~~and~~, (3) summer school classes in elementary and secondary schools, and ~~(3)~~ (4) summer school instruction in teachers college laboratory schools or in the university laboratory school, shall be paid at a proportionate rate for foundation aids paid for the preceding regular school year; ~~;~~ provided that no district shall receive aid for programs under this section in an amount greater than its actual expenditures for these programs; provided further, that for purposes of computing summer school foundation aid, a district's foundation aid for the regular school year shall be reduced by the amount of the agricultural tax credit included in that foundation aid. ~~Payments of aid for summer classes at a proportionate rate to foundation aid pursuant to this section in 1972 and preceding years are hereby sanctioned. The provision in this section for payment of aid for summer classes at a proportionate rate to foundation aid for the preceding school year shall apply to summer classes in 1973 and subsequent years.~~

Sec. 46. Minnesota Statutes, 1977 Supplement, Section 124.212, Subdivision 5a, is amended to read:

Subd. 5a. (1) In the 1977-1978 school year and each school year thereafter, the amount of money apportioned to a school district ~~in~~ for that year pursuant to section 124.10, subdivision 2 which exceeds the amount apportioned to that district pursuant to section 124.10, subdivision 2 ~~in~~ for the 1976-1977 school year, shall be deducted from the foundation aid earned by that district for the same year.

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(2) In addition to the deduction in clause (1), the following amounts apportioned pursuant to section 124.10, subdivision 2 shall be deducted from foundation aid ~~in~~ for the school years designated:

(a) In the 1977-1978 school year, one-sixth of the amount apportioned, but not to exceed one-sixth of the amount apportioned ~~in~~ for the 1976-1977 school year;

(b) In the 1978-1979 school year, one-third of the amount apportioned, but not to exceed one-third of the amount apportioned ~~in~~ for the 1976-1977 school year;

(c) In the 1979-1980 school year, one-half of the amount apportioned, but not to exceed one-half of the amount apportioned ~~in~~ for the 1976-1977 school year;

(d) In the 1980-1981 school year, two-thirds of the amount apportioned, but not to exceed two-thirds of the amount apportioned ~~in~~ for the 1976-1977 school year; and

(e) In the 1981-1982 school year, five-sixths of the amount apportioned, but not to exceed five-sixths of the amount apportioned ~~in~~ for the 1976-1977 school year.

(3) In the 1982-1983 school year and each school year thereafter, the entire amount of money apportioned to a school district ~~in~~ for that year pursuant to section 124.10, subdivision 2, shall be deducted from the foundation aid earned by that district for the same year.

Sec. 47. Minnesota Statutes 1976, Section 124.212, is amended by adding a subdivision to read:

Subd. 6c. For the 1979-1980 school year a district shall receive in foundation aid \$1,155 per pupil unit less 27 mills times the 1977 adjusted assessed valuation of the district, plus the amount of the agricultural tax credit by which 1978 payable 1979 property taxes in the district are reduced pursuant to section 273.132.

Sec. 48. Minnesota Statutes, 1977 Supplement, Section 124.212, Subdivision 7b, is amended to read:

Subd. 7b. For the 1978-1979 school year a district shall receive in foundation aid \$1,090 per pupil unit less 28 mills times the 1976 adjusted assessed valuation of the district, plus the amount of the agricultural tax credit by which 1977 payable 1978 property taxes in the district are reduced pursuant to section 273.132.

Sec. 49. Minnesota Statutes 1976, Section 124.212, is amended by adding a subdivision to read:

Subd. 7c. For the 1980-1981 school year a district shall receive in foundation aid \$1,220 per pupil unit less 27 mills times the 1978 adjusted assessed valuation of the district, plus the amount of the agricultural tax credit by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.132.

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Sec. 50. Minnesota Statutes, 1977 Supplement, Section 124.212, Subdivision 8a, is amended to read:

Subd. 8a. (1) Notwithstanding any provisions of any other law to the contrary, the adjusted assessed valuation used in calculating foundation aid shall include only that property which is currently taxable in the district. For districts which received payments under sections 124.215, subdivision 2a; 124.25; 124.28; 124.30; 473.633 and 473.635; the foundation aid shall be reduced by: The previous year's payment to the district pursuant to said sections times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed by section 275.125, but not to exceed 50 percent of the previous year's payment.

(2) For districts which received payments under sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; the foundation aid shall be reduced in the October adjustment payment by the ~~previous fiscal year's payment to the district pursuant to said sections times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed by section 275.125 for collection in the calendar year ending during the aforementioned fiscal year, but not to exceed 50 percent of the previous fiscal year's payment~~ difference between the dollar amount of the payments received pursuant to those sections in the fiscal year to which the October adjustment is attributable and the amount which was calculated, pursuant to section 275.125, subdivision 2, as a reduction of the levy attributable to the fiscal year to which the October adjustment is attributable. If the October adjustment of a district's foundation aid for a fiscal year is a negative amount because of this clause, the next fiscal year's foundation aid to that district shall be reduced by this negative amount in the following manner: there shall be withheld from each monthly scheduled foundation aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from foundation aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the October adjustment payment is attributable.

Sec. 51. Minnesota Statutes 1976, Section 124.212, Subdivision 20, is amended to read:

Subd. 20. No adjustments to foundation aid payments resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 of the next school year. Any school district educating children who are residents of another school district shall notify the district of residence within 60 days of the date the child is determined by the district to be a nonresident, but not later than October 1 following the end of the school year in which the child is educated. If the district of residence does not receive a notification from the providing district pursuant to this subdivision, it shall not be liable to that district for any tuition billing received after October 1 of the next school year. If a commissioner of a state agency, or his representative or agent, or a court of the state of Minnesota desires to place a child in a school district which is not his district of residence, that commissioner or court shall, prior to placement if possible, notify the district of attendance, the district

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of residence, and the commissioner of education of its intention.

Sec. 52. Minnesota Statutes, 1977 Supplement, Section 124.213, Subdivision 1, is amended to read:

124.213 **AID RECAPTURE.** Subdivision 1. In any year when the amount of the maximum levy allowed for any district by section 275.125, subdivision 2a, clause (1) or (2), exceeds the product of (a) the district's foundation aid formula allowance for the corresponding school year under section 124.212 and (b) the number of pupil units computed for the district under section 124.17 for that school year, an amount equal to the difference between the sum of the levy as certified plus the amount of any reductions pursuant to section 275.125, subdivision 9, of the maximum levy, and the specified product shall be deducted in the following order from the aids for the purposes specified receivable during the same school year pursuant to the following sections: (1) transportation aid pursuant to section 124.222; (2) secondary vocational aid pursuant to section 124.57 or 124.573; (3) special education aid pursuant to section 124.32. This section shall apply to school years commencing with the 1977-1978 school year; provided, deductions pursuant to this section shall be limited to the following percentages of the difference between the specified product and the certified levy in the school years indicated: 20 percent of the difference in the 1977-1978 school year; and 60 percent of the difference in the 1978-1979 school year; and 100 percent of the difference in the 1979-1980 school year and each school year thereafter.

Sec. 53. Minnesota Statutes, 1977 Supplement, Section 124.213, Subdivision 2, is amended to read:

Subd. 2. For the 1977-1978 school year, the foundation aid formula allowance shall equal the lesser of \$1,030 or the sum of the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), and the greater of (a) five-sixths of the difference that results when such greater sum is subtracted from \$1,030, or (b) \$70. The foundation aid formula allowance shall be ~~\$1,030~~ \$1,095 for the 1978-1979 school year.

Sec. 54. Minnesota Statutes, 1977 Supplement, Section 124.214, is amended to read:

124.214 **AID ADJUSTMENTS.** Subdivision 1. OMISSIONS. No adjustments to any aid payments made pursuant to this chapter, resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 of the next school year, unless otherwise specifically provided by law.

Subd. 2. ABATEMENTS. Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the assessed valuation of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and whenever the mill rate as determined by the county auditor based upon the original assessed valuation is applied upon such changed valuations, the county auditor shall, prior to February 1 of each year, beginning in 1979, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. In August of each year, beginning in 1979, when the district's

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net revenue loss during the preceding year exceeds \$1 per pupil unit in the district in the most recent school year for which data is available, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 275.48. The amount of the abatement adjustment shall be the product of (1) the net revenue loss as certified by the county auditor, times (2) the ratio of the sum of the amounts of the district's levy limitations in the preceding October pursuant to section 275.125, subdivision 2a, clause (1) or (2), subdivision 5, and subdivision 13, to the total amount of the district's maximum levy limitation in the preceding October pursuant to section 275.125. The abatement adjustment shall be recognized as revenue in the fiscal year in which it is received.

Sec. 55. Minnesota Statutes 1976, Section 124.222, is amended by adding a subdivision to read:

Subd. 2b. TRANSPORTATION BETWEEN DISTRICTS. For the 1978-1979 school year and thereafter, the state shall pay 50 percent of the cost of the transportation authorized pursuant to section 124.223, clause (9), but not to exceed a cost of \$100 per pupil. Transportation which receives aid pursuant to this subdivision shall not also receive aid pursuant to subdivisions 1a, 1b or 2a.

Sec. 56. Minnesota Statutes, 1977 Supplement, Section 124.222, Subdivision 6, is amended to read:

Subd. 6. **BASE COST ADJUSTMENTS.** For the purposes of payment of transportation aids in the 1978 fiscal year and thereafter, the commissioner of education may adjust the base cost per eligible pupil transported during the 1976 fiscal year to reflect changes in costs resulting from the following:

(a) Alterations in school district boundaries if application is made prior to December 15 of the school year following the year in which the alterations are made;

(b) Omissions in school district reports if application is made prior to December 15, 1977;

(c) The addition by the district of an authorized transportation aid category if that category of transportation was not provided during the 1976 fiscal year if application is made prior to December 15 of the school year following the year in which the additional transportation is provided;

(d) Omissions in school district reports determined by the legislative auditor;

(e) Increased costs resulting from changes in transportation patterns required by a schoolhouse closing provided that (1) the cost increases can be demonstrated to be a direct result of the closing; (2) the increases result in costs above the formula limitation; and (3) application is made prior to December 15 of the school year following the last school year in which the schoolhouse is open;

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(f) Increased costs resulting from changes in transportation patterns caused by a schoolhouse opening provided that (1) the cost increases can be demonstrated to be a direct result of the opening; (2) the increases result in costs above the formula limitation; and (3) application is made prior to December 15, 1978 or December 15 of the school year following the first school year in which the schoolhouse is open, whichever is later.

In the 1978 fiscal year and thereafter, the commissioner shall appropriately adjust the base cost per eligible pupil transported during the 1976 fiscal year to reflect changes in the treatment of depreciation and qualification for depreciation aid resulting from changes in school bus fleet ownership from district owned and managed to privately owned and contracted or from privately owned and contracted to district owned and managed. Districts shall report any such changes to the commissioner within 60 days of the date the changes are made.

Prior to making any base cost change pursuant to this subdivision, the department shall examine the appropriate factors that relate to the determination of the authorized transportation costs and aid for that district.

Sec. 57. Minnesota Statutes, 1977 Supplement, Section 124.223, is amended to read:

124.223 TRANSPORTATION AID AUTHORIZATION. For the 1977-1978 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;

(2) Transportation to and from 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 and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, ~~and~~ the conveying of handicapped pupils between home and school and within the school plant, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a:

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

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(6) Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis:

(7) Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

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

(9) Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; if this transportation is provided in conjunction with transportation of resident pupils to a state board approved secondary vocational center.

Sec. 58. Minnesota Statutes, 1977 Supplement, Section 124.32, Subdivision 1, is amended to read:

124.32 **HANDICAPPED CHILDREN.** Subdivision 1. The state shall pay to any district:

(a) For the employment in its educational program for handicapped children, 60 percent of the salary of essential personnel in 1977-1978 and ~~65~~ ⁶⁹ percent of the salary of essential personnel in 1978-1979, but this amount shall not exceed \$11,500 in 1977-1978 or \$12,000 in 1978-1979 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district;

(b) Plus five percent of the salaries of essential personnel employed in its educational program for handicapped children, for the purpose of recognizing additional support costs of educational programs for handicapped children.

Sec. 59. Minnesota Statutes, 1977 Supplement, Section 124.32, Subdivision 1a, is amended to read:

Subd. 1a. For purposes of this section, for the 1977-1978 school year, the foundation aid formula allowance per pupil unit shall be the lesser of \$1,030 or the greater sum computed pursuant to section 124.212, subdivision 6b, clause (2). ~~For the 1978-1979 school year. The foundation aid formula allowance per pupil unit shall be \$1,090~~ \$1,095 for the 1978-1979 school year, \$1,155 for the 1979-1980 school year, and \$1,220 for the 1980-1981 school year. Computations of foundation aid formula allowances pursuant to this section shall be based on the foundation aid formula allowance per pupil unit in the child's district of residence. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as

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prescribed in section 124.17, subdivision 1, clause (1) or (2).

Sec. 60. Minnesota Statutes, 1977 Supplement, Section 124.32, Subdivision 1b, is amended to read:

Subd. 1b. (1) For special instruction or training and services provided for any pupil pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district 60 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full time basis.

(2) For special instruction or training and services provided for a pupil by such a contract as part of a summer school program, the state shall pay each district 60 percent of the difference between the amount of the contract and the foundation aid received by the district for that pupil pursuant to section 124.20, or a pro rata portion of that foundation aid for a pupil who receives services by such a contract on less than a full time summer school basis. This clause shall be effective for the 1977 summer school and thereafter.

Sec. 61. Minnesota Statutes, 1977 Supplement, Section 124.32, Subdivision 5, is amended to read:

Subd. 5. When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay to the resident district not to exceed 60 percent of the difference between the instructional costs charged to the resident district; less and the foundation aid formula allowance in the resident district, for each handicapped child placed in a residential facility. Not more than ~~\$500,000~~ \$550,000 for 1977-1978 and \$600,000 for 1978-1979 shall be paid for the purposes of this subdivision. If that amount does not suffice, the aid shall be prorated among all qualifying districts.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by the state or a public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children; ~~either within or outside of the state, or, a state residential school outside of the state.~~

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children ~~either within or outside of the state.~~

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Sec. 62. Minnesota Statutes, 1977 Supplement, Section 124.32, Subdivision 7, is

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amended to read:

Subd. 7. Before May 1 of each year, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of handicapped children in the district who will receive special instruction and services during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application in order to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel he determines to be unnecessary or unessential on the basis of this review. The commissioner may also withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. On or before July 1 of each year, the commissioner shall approve, disapprove or modify each application, and notify each applying district of his action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet any substantial changes in the needs of handicapped children in the district.

Sec. 63. Minnesota Statutes, 1977 Supplement, Section 124.38, Subdivision 7, is amended to read:

Subd. 7. "Maximum effort debt service levy" means the lesser of:

(1) A levy in a total dollar amount computed as 20 mills on the adjusted assessed value; or

(2) A levy in whichever of the following amounts is applicable:

(a) In any school district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967;

(b) In any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5 1/2 mills on the market value in each year, until and unless the district receives an additional loan; ~~or~~

(c) In any school district granted a debt service or capital loan between July 1, 1969

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and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan; or

(d) In any school district which has an outstanding capital loan, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted; provided, that the school board in any district affected by the provisions of clause (2)(d) may elect instead to determine the amount of its levy according to the provisions of clause (1); provided further that if a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)(d), the liability of the district for the amount of the difference between the amount it levied under clause (2)(d) and the amount it would have levied under clause (1), and for interest on the amount of that difference, shall not be satisfied and discharged pursuant to section 124.43, subdivision 4.

Sec. 64. Minnesota Statutes, 1977 Supplement, Section 124.562, Subdivision 1, is amended to read:

124.562 POST-SECONDARY VOCATIONAL FOUNDATION AID. Subdivision 1. A district shall receive post-secondary vocational foundation aid in the amount of \$2,120 for fiscal year 1978 and \$2,240 for fiscal year 1979, times the number of post-secondary vocational-technical pupils in average daily membership, as defined in subdivision 2, less the sum of (1) any amounts received as tuition and fees for post-secondary vocational-technical pupils, including application fees but not including student activity fees allowed pursuant to section 121.216. (2) the amount raised by the ~~minimum~~ discretionary levy ~~required~~ allowed by section 275.125, subdivision 13, for collection in the calendar year ending in that fiscal year; ~~and (3) any amounts received for post-secondary vocational programs as federal vocational categorical aid and as special grants from state allocations of federal vocational funds, unless these grants are used to fund additional services beyond the normal program.~~

Sec. 65. Minnesota Statutes, 1977 Supplement, Section 124.563, Subdivision 1, is amended to read:

124.563 POST-SECONDARY VOCATIONAL CATEGORICAL AND CAPITAL EXPENDITURE AID. Subdivision 1. "Post-secondary vocational categorical aid" means all state and federal funds, exclusive of post-secondary vocational foundation, capital expenditure and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of assisting in the conduct of post-secondary vocational-technical training. ~~No district shall qualify for post-secondary vocational categorical aid unless it has certified the minimum levy required by section 275.125, subdivision 13.~~ This aid shall be given to districts conducting high cost programs which require funds in addition to the post-secondary vocational foundation aid provided, including vocational education programs for handicapped or disadvantaged persons and support services necessary to provide vocational education in the least restrictive setting possible. Post-secondary vocational categorical aid shall not be allocated by the state

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board or expended by a district for any of the purposes for which post-secondary vocational capital expenditure aid is allocated or expended.

Sec. 66. Minnesota Statutes 1976, Section 124.563, Subdivision 2, is amended to read:

Subd. 2. "Post-secondary vocational capital expenditure aid" means state and federal funds exclusive of post-secondary vocational foundation, categorical and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of improving or repairing school sites or equipping, re-equipping, repairing or improving buildings and permanent attached fixtures, as necessary for the conduct of post-secondary vocational-technical training. ~~No district shall qualify for post-secondary vocational capital expenditure aid unless it has certified the minimum levy required by section 275.125, subdivision 13.~~ Post-secondary vocational capital expenditure aid shall be utilized solely for the purposes enumerated in this subdivision.

Sec. 67. Minnesota Statutes, 1977 Supplement, Section 124.572, Subdivision 2, is amended to read:

Subd. 2. In the 1977-1978 school year and thereafter, the state shall pay to any district or cooperative vocational center 75 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's adult vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary travel between instructional sites by adult vocational education teachers. ~~The aid paid by the state for salaries and travel pursuant to this subdivision shall be reduced by any authorized federal vocational aid funds paid by the department to that district or center for adult vocational education programs. The commissioner may withhold all or any portion of this aid for an adult vocational education program which receives funds from any other source, and in no event shall a district or center receive a total amount of state aid for salaries and travel pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.~~

Sec. 68. Minnesota Statutes, 1977 Supplement, Section 124.572, Subdivision 3, is amended to read:

Subd. 3. This aid shall be paid only for services rendered or for travel costs incurred in adult vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board; provided, in 1977-1978 the department may pay this aid for programs operated in accordance with the state plan for vocational education and current state board rules. By 1978-1979, these rules shall provide minimum student-staff ratios required for an adult vocational education program to qualify for this aid. ~~Except as provided in section 125.185, subdivision 4;~~ By 1978-1979, rules relating to adult vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference.

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Sec. 69. Minnesota Statutes, 1977 Supplement, Section 124.573, Subdivision 2, is amended to read:

Subd. 2. In the 1978-1979 school year and thereafter, the state shall pay to any district or cooperative center 50 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary equipment for these programs ~~and~~, 50 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers and 50 percent of the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes. ~~The aid paid by the state for salaries, equipment and travel pursuant to this subdivision shall be reduced by any authorized federal vocational aid funds paid by the department to that district or center for secondary vocational education programs. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source, and in no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries, equipment and travel which exceeds 100 percent of the amount of its expenditures for salaries, equipment and travel in the program.~~

Sec. 70. Minnesota Statutes, 1977 Supplement, Section 124.573, Subdivision 3, is amended to read:

Subd. 3. This aid shall be paid only for services rendered or for the costs designated in subdivision 2 which are incurred in secondary vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid, but shall not require any minimum number of program offerings or administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. No rules promulgated by the state board pursuant to any statute shall require a district to offer secondary vocational education. ~~Except as provided in section 125.185, subdivision 4,~~ Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for travel costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state plan board for vocational education.

Sec. 71. Minnesota Statutes, 1977 Supplement, Section 124.573, is amended by adding a subdivision to read:

Subd. 3a. In addition to the provisions of subdivisions 2 and 3, a school district or
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cooperative center may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education services. In the 1978-1979 school year and thereafter, the state shall pay each district or cooperative center 40 percent of the amount of a contract entered into pursuant to this subdivision. The state board shall promulgate rules relating to program approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 4, the district or cooperative center contracting for these services shall be construed to be providing the services. For the purposes of subdivision 5, aid for these contracts shall be distributed on the same basis as aids for salaries and travel.

Sec. 72. Minnesota Statutes 1976, Chapter 124, is amended by adding a section to read:

[124.574] SECONDARY VOCATIONAL EDUCATION FOR HANDICAPPED CHILDREN. Subdivision 1. The purpose of this section is to provide a method to fund programs for secondary vocational education for handicapped children. As used in this section, the term "handicapped children" shall have the meaning ascribed to it in section 120.03.

Subd. 2. In the 1978-1979 school year and thereafter, the state shall pay to any district or cooperative center the greater of:

(a) 50 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children; or

(b) 69 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children, but not to exceed \$12,000 for the normal school year for each such full time person employed, or a pro rata amount for a part time person or a person employed for a limited time; plus an additional five percent of the salaries paid such essential licensed personnel.

Subd. 3. In addition to the provisions of subdivision 2, the state shall pay:

(a) 50 percent of the costs of necessary equipment for these secondary vocational education programs for handicapped children;

(b) 50 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of handicapped children, but not including travel to and from local, regional, district, state or national vocational student organization meetings; and

(c) 50 percent of the costs of necessary supplies for these secondary vocational education programs for handicapped children, but not to exceed an average of \$50 in any one school year for each handicapped child receiving these services.

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Subd. 4. In addition to the provisions of subdivisions 2 and 3, a school district may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education programs for handicapped children. The formula for payment of aids for these contracts in the 1978-1979 school year and thereafter shall be that provided in section 124.32, subdivision 1b. The state board shall promulgate rules relating to approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 6, the district or cooperative center contracting for these services shall be construed to be providing these services. For the purposes of subdivision 8, aid for these contracts shall be distributed on the same basis as aids for salaries, supplies and travel.

Subd. 5. The aid provided pursuant to this section shall be paid only for services rendered as designated in subdivision 2 or for the costs designated in subdivision 3 which are incurred in secondary vocational education programs for handicapped children which are approved by the commissioner of education and operated in accordance with rules promulgated by the state board. These rules shall be subject to the restrictions provided in section 124.573, subdivision 3. The procedure for application for approval of these programs shall be as provided in section 124.32, subdivisions 7 and 10 and the application review process shall be conducted jointly by the division of special and compensatory education and the division of vocational-technical education of the state department.

Subd. 6. All aid pursuant to this section shall be paid to the district or cooperative center providing the services. All aid received by a district or center from any source for secondary vocational education for handicapped children shall be utilized solely for that purpose.

Subd. 7. A district shall not receive aid pursuant to section 124.32 or 124.573 for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Subd. 8. All aid pursuant to this section shall be distributed at the same times and in the same manner as provided in section 124.573, subdivision 5. Aid for supplies shall be distributed at the same time as aid for salaries and travel.

Sec. 73. Minnesota Statutes 1976, Section 124.74, is amended to read:

124.74 ENABLING RESOLUTION; FORM OF CERTIFICATES OF INDEBTEDNESS. The board may authorize and effect such borrowing, and may issue such certificates of indebtedness upon passage of a resolution specifying the amount and purposes for which it deems such borrowing is necessary, which resolution shall be adopted by a vote of at least two thirds of its members. The board shall fix the amount, date, maturity, form, denomination, and other details thereof, not inconsistent herewith, and shall fix the date and place for receipt of bids for the purchase thereof when bids are required and direct the clerk to give notice thereof.

Sec. 74. Minnesota Statutes 1976, Section 124.76, is amended to read:

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124.76 SALE OF CERTIFICATES; DISBURSEMENT OF PROCEEDS.
Subdivision 1. The clerk of the board shall give notice of the proposed sale as required by chapter 475. At the time and place so fixed, such certificates may be sold by the board, or its officers if authorized by the board, to the bidder who will agree to purchase the same on terms deemed most favorable to the district. Such certificates shall be executed and delivered as required by chapter 475. The money so received shall be disbursed solely for the purposes for which such taxes are levied or aids are receivable. The purchaser of such certificates shall not be obligated to see to such application of the proceeds.

Subd. 2. Public sale of tax and aid anticipation certificates of indebtedness according to subdivision 1 shall not be required if the proposed borrowing is in an amount less than \$400,000, and if the sum of all outstanding tax and aid anticipation certificates issued by the board within the preceding six months does not exceed \$400,000. If no public sale is held, the certificates of indebtedness must be sold in accordance with the most favorable of two or more proposals solicited privately.

Sec. 75. Minnesota Statutes 1976, Section 125.12, Subdivision 6a, is amended to read:

Subd. 6a. NEGOTIATED UNREQUESTED LEAVE OF ABSENCE. The school board and the exclusive bargaining representative of the teachers may negotiate a plan providing for unrequested leave of absence without pay or fringe benefits for as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. Failing to successfully negotiate such a plan ~~by the beginning date of a new master contract.~~ the provisions of subdivision 6b shall apply. The provisions of section 179.72 shall not apply for the purposes of this subdivision.

Sec. 76. Minnesota Statutes 1976, Section 125.12, Subdivision 6b, is amended to read:

Subd. 6b. UNREQUESTED LEAVE OF ABSENCE. The school board may place on unrequested leave of absence, without pay or fringe benefits, as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. The unrequested leave shall be effective at the close of the school year. In placing teachers on unrequested leave, the board shall be governed by the following provisions:

(a) The board may place probationary teachers on unrequested leave first in the inverse order of their employment. No teacher who has acquired continuing contract rights shall be placed on unrequested leave of absence while probationary teachers are retained in positions for which the teacher who has acquired continuing contract rights is certified;

(b) Teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are certified in the inverse order in which they were employed by the school district. ~~In the case of merger of classes caused by consolidation of districts or~~ In the case of equal seniority, the order in which teachers

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who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are certified shall be negotiable;

(c) Notwithstanding clauses (a) and (b), if either the placing of a probationary teacher on unrequested leave before a teacher who has acquired continuing rights or the placing of a teacher who has acquired continuing contract rights on unrequested leave before another teacher who has acquired continuing contract rights but who has greater seniority would place the district in violation of its affirmative action program, the district may retain the probationary teacher or the teacher with less seniority;

(d) Teachers placed on unrequested leave of absence shall be reinstated to the positions from which they have been given leaves of absence or, if not available, to other available positions in the school district in fields in which they are certified. Reinstatement shall be in the inverse order of placement on leave of absence. The order of reinstatement of teachers who have equal seniority and who are placed on unrequested leave in the same school year shall be negotiable;

~~(e) Teachers, other than probationary teachers, terminated under Minnesota Statutes 1971, Section 125.12, Subdivision 6, Clause (e), in the 1973-74 school year shall be reinstated to the positions from which they have been terminated or, if not available, to other available positions in the school district in fields in which they are certified. Reinstatement shall be in the order of seniority. The order of reinstatement of continuing contract teachers who have equal seniority and who are terminated under Minnesota Statutes 1971, Section 125.12, Subdivision 6, Clause (e) in the 1973-74 school year shall be negotiable. These teachers shall also be subject to clauses (f), (g), (h), (i) and (k) of this subdivision.~~

(f) ~~(e)~~ No appointment of a new teacher shall be made while there is available, on unrequested leave, a teacher who is properly certified to fill such vacancy, unless the teacher fails to advise the school board within 30 days of the date of notification that a position is available to him, that he may return to employment and that he will assume the duties of the position to which appointed on a future date determined by the board;

~~(g)~~ (f) A teacher placed on unrequested leave of absence may engage in teaching or any other occupation during the period of this leave;

(h) ~~(g)~~ The unrequested leave of absence shall not impair the continuing contract rights of a teacher or result in a loss of credit for previous years of service;

~~(i)~~ (h) The unrequested leave of absence of a teacher who is placed on unrequested leave of absence prior to January 1, 1978 and who is not reinstated shall continue for a period of two years after which the right to reinstatement shall terminate. The unrequested leave of absence of a teacher who is placed on unrequested leave of absence on or after January 1, 1978 and who is not reinstated shall continue for a period of five years, after which the right to reinstatement shall terminate; provided the teacher's right to reinstatement shall also terminate if he fails to file with the board by April 1 of any year a written statement requesting reinstatement;

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(*) (i) The same provisions applicable to terminations of probationary or continuing contracts in subdivisions 3 and 4 shall apply to placement on unrequested leave of absence;

(*) (j) Nothing in this subdivision shall be construed to impair the rights of teachers placed on unrequested leave of absence to receive unemployment compensation if otherwise eligible.

Sec. 77. Minnesota Statutes 1976, Section 125.185, Subdivision 4, is amended to read:

Subd. 4. The board shall develop and create rules for the licensure of public school teachers and interns, which shall be submitted to the state board of education for approval, and from time to time the board of teaching shall revise or supplement the rules for licensure of public school teachers subject to approval by the state board of education. It shall be the duty of the board of teaching to establish rules for the approval of teacher education programs subject to approval by the board of education. Subject to rules approved by the board of education, the board of teaching shall also grant licenses to interns and to candidates for original licenses and receive recommendations from local committees as established by the board of teaching for the renewal of teaching licenses, to grant life licenses to those who qualify according to requirements established by the board of teaching, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. With regard to vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state plan board for vocational education.

In the event the state board of education disapproves any proposal from the board of teaching, it shall give written notice of such disapproval within 60 days after the receipt of the proposal including its reasons. Any proposal disapproved by the state board may be resubmitted by the board of teaching at any time after the expiration of 45 days after the date of disapproval.

Sec. 78. Minnesota Statutes 1976, Section 125.185, is amended by adding a subdivision to read:

Subd. 4a. Prior to the adoption by the board of teaching of any rule which must be submitted to public hearing and to the state board of education for approval, a representative of the commissioner shall appear before the board of teaching and at the hearing required pursuant to section 15.0412, subdivision 4, to comment on the cost and educational implications of that proposed rule. If the representative of the commissioner does not carry out the duties required by this subdivision, the state board of education shall not use the cost factor as a reason for disapproval of that rule.

Sec. 79. Minnesota Statutes, 1977 Supplement, Section 125.60, Subdivision 2, is amended to read:

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full time elementary or secondary school teacher who has been employed by the district for at least five years and has at least ten but no more than 20 years of

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allowable service, as defined in section 354.05, subdivision 13, or the by-laws of the appropriate retirement association; ~~and who has not attained the age of 55 years or over.~~ The maximum duration of an extended leaves leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall not exceed be at least three but no more than five years in duration. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher and may be granted only once.

Sec. 80. Minnesota Statutes, 1977 Supplement, Section 125.60, is amended by adding a subdivision to read:

Subd. 2a. Any school board which denies a request for an extended leave of absence pursuant to this section shall report this denial and the reasons therefor to the commissioner within 30 days. Prior to February 1, 1979 and each year thereafter the commissioner shall file a written report with the education committees of the legislature on any denials reported pursuant to this subdivision.

Sec. 81. Minnesota Statutes, 1977 Supplement, Section 125.60, Subdivision 3, is amended to read:

Subd. 3. A teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to a position for which he is licensed at the beginning of any of the ~~first five school years after his year which immediately follows a year of the~~ extended leave of absence ~~begins, unless he is discharged or placed on unrequested leave of absence or his contract is terminated pursuant to section 125.17 or 125.12 while he is on the extended leave.~~ The board shall not be obligated to reinstate any teacher who is on an extended leave of absence pursuant to this section unless the teacher advises the board of his intention to return before February 1 in the school year preceding the school year in which he wishes to return. The board shall notify the commissioner within 30 days of being notified that a teacher intends to return from an extended leave.

Sec. 82. Minnesota Statutes, 1977 Supplement, Section 125.60, is amended by adding a subdivision to read:

Subd. 7. No school board shall grant an extended leave of absence pursuant to this section without applying for and receiving authorization from the commissioner of education. The commissioner of education shall establish deadlines and procedures for applications pursuant to this subdivision and shall approve or disapprove applications pursuant to this subdivision within the limits of the appropriation for the purposes of sections 354.094 and 354A.091.

Sec. 83. Minnesota Statutes, 1977 Supplement, Section 125.61, Subdivision 1, is amended to read:

125.61 TEACHER EARLY RETIREMENT INCENTIVE PROGRAM. Subdivision 1. For purposes of this section, "teacher" means a teacher as defined in section 125.03, subdivision 1, who is employed in the public elementary or secondary schools in the state, who has not less than 15 total years of full time teaching service therein in elementary and

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secondary schools, and who has or will have attained the age of 55 years but less than 65 years as of the end of June 30 in the school year during which an application for an early retirement incentive is made.

Sec. 84. Minnesota Statutes, 1977 Supplement, Section 125.61, is amended by adding a subdivision to read:

Subd. 1a. For purposes of this section, "retirement" means termination of services in the employing district and withdrawal from active teaching service.

Sec. 85. Minnesota Statutes, 1977 Supplement, Section 125.61, Subdivision 2, is amended to read:

Subd. 2. A teacher meeting the requirements of subdivision 1 may be offered a contract for termination of services in the employing school district, withdrawal from active teaching service, and payment of an early retirement incentive by the employing school district. An offer may be accepted by the teacher by submitting a written resignation to the school board of the employing district. Applications shall be submitted prior to ~~July 1, 1977~~ March 1, 1978 in the case of a teacher retiring at the end of the ~~1977-78~~ 1976-1977 school year, prior to May 1, 1978 in the case of a teacher retiring at the end of the ~~1978-79~~ 1977-1978 school year, or, thereafter, prior to May 1 of ~~the year immediately preceding~~ the school year at the end of which the teacher wishes to retire.

Sec. 86. Minnesota Statutes, 1977 Supplement, Section 125.61, Subdivision 3, is amended to read:

Subd. 3. An eligible teacher who is or will be 55 years of age as of the end of the school year during which an application for an early retirement incentive is made and accepted shall receive an early retirement incentive in the amount of \$7,500. This amount shall be reduced by \$375 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional \$1,125 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the end of June 30 in the school year during which the application for the early retirement incentive is made.

Sec. 87. Minnesota Statutes, 1977 Supplement, Section 125.61, Subdivision 4, is amended to read:

Subd. 4. The early retirement incentive shall be paid by the employing school district in four equal successive monthly installments commencing on November 1 of the year of retirement. The state shall reimburse the district for ~~40~~ 25 percent of any amount or amounts paid out as an early retirement incentive pursuant to this section ~~upon receipt of a proper claim therefor accompanying the report required by subdivision 5,~~ according to the provisions of subdivision 6. An early retirement incentive shall not be paid to any teacher who is discharged by a school district.

Sec. 88. Minnesota Statutes, 1977 Supplement, Section 125.61, Subdivision 6, is amended to read:

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Subd. 6. No school board shall enter into an agreement for termination of services with an early retirement incentive without applying for and receiving authorization from the commissioner of finance education. The commissioner of finance education shall establish procedures for applications pursuant to this subdivision and shall approve or disapprove applications pursuant to this subdivision within the limits of the appropriation for the purposes of this section. Applications pursuant to this subdivision shall include the annual salaries which would be paid to the teachers for whom the applications are made if they did not retire and any other information required by the commissioner of education.

Sec. 89. Minnesota Statutes 1976, Section 126.12, is amended to read:

126.12 **SCHOOL CALENDAR.** ~~The school shall be in session for not less than a minimum term, as defined by the state board, but this provision shall not apply to night schools or kindergartens.~~ Every Saturday shall be a school holiday, except that school may be held on a Saturday if necessary to meet the requirement in section 124.19 of making a good faith attempt to make up time lost on account of circumstances which were beyond the control of the school board. The school board shall determine the number of school days of each school year on or before April 1 of the calendar year in which such school year commences.

Sec. 90. Minnesota Statutes 1976, Section 127.25, Subdivision 1, is amended to read:

127.25 **APPEALS.** Subdivision 1. Any district or any person aggrieved by final order of the county board ~~or final order of the commissioner,~~ or final order of the county auditor, made pursuant to the provisions of this code, may appeal from such final order ~~to the district court upon the following grounds:~~

- (1) That the county board, ~~the commissioner,~~ or the county auditor had no jurisdiction to act;
- (2) That the county board, ~~the commissioner,~~ or the county auditor exceeded its jurisdiction;
- (3) *That the action appealed from is arbitrary, fraudulent, capricious or oppressive or in unreasonable disregard of the best interest of the territory affected;*
- (4) That the order of action appealed from is based upon an erroneous theory of law.

An appeal from a final order of a county board or the county auditor shall be taken by serving a notice of appeal upon the county auditor. ~~An appeal from a final order of the commissioner shall be taken by serving a notice of appeal upon the commissioner.~~ An appeal from a final order of a county board or a county auditor shall be taken to the district court in the county of the board or auditor. ~~An appeal from a final order of the commissioner shall be taken to the district court for Ramsey county.~~ Notice of appeal must be served within 30 days of the issuance of the order appealed from and shall be

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accompanied by a corporate surety bond in the amount of \$250, conditioned for the payment of all costs taxed against appellant on such appeal. The notice of appeal shall be filed with the clerk of the district court and noticed for hearing in the manner provided for the trial of civil actions by Minnesota rules of civil procedure.

~~Any order of the commissioner or the state board rejecting a consolidation plat shall be deemed a final order for the purposes of this section.~~ In an appeal from an order of a county auditor effecting a consolidation the action of the commissioner or the state board approving the plat is reviewable and the commissioner may be called by either party as a witness in such appeal proceedings and may be examined under the rules of civil procedure relating to the cross-examination of adverse parties.

Sec. 91. Minnesota Statutes 1976, Section 127.25, Subdivision 2, is amended to read:

Subd. 2. Any school district or any person affected by final order of the county board ~~or final order of the commissioner~~ or final order of the county auditor shall be permitted to intervene in appeals under this section as a party respondent.

Sec. 92. Minnesota Statutes 1976, Section 127.25, is amended by adding a subdivision to read:

Subd. 4. Unless otherwise provided by law, any school district or any person aggrieved by a final order of the commissioner made pursuant to provisions of this code may proceed under the provisions of sections 15.0418 to 15.0426.

Sec. 93. Minnesota Statutes 1976, Section 127.29, Subdivision 1, is amended to read:

127.29 GROUNDS FOR DISMISSAL. Subdivision 1. No school shall dismiss any pupil without attempting to provide alternative programs of education prior to dismissal proceedings, except where it appears that the pupil will create an immediate and substantial danger to himself or to persons or property around him. Such programs may include special tutoring, modification of the curriculum for the pupil, placement in a special class or assistance from other agencies.

Sec. 94. Minnesota Statutes 1976, Section 127.30, Subdivision 1, is amended to read:

127.30 SUSPENSION PROCEDURES. Subdivision 1. No suspension from school shall be imposed without an informal administrative conference with the pupil, except where it appears that the pupil will create an immediate and substantial danger to himself or to persons or property around him.

Sec. 95. Minnesota Statutes 1976, Section 128A.02, is amended by adding a subdivision to read:

Subd. 5. The state board of education may by agreement with teacher preparing
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institutions or accredited institutions of higher education arrange for practical experience in the Minnesota school for the deaf and the Minnesota braille and sight-saving school for practice or student teachers, or for other students engaged in fields of study which prepare professionals to provide special services to handicapped children in school programs, who have completed not less than two years of an approved program in their respective fields. These student trainees shall be provided with appropriate supervision by a teacher licensed by the board of teaching or by a professional licensed or registered in the appropriate field of special services and shall be deemed employees of the school for the deaf or the braille and sight-saving school, as applicable, for purposes of workers' compensation.

Sec. 96. Minnesota Statutes 1976, Section 128A.02, is amended by adding a subdivision to read:

Subd. 6. The rules of the state board pursuant to this section shall establish procedures for admission to and discharge from the schools, for decisions on a child's program at the schools and for evaluation of the progress of children enrolled in the schools. These procedures shall guarantee children and their parents appropriate procedural safeguards, including a review of the placement determination made pursuant to sections 120.17 and 128A.05, and the right to participate in educational program decisions.

Sec. 97. Minnesota Statutes 1976, Section 128A.03, Subdivision 2, is amended to read:

Subd. 2. Each advisory council shall consist of ~~seven~~ eight members. The members shall be representative of the various geographic regions of the state, shall include parents or guardians of visually disabled or hearing impaired children, shall include a staff representative of the applicable school, and shall include two representatives from groups representing the interests of visually disabled or hearing impaired individuals, as applicable. All members shall have knowledge, experience and interest in the problems of visually disabled or hearing impaired children.

Sec. 98. Minnesota Statutes 1976, Section 134.03, is amended to read:

~~134.03 TAX LEVY. In cities of less than 2,000 inhabitants not levying a tax for public library purposes, the school board may maintain a public library for the use of all residents of the district and provide ample and suitable rooms for its use in the school buildings and in any independent school district embracing any such city; where a library building has been erected with funds donated for library purposes, the school district may levy an annual tax of not more than one mill, the proceeds of which tax shall be used for the support and maintenance of this library and known as the "library fund." or the district.~~

Upon a library being so established in any such school district, whose library building has been erected with funds acquired by gift or donation, the school board is empowered to appoint a library board of nine members, of which each member of the school board shall be a member ex officio.

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The remaining members of such library board shall be appointed by the school board, one of which remaining members shall hold office for one year, one for two years, and one for three years if the school board has only six members, from the first Saturday of September following their appointment, the term of office of each being specified in such appointment; annually thereafter, such school board shall appoint a member of the library board for the term of three years and until his successor shall qualify. Such school board may remove any member so appointed for misconduct or neglect. Vacancies in such board shall be filled by appointment for the unexpired term. Members of such board shall receive no compensation for their services as such.

Immediately after appointment, such board shall organize by electing one of its members as president and one as secretary and from time to time it may appoint such other officers and employees as it deems necessary. The secretary, before entering upon his duties, shall give bond to the school district in an amount fixed by the library board, conditioned for the faithful discharge of his official duties. The library board shall adopt such bylaws and regulations for the government of the library and reading-room and for the conduct of its business as may be expedient and conformable to law. It shall have exclusive control of the expenditures of all money collected for, or placed to the credit of, the library funds, and of the rooms and buildings provided for library purposes. All moneys received for such library fund shall be kept in the treasury of the school district, credited to the library fund, and be paid out only upon itemized vouchers approved by the library board. The library board may fix the compensation of employees and remove any of them at pleasure.

All books or other property given, granted, conveyed, donated, devised, or bequeathed to, or purchased by, such library shall vest in, and be held in the name of, such school district. Every library and reading-room established hereunder shall be free to the use of the inhabitants of the school district, subject to such reasonable regulations as the directors may adopt.

When so established, no such library shall be abandoned without a two-thirds majority vote of the electors cast at any annual or special school meeting called for the purpose.

When so established, in cases where the building has been erected with funds so donated, no such library shall be abandoned without a two-thirds majority vote of the electors cast at any annual or special school meeting called for the purpose.

Sec. 99. Minnesota Statutes, 1977 Supplement, Section 176.011, Subdivision 9, is amended to read:

Subd. 9. **EMPLOYEE.** "Employee" means any person who performs services for another for hire; and includes the following:

(1) an alien;

(2) a minor;

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(3) a sheriff, deputy sheriff, constable, marshal, policeman, fireman, a county highway engineer, and a peace officer while engaged in the enforcement of peace or in and about the pursuit or capture of any person charged with or suspected of crime;

(4) a county assessor;

(5) an elected or appointed official of the state, or of any county, city, town, school district or governmental subdivision therein but an officer of a political subdivision elected or appointed for a regular term of office or to complete the unexpired portion of any such regular term, shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;

(6) an executive officer of a corporation except an officer of a family farm corporation as defined in section 500.24, subdivision 1, clause (c);

(7) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioner of public welfare and state institutions under the commissioner of corrections similar to those of officers and employees of such institutions, and whose services have been accepted or contracted for by the commissioner of public welfare or the commissioner of corrections as authorized by law, shall be employees within the meaning of this subdivision. In the event of injury or death of any such voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of such injury or death for similar services in institutions where such services are performed by paid employees;

(8) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision thereof, shall be employees. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of such injury or death for similar services where such services are performed by paid employees;

(9) a voluntary uncompensated worker participating in a program established by a county welfare board shall be an employee within the meaning of this subdivision. In the event of injury or death of any such voluntary uncompensated worker, the wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid in the county at the time of such injury or death for similar services where such services are performed by paid employees working a normal day and week;

(10) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 85.041 shall be an employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where such services are performed by paid employees.

(11) a member of the military forces, as defined in section 190.05, while in "active

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service" or "on duty" as defined in section 190.05, when the service or duty is ordered by state authority. The daily wage of the member for the purpose of calculating compensation payable under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

(12) a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a volunteer, pursuant to chapter 138, shall be an employee. The daily wage of the worker, for the purposes of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where such services are performed by paid employees; ;

(13) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota school for the deaf or the Minnesota braille and sight-saving school, and whose services have been accepted or contracted for by the state board of education, as authorized by law, shall be an employee within the meaning of this subdivision. In the event of injury or death of any such voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of such injury or death for similar services in institutions where such services are performed by paid employees.

In the event it is difficult to determine the daily wage as herein provided, then the trier of fact may determine the wage upon which the compensation is payable.

Sec. 100. Minnesota Statutes 1976, Section 179.70, Subdivision 1, is amended to read:

179.70 CONTRACTS; GRIEVANCES; ARBITRATION. Subdivision 1. A written contract or memorandum of contract containing the agreed upon terms and conditions of employment and such other matters as may be agreed upon by the employer and exclusive representative shall be executed by the parties. The duration of the contract shall be negotiable except in no event shall contracts be for a term exceeding three years. Any contract between employer school board and an exclusive representative of teachers shall in every instance be ~~for an initial term of one year commencing on July 1, 1974, through June 30, 1975, and thereafter~~ for a term of two years beginning on July 1 of each odd-numbered year. For contracts effective July 1, 1979 or thereafter, the written contract executed by an employer school board and an exclusive representative of teachers shall contain the teachers' compensation including fringe benefits for the entire two year term and shall not contain a wage reopening clause or any other provision for the renegotiation of the teachers' compensation for the second year of the contract. All contracts shall include a grievance procedure which shall provide compulsory binding arbitration of grievances. In the event that the parties cannot reach agreement on the grievance procedure, they shall be subject to the grievance procedure promulgated by the director pursuant to section 179.71, subdivision 5, clause (i).

Sec. 101. Minnesota Statutes, 1977 Supplement, Section 275.07, is amended to read:

275.07 CITY, TOWN AND SCHOOL DISTRICT TAXES. Subdivision 1. The ~~Changes or additions indicated by underline deletions by strikeout~~

taxes voted by cities, towns, and school districts shall be certified by the proper authorities to the county auditor on or before October tenth in each year. If a city, town, county, school district or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year. If the local unit notifies the commissioner of revenue before October tenth of its inability to certify its levy by that date, and the commissioner is satisfied that the delay is unavoidable and is not due to the negligence of the local unit's officials or staff, the commissioner shall extend the time within which the local unit shall certify its levy.

Subd. 2. In school districts lying in more than one county, the clerk shall certify the tax levied to the auditor of the county in which the administrative offices of the school district are located.

Sec. 102. Minnesota Statutes, 1977 Supplement, Section 275.124, is amended to read:

275.124 REPORT OF CERTIFIED LEVY. Prior to ~~March~~ February 1 of each year, each county auditor shall report to the commissioner of education on forms furnished by the commissioner, the amount of the certified levy made by each school district within the county which has taxable property and any other information concerning these levies that is deemed necessary by the commissioner.

Sec. 103. Minnesota Statutes, 1977 Supplement, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In 1977, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 28 mills times the 1976 adjusted assessed valuation of the district.

(2) In 1978, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 27 mills times the 1977 adjusted assessed valuation of the district.

(3) For any district levying less than 95 percent of the maximum levy allowable in clauses (1) and (2), beginning with the levy certified in ~~1976~~ 1978, payable in ~~1977~~ 1979, the foundation aid to the district for the ~~1977-1978~~ 1979-1980 school year, and for subsequent levies, foundation aid for subsequent school years, calculated pursuant to section 124.212, shall be reduced by ~~50 percent of the~~ to an amount of equal to the difference ratio between the actual levy and the maximum levy allowable under clauses (1) and (2) times the foundation aid to which the district is otherwise entitled for that year. ~~In the application of~~ For purposes of computations pursuant to this clause, the maximum levy allowable and the actual levy under clauses (1) and (2) shall be ~~reduced~~ increased by any reduction of this levy which is required by section 275.125, subdivision 9 or any other law.

(4) (a) 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

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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 to approve a levy increase which will commence in a specific school year. The question on the ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The question may designate a specific number of years for which the referendum authorization shall apply. If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked by the voters of the district at a subsequent referendum.

(b) A referendum on the question of revoking the increased levy amount authorized pursuant to clause (a) of this clause may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. The amount approved by the voters of the district pursuant to clause (a) of this clause must be levied at least once before it is subject to a referendum on its revocation for subsequent years. Only one such revocation election may be held to revoke a levy for any specific year and for years thereafter.

(c) A petition authorized by clauses (a) or (b) of 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.

(d) 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.

(e) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 104. Minnesota Statutes 1976, Section 275.125, is amended by adding a subdivision to read:

Subd. 2b. (1) Beginning in 1978, in any year when the amount of the maximum levy allowed for any district by section 275.125, subdivision 2a, clause (1) or (2), exceeds the product of the district's foundation aid formula allowance under section 124.212 for the corresponding school year times the number of pupil units computed for that district under section 124.17 for that school year, the levy permitted that district by section 275.125, subdivision 2a, clause (1) or (2) shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under section 275.125, subdivision 2a, clause (1) or 107 percent of the sum of the following, but not to exceed the amount raised by the number of mills permitted under section 275.125, subdivision 2a, clause (1) or (2):

(a) the product of the district's foundation aid formula allowance under section 124.212 for the school year in which the levy is certified times the number of pupil units computed for that district under sections 124.17 for the school year in which the levy is

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certified; plus

(b) the district's estimated aid entitlement pursuant to section 124.20 for the summer school which begins in the school year in which the levy is certified; plus

(c) that district's entitlement, for the year in which the levy is certified, for transportation aid pursuant to section 124.222, special education aid pursuant to section 124.32, secondary vocational aid pursuant to section 124.573 and secondary vocational aid for handicapped children pursuant to section 124.574.

(2) If a district levies the full 107 percent of its entitlement under clause (1) for a school year and that amount is less than the amount to which the district would actually have been entitled under sections 124.20, 124.212, 124.222, 124.32, 124.573 and 124.574, for the year to which the levy is attributable, the district may adjust its levies in the succeeding years to make up this difference. The amount by which the district is allowed to adjust its levies in the succeeding years pursuant to this clause shall be recorded as a receivable in the school year to which the aids are attributable.

(3) If a district levies pursuant to clause (1) for a school year and the amount levied is greater than the amount to which the district would actually have been entitled under sections 124.20, 124.212, 124.222, 124.32, 124.573 and 124.574, for the year to which the levy is attributable, the district shall reduce its levies in the succeeding years by the amount of this difference.

(4) However, if the amount of the difference in clause (2), when calculated as an addition to the original levy for that year, would have exceeded the amount raised by the millage limitation in section 275.125, subdivision 2a, clause (1) or (2) for that year, the state shall pay the amount to which the district is entitled under sections 124.20, 124.212, 124.222, 124.32, 124.573 and 124.574, for that school year, which exceeds the amount raised by that millage limitation.

(5) If the district is unable to levy the full 107 percent of its entitlement for a school year because of the millage limitation in section 275.125, subdivision 2a, clause (1) or (2), the state shall pay the amount under sections 124.20, 124.212, 124.222, 124.32, 124.573 or 124.574 to which the district is entitled for that school year which exceeds the amount raised by that millage limitation.

(6) Prior to the certification of levies, the commissioner of education shall notify an applicable district that it is subject to the levy limitation of this subdivision and of its estimated entitlements pursuant to sections 124.20, 124.212, 124.222, 124.32, 124.573 and 124.574. The commissioner shall decide that a district is subject to this levy limitation if it appears reasonably certain that the maximum levy allowed that district pursuant to section 275.125, subdivision 2a, clause (1) or (2) will exceed the district's foundation aid formula allowance times the number of pupil units computed for that district under section 124.17 for that corresponding year. If, upon the order of the commissioner, the district levies pursuant to this subdivision but the maximum levy allowed that district pursuant to section 275.125, subdivision 2a, clause (1) or (2) would not actually have exceeded the district's foundation aid formula allowance times the number of pupil units

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computed for that district under section 124.17 for that corresponding year, the district shall reduce its levy for the next year by the amount by which the levy certified pursuant to this subdivision exceeded the amount the district could have levied under subdivision 2a, clause (1) or (2). Also in that case, the district shall receive all aids from the state pursuant to sections 124.20, 124.212, 124.222, 124.32, 124.573 and 124.574 to which it would otherwise have been entitled if its permitted levy had not been computed pursuant to this subdivision.

(7) Any district which is required to compute its permitted levy under this subdivision shall not be eligible to receive aid under sections 124.20, 124.212, 124.222, 124.32, 124.573 and 124.574 for the corresponding year except as authorized by this subdivision.

(8) Nothing within the provisions of this subdivision shall be construed to affect any other levy under section 275.125, including levies made pursuant to section 275.125, subdivision 2a, clause (4), to which a district is otherwise entitled.

(9) A levy made by a district pursuant to the provisions of this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, clause (1) and (2), of this section, for purposes of statutory cross-reference.

Sec. 105. Minnesota Statutes, 1977 Supplement, Section 275.125, Subdivision 4, is amended to read:

Subd. 4. A school district may levy the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by section 275.125, subdivision 3, clause (7) (C), as it read in Minnesota Statutes 1974; the amounts necessary for repayment of debt service loans and capital loans; the amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; ~~and~~ the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; and the amounts necessary to pay the district's obligations under section 122.533.

Sec. 106. Minnesota Statutes, 1977 Supplement, Section 275.125, Subdivision 9, is amended to read:

Subd. 9. (1) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, subdivision 8a, clause (1), shall reduce the permissible levies authorized by subdivisions 3 to 14 by that portion of the previous year's payment not deducted from foundation aid on account of the payment. The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies. Reductions in levies pursuant to this clause, subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to

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298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section to be certified in the calendar year in which the deduction from foundation aid is made pursuant to section 124.212, subdivision 8a, by the portion of the previous fiscal year's payment which was not deducted from foundation aid in that calendar year pursuant to section 124.212, subdivision 8a by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections in the previous fiscal year less the product of the same dollar amount of payments times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed the district under section 275.125 in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to subdivision 2a, clause 1 or 2, to an amount less than the amount raised by a levy of 10 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to subdivision 2a, clause (4) shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by section 275.125, subdivision 11a, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to that subdivision. The reduction of the capital expenditure levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year after fiscal year 1975 pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124.212, subdivision 8a, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the commissioner of finance in the following amounts pursuant to this clause on the designated dates: on or before March 15, 1977, 20 percent of the amounts received in fiscal 1976 and not deducted from foundation aid in August 1976 and not applied to reduce 1976 payable 1977 levies; on or before March 15, 1978, 60 percent of the amounts received in fiscal 1977 and not deducted from foundation aid and not applied to reduce 1977 payable 1978 levies; ~~on or before March 15, 1979 and March 15 of each year thereafter, 100 percent of the amounts received in the preceding fiscal year and not deducted from foundation aid~~

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and not applied to reduce levies certified in the preceding October. Any amounts received by districts in any fiscal year after fiscal year 1977 pursuant to the sections specified in this clause shall be paid by the district to the commissioner of finance in the following amounts on the designated dates: on or before March 15, 1979 and March 15 of each year thereafter, 100 percent of the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124.212, subdivision 8a, which is in excess of the foundation aid earned for that fiscal year. The commissioner of finance shall deposit any amounts received pursuant to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 107. Minnesota Statutes, 1977 Supplement, Section 275.125, Subdivision 11a, is amended to read:

Subd. 11a. (a) A school district may levy an amount not to exceed the amount equal to \$75 per pupil unit or, in districts where the pupil unit count is increased pursuant to section 124.17, subdivision 1, clause (7), \$80 per pupil unit. For purposes of computing allowable levies under section 275.125, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7). No levy under this subdivision shall exceed 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year, notwithstanding the provisions of sections 272.64 and 275.49.

(b) The proceeds of the tax may be used only to acquire land, to equip and reequip buildings and permanent attached fixtures, and to pay leasing fees for computer systems hardware, computer terminals and telecommunications equipment, and related proprietary software. The proceeds of the tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures, energy assessments as required pursuant to section 116H.126, and for the payment of any special assessments levied against the property of the district authorized pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, including but not limited to those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. The proceeds of the tax may also be used for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped individuals.

(c) 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 state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the renting or leasing of buildings for school purposes and the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal with respect to the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) The board shall establish a fund in which the proceeds of this tax shall be **Changes or additions indicated by underline deletions by ~~strikeout~~**

accumulated until expended.

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

Sec. 108. Minnesota Statutes, 1977 Supplement, Section 275.125, Subdivision 13, is amended to read:

Subd. 13. Districts maintaining a post-secondary vocational-technical school ~~shall~~ may levy for post-secondary vocational-technical purposes as follows:

(1) For districts in cities of the first class, one-half mill, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

(2) For districts formed pursuant to Laws 1967, Chapter 822, as amended, and Laws 1969, Chapters 775 and 1060 as amended, one-half mill, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

(3) For other districts maintaining post-secondary vocational schools, one mill, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

Sec. 109. Minnesota Statutes 1976, Section 275.125, Subdivision 15, is amended to read:

Subd. 15. ~~Any district which in any year levies an amount which is greater than the amount allowed by subdivisions 2a to 14; shall lose an amount of state foundation aid equal to one-half of the excess in the levy. However, If any school district levy is found to be excessive as a result of a decision of the tax court of appeals or a redetermination by the equalization aid review committee under section 124.212, subdivisions 11 to 18 or for any other reason, the amount of the excess shall be deducted from the levy certified in the next year for the same purpose; provided that if no levy is certified in the next year for the same purpose or if the amount certified is less than the amount of the excess, the excess shall be deducted from that levy and the levy certified pursuant to subdivision 2a. The amount of aid lost shall be deducted from the aid which would otherwise have been received for the school year which commences in the calendar year during which the excessive levy is being collected. Any foundation aid so withheld shall be withheld in accordance with the procedures specified in section 124.15~~ If any aid entitlement pursuant to sections 124.212, 124.222 and 124.245 would have been increased in a prior year as a result of a decision of the tax court of appeals or a redetermination by the equalization aid review committee, the amount of the increase shall be added to the current aid entitlement for the same purposes.

Sec. 110. Minnesota Statutes 1976, Section 275.125, Subdivision 16, is amended to read:

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Subd. 16. For the purposes of this section, the number of resident pupil units in average daily membership shall be computed in accordance with section 124.17, provided that the district may use an estimated average daily membership for the current school year. Any district which increased its pupil units, exclusive of consolidation, or merger of districts, or change of definition of pupil units by more than five percent from one year to another for two consecutive years may use an estimated pupil unit count for the next succeeding school year for determining a levy certified in the current year. If as a result of such estimate the levy is different from the amount that could actually have been levied under this section had such levy been based upon the pupil units computed under section 124.17 for that school year, ~~then in that event~~ the authorized levy for the following year shall be adjusted for the difference.

Sec. 111. Minnesota Statutes 1976, Section 275.125, Subdivision 18, is amended to read:

Subd. 18. By November 1 of each year each district shall ~~submit to~~ notify the commissioner of education ~~a certificate of the levies certified in~~ compliance with the levy limitations of this section. The commissioner of education shall prescribe the form of this ~~certificate~~ notification.

Sec. 112. Minnesota Statutes 1976, Section 275.48, is amended to read:

275.48 ADDITIONAL TAX LEVIES IN CERTAIN MUNICIPALITIES. Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the assessed valuation of any city, township or school district for any taxable year is reduced after the taxes for such year have been spread by the county auditor and whenever the mill rate as determined by the county auditor based upon the original assessed valuation is applied upon such reduced valuations and does not produce the full amount of taxes as actually levied and certified for such taxable year upon the original assessed valuations, such city, township or school district may include in its tax levy made following final determination and notice of such reduction in assessed valuation, an amount equal to the difference between the total amount of taxes actually levied and certified for such taxable year upon the original assessed valuation, not exceeding the maximum amount which could be raised upon such assessed valuation as reduced, within existing mill limitations, if any, and the amount of taxes collected for such taxable year upon such reduced valuations. The total tax levy authorized for a school district by this section shall be reduced by the total amount of any abatement adjustments received by the district pursuant to section 124.214, subdivision 2, in the same calendar year in which the levy is certified. Prior to September 15 of each year, the commissioner of education shall certify to each county auditor the amount of any abatement adjustments paid in that year to each school district in that county.

The amount of taxes so included shall be levied separately and shall be levied in addition to all limitations imposed by law; and further shall not result in any penalty in the nature of a reduction in state aid of any kind.

Sec. 113. Minnesota Statutes, 1977 Supplement, Section 298.28, Subdivision 1, is amended to read:

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298.28 DIVISION AND DISTRIBUTION OF PROCEEDS. Subdivision 1. The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court of appeals at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) 12.5 cents per taxable ton to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton to school districts to be distributed as follows:

(a) 6 cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (c), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 or in which is located property which is entitled to the reduction of tax pursuant to section 273.135, subdivision 2, clause (c). The 23 cents, less any amount distributed under part (c), shall be distributed in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its permitted levy for the prior year, computed pursuant to section 275.125, comprises of the sum of permitted levies for the prior year for all qualifying districts, computed pursuant to section 275.125. ~~That portion of the amount so distributed to a school district which is not deducted from state aids in section 124.212, subdivision 8a, shall be included in computing the permissible levies under section 275.125.~~ For purposes of distributions pursuant to this part, permitted levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause (4).

(c) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

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(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power plant is located.

(c) 4 cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 25.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) 1 cent per taxable ton to the state.

(7) 3 cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes of section 298.22. Of this amount, one cent per taxable ton is to be used to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60 issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134.

(8) the amounts determined under clauses (4)(a), (4)(c), and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

(9) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (8) and parts (a), (b), (c), and (d) of this clause have been made shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection fund created in section 298.292 as follows: In 1978, 1979, 1980, 1981, and 1982, two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic

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protection fund; in 1983 and thereafter, one-half to each fund. The proceeds shall be placed in the respective special accounts in the general fund.

(a) In 1978 and each year thereafter, there shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977.

(b) In 1978 and each year thereafter, there shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

(c) In 1978 and each year thereafter, \$50,000 shall be distributed to the department of revenue for auditing and enforcing the production tax imposed by Laws 1977, Chapter 423, Article 10.

(d) In 1978 and 1979, \$150,000 shall be distributed to the department of revenue for the purpose of administering section 298.48. In 1980 and each year thereafter, \$100,000 shall be distributed to the department of revenue. On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or town which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in the next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in

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subsequent years. In any calendar year in which a general property tax levy subject to sections 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.125 or 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the taconite environmental protection fund, and to the northeast Minnesota economic protection fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 114. Minnesota Statutes 1976, Section 298.39, is amended to read:

298.39 DISTRIBUTION OF PROCEEDS. The proceeds of the tax collected under section 298.35 shall be distributed by the state treasurer, upon certificate of the commissioner of revenue to the general fund of the state and to the various taxing districts in which the lands from which the semi-taconite was mined or quarried were located in the following proportions: 22 percent thereof to the city or town; 50 percent thereof to the school district; 22 percent thereof to the county; six percent thereof to the state. If the mining and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities or towns among such subdivisions, and the part going to school districts among such districts, and the part going to counties among such counties, upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the semi-taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court of appeals at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner. The amount so distributed shall be divided among the various funds of the state, or of the taxing districts in the same proportion as the general ad valorem tax thereof. If in any year the state shall not spread any general ad valorem tax levy against real property, the state's proportion of the tax shall be paid into the general fund. The amount distributed to any city ~~and one-third in 1971 and that portion not deducted from state aids in section 124.212, subdivision 8, thereafter of the amount~~

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distributed to any school district under the provisions hereof shall be included in computing the permissible levies of such city or school district under sections section 275.11 or 275.125, but shall not be included in computing mill rate limitations, including cost of living adjustments thereof, so long as the levies do not exceed the limitations provided by said sections section 275.11 or 275.125. On or before October 10 of each calendar year each producer of semi-taconite subject to taxation under section 298.35, hereinafter called "taxpayer," shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district or city which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in such next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district ~~except in the case of school districts one-third in 1971 and that portion not deducted from state aids in section 124.212, subdivision 8, thereafter of the indicated amount is to be used~~ in computing, pursuant to sections section 275.11 or 275.125, the permissible tax levy of such city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.36, as the amount of tax payable under section 298.35, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.35, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.11 or 275.125 has been made, if the taxes distributable to any such city or school district are greater than the amount estimated to be paid to any such city or school district in such year, the excess of such distribution shall be held in a special fund by the city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.11 or 275.125 of such city or school district payable in such year. If the amounts distributable to any such city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.11 or 275.125 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if

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no certificates were issued, an amount equal to such shortage.

There is hereby appropriated to such taxing districts as are stated herein, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer.

Sec. 115. Minnesota Statutes 1976, Section 298.396, is amended to read:

298.396 **DISTRIBUTION OF PROCEEDS.** The proceeds of the tax collected under section 298.393 shall be distributed by the state treasurer, upon certificate of the commissioner to the general fund of the state and to the various taxing districts in which the agglomerating facility is located in the following proportions: 22 percent thereof to the city or town; 50 percent thereof to the school district; 22 percent thereof to the county; 6 percent thereof to the state. If the agglomerating facility is located in more than one tax district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities or towns among such subdivisions, and the part going to school districts among such districts, and the part going to counties among such counties, giving due consideration to the relative extent of the facilities located in each such taxing district. His order making such apportionment shall be subject to review by the tax court of appeals at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner. The amount to be distributed among the several taxing districts of the state shall be divided by such districts among the funds of such districts in the same proportion as the general ad valorem tax thereof. The amount distributed to any city ~~and one-third in 1974 and that portion not deducted from state aids in section 124.212, subdivision 8, hereafter of the amount distributed to any school district under the provisions hereof shall be included in computing the permissible amount of the levies of such city or school district under sections section 275.11 or 275.125, but shall not be included in computing mill rate limitations, including cost of living adjustments thereof, so long as the levies do not exceed the limitations provided by ~~said sections~~ section 275.11 or 275.125.~~

Sec. 116. Minnesota Statutes, 1977 Supplement, Section 354.094, Subdivision 1, is amended to read:

354.094 **EXTENDED LEAVES OF ABSENCE.** Subdivision 1. If a member is granted an extended leave of absence pursuant to section 125.60, he may receive allowable service credit toward annuities and other benefits under this chapter, for each year of his leave by paying into the fund employee contributions during the period of the leave which shall not exceed five years. The ~~employing district~~ state shall pay employer contributions into the fund for each year for which a member who is on extended leave pays employee contributions into the fund. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

Sec. 117. Minnesota Statutes, 1977 Supplement, Section 354.094, Subdivision 4, is amended to read:

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Subd. 4. If a member who ~~paid~~ pays employee contributions into the fund for ~~five years while on the agreed maximum duration of an~~ extended leave does not resume teaching in the ~~sixth first~~ school year after the ~~beginning of his extended leave that maximum duration has elapsed~~, he shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter.

Sec. 118. Minnesota Statutes, 1977 Supplement, Section 354.66, Subdivision 1, is amended to read:

354.66 QUALIFIED PART TIME TEACHERS; PARTICIPATION IN FUND. Subdivision 1. As used in this section, the term "teachers" shall have the meaning given it in section 125.03, subdivision 1, but shall not include superintendents ; ~~principals; assistant principals or other supervisory employees as defined in section 179.63; subdivision 9.~~

Sec. 119. Minnesota Statutes, 1977 Supplement, Section 354.66, Subdivision 9, is amended to read:

Subd. 9. A district shall not assign a teacher to a part time teaching position qualifying for the continuation of contributions and accrual of service credit pursuant to this section without applying for and receiving the authorization of the commissioner of finance education. In cooperation with the boards of trustees of the appropriate retirement fund associations and within the limits of the amount appropriated for the purpose of this section, the commissioner of finance education shall approve or disapprove applications from districts for authorization to assign teachers to part time teaching positions qualifying for the continuation of contributions and accrual for service credit pursuant to this section.

Sec. 120. Minnesota Statutes, 1977 Supplement, Section 354A.091, Subdivision 1, is amended to read:

354A.091 TEACHERS ON EXTENDED LEAVE. Subdivision 1. Notwithstanding any provision of chapter 354A or the bylaws of an association relating to salary for contribution purposes or accrual of service credit to the contrary, an elementary or secondary school teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 125.60 may receive allowable service credit toward annuities and other benefits under this chapter for each year of his leave by paying into the fund employee contributions during the period of the leave which shall not exceed five years. The ~~employing district~~ state shall pay employer contributions into the fund for each year for which a member who is on extended leave pays employee contributions into the fund. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12, for the salary received during the year immediately preceding the leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

Sec. 121. Minnesota Statutes, 1977 Supplement, Section 354A.091, Subdivision 4, is amended to read:

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Subd. 4. If a member who ~~paid~~ pays employee contributions into the fund for five years while on the agreed maximum duration of an extended leave does not resume teaching in the sixth first school year after the beginning of his extended leave that maximum duration has elapsed, he shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and the bylaws of the retirement association.

Sec. 122. Minnesota Statutes, 1977 Supplement, Section 354A.22, Subdivision 1, is amended to read:

354A.22 QUALIFIED PART TIME TEACHERS; PARTICIPATION IN FUND.
Subdivision 1. As used in this section, the term "teachers" shall have the meaning given it in section 125.03, subdivision 1, but shall not include superintendents ; ~~principals, assistant principals or other supervisory employees as defined in section 179.63, subdivision 9.~~

Sec. 123. Minnesota Statutes, 1977 Supplement, Section 354A.22; Subdivision 9, is amended to read:

Subd. 9. A district shall not assign a teacher to a part time teaching position qualifying for the continuation of contributions and accrual of service credit pursuant to this section without applying for and receiving the authorization of the commissioner of finance education. In cooperation with the boards of trustees of the appropriate retirement fund associations and within the limits of the amount appropriated for the purpose of this section, the commissioner of finance education shall approve or disapprove applications from districts for authorization to assign teachers to part time teaching positions qualifying for the continuation of contributions and accrual of service credit pursuant to this section.

Sec. 124. Notwithstanding the provisions of sections 88, 119 and 123 of this act, the commissioner of finance shall pay the remainder of the state's obligation pursuant to sections 125.61, 354.66 and 354A.22 for the fiscal year ending June 30, 1978.

Sec. 125. Minnesota Statutes 1976, Section 471.16, Subdivision 1, is amended to read:

471.16 MAY ACT INDEPENDENTLY OR COOPERATIVELY. Subdivision 1. Any city, however organized, or any town, county, school district, or any board thereof, or any incorporated post of the American Legion or any other incorporated veterans' organization, may operate such a program independently, or they may cooperate among themselves or with any nonprofit organization in its conduct and in any manner in which they may mutually agree; or they may delegate the operation of the program to a recreation board created by one or more of them, and appropriate money voted for this purpose to such board which may in turn support or cooperate with a nonprofit organization. In the case of school districts after May 15, 1978, the right to enter into such agreements with any other corporation, board or body hereinbefore designated where bonds are issued by the other party and revenue pledged for bonds issued pursuant to section 471.191, shall be authorized only upon obtaining the approval of a majority of the

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electors voting on the question at a regular or special school election.

Sec. 126. [471.1911] **VALIDATION OF SCHOOL DISTRICT AGREEMENTS.** Agreements entered into by school districts pursuant to the provisions of 471.15 to 471.191 or Laws 1967, Chapter 33, prior to May 15, 1978, without a referendum, are not void and are hereby validated.

Sec. 127. Minnesota Statutes 1976, Section 471.61, is amended by adding a subdivision to read:

Subd. 1b. Any school district which has entered into a self insurance plan or program prior to March 31, 1978 may elect to continue to provide the benefits authorized by subdivision 1, excluding life and long term disability insurance benefits, through a self insurance plan or program. Any plan or program of self insurance, adopted by a school district, shall provide for the purchase of excess of loss coverage from an insurance company, as defined in section 60A.02, subdivision 4, or a service plan corporation, as defined in section 62C.02, subdivision 6, covering any claims or losses incurred during the period covered by the self insurance plan aggregating in excess of \$500,000, or a lesser amount at the district's option.

This subdivision shall not operate to invalidate any contract providing self insured employee life and long term disability insurance benefits, if the school district entered into the contract prior to March 31, 1978.

This subdivision shall not authorize any school district to provide the benefits authorized by subdivision 1 through a self insurance plan or program after July 1, 1980.

Sec. 128. Minnesota Statutes 1976, Section 475.60, Subdivision 2, is amended to read:

Subd. 2. **REQUIREMENTS WAIVED.** The requirements as to public sale shall not apply to:

(1) Obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale, or authorizing them to be issued in such manner or on such terms and conditions as the governing body may determine;

(2) Obligations sold by an issuer in an amount not exceeding the total sum of \$100,000 in any three month period;

(3) Obligations issued by a governing body other than a school board in anticipation of the collection of taxes or other revenues appropriated for expenditure in a single year, if sold in accordance with the most favorable of two or more proposals solicited privately; and

(4) Obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota, in accordance with rules or regulations promulgated by such board, department, or agency.

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Sec. 129. Laws 1967, Chapter 33, is amended by adding a section to read:

Sec. 6a. After April 15, 1978, a school district shall have the right to enter into an agreement with the city of Coon Rapids where the city pledges revenues for the acquisition and betterment of recreational facilities pursuant to Laws 1967, Chapter 33, only after authorization is granted the district by a majority of the electors voting on the question at a regular or special school election.

Sec. 130. Laws 1967, Chapter 822, Section 7, as amended by Laws 1969, Chapter 945, Section 2; Laws 1975, Chapter 432, Section 84; and Laws 1977, Chapter 447, Article V, Section 13, is amended to read:

Sec. 7. **TAX LEVIES.** The joint school board shall may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational-technical schools, certify to each participating school district the tax levy specified in Minnesota Statutes, Section 275.125, Subdivision 13, Clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under Minnesota Statutes, Section 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 131. Laws 1969, Chapter 775, Section 4, Subdivision 1, is amended to read:

Sec. 4. **FINANCING.** Subdivision 1. The intermediate school board shall be a public agency and may receive and disburse federal and state funds made available to it ~~including moneys described in Minnesota Statutes, Section 121.21. For purposes of this act all post high school students attending facilities of said intermediate school district shall be deemed nonresident students; except those students residing within the component district where the facility is located; for purposes of state aids; provided that the percentage of students enrolled for which this school receives reimbursement a nonresident basis shall not exceed the statewide average percentage of nonresident students in other area vocational-technical schools.~~ No participating school district as such shall have any individual liability for the debts or obligations of said intermediate school district nor shall any individual serving as a member of the intermediate school board have such liability. Any property, real or personal, acquired, owned, leased, used, or controlled in any way by the intermediate board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

Sec. 132. Laws 1969, Chapter 775, Section 4, Subdivision 2, as amended by Laws 1971, Chapter 267, Section 3; Laws 1975, Chapter 432, Section 85; and Laws 1977, Chapter 447, Article V, Section 14, is amended to read:

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Subd. 2. The intermediate school board ~~shall~~ may in each year for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, the tax levy specified in Minnesota Statutes, Section 275.125, Subdivision 13, Clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Said annual tax levies shall be certified pursuant to Minnesota Statutes, Section 124.02. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under Minnesota Statutes, Section 275.125. After such levies have been certified to the appropriate county officials the intermediate school board may issue and sell by negotiation or at public sale its certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amount such as will not exceed the portion of such tax levy which is then not collected and not delinquent.

Sec. 133. Laws 1969, Chapter 1060, Section 7, as amended by Laws 1975, Chapter 432, Section 86, and Laws 1977, Chapter 447, Article V, Section 15, is amended to read:

Sec. 7. **TAX LEVIES.** The joint school board ~~shall~~ may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational-technical schools, certify to each participating school district the tax levy specified in Minnesota Statutes, Section 275.125, Subdivision 13, Clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under Minnesota Statutes, Section 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 134. Laws 1971, Chapter 722, Section 1, as amended by Laws 1975, Chapter 432, Section 87, is amended to read:

Section 1. **SPECIAL SCHOOL DISTRICT NO. 1; TAX LEVY.** To provide moneys to pay any administrative, operational, planning or capital expenses of an area vocational-technical school established pursuant to the provisions of Minnesota Statutes, Section 121.21, the board of directors of special school district No. 1 of Minneapolis ~~shall~~ may levy the tax specified in ~~section 76, clause 4 of this act~~ Minnesota Statutes, Section 275.125, Subdivision 13, Clause (1).

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Sec. 135. Laws 1977, Chapter 85, Section 1, is amended to read:

Section 1. **INDEPENDENT SCHOOL DISTRICT NO. 625; SEVERANCE PAY.** Any employee of Independent School District 625 who resigns or retires after ~~January 1, 1975~~ December 25, 1974, may be paid severance pay benefits not exceeding \$4,000 as provided by Laws 1975, Chapter 261, if the employee is otherwise eligible for benefits under a severance pay plan approved by the school board.

Sec. 136. **REPORT; DISEQUALIZING RESOURCES.** Subdivision 1. Prior to January 1, 1979, the commissioner shall file a written report with the appropriate education committees and subcommittees of the senate and the house of representatives on the amount of revenues derived by each district in the state for the 1973-1974, 1974-1975, 1975-1976, 1976-1977 or the 1977-1978 school year pursuant to each of the following provisions of law: Minnesota Statutes, Sections 84A.51, Subdivision 4; 88.51; 88.52, Subdivision 4; 89.036; 90.50, Subdivision 5; 93.263, Subdivision 7; 93.335, Subdivision 4; 94.52; 94.521; 97.49; 124.63; 270.38; 272.04; 272.05; 272.68, Subdivision 3; 273.111, Subdivision 10; 273.112, Subdivision 8; 273.13, Subdivision 2a; 274.19, Subdivision 7; 279.37, Subdivision 7; 282.08; 285.14; 462.575, Subdivision 3; 473F.08, Subdivision 8; and Laws 1961, Chapter 612, Section 1.

Subd. 2. In a separate section of this report, the commissioner shall also report on the amount of revenues derived by each district in the state for the designated school year pursuant to each of the following provisions of law: Minnesota Statutes, Sections 127.13; 219.97, Subdivision 13; 239.46; 273.42; 276.13; 276.14; 299G.08; 306.04; 334.02; 346.06; or any other county apportionment provision.

Subd. 3. In a separate section of this report, the commissioner shall also report on the amount distributed to each district in the state for the designated school years pursuant to each of the following provisions of law: Minnesota Statutes, Sections 294.21 to 294.28; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties. Any statutory section listed in subdivision 1 distributing revenue which is included in the computations in section 124.212, subdivision 8a, clause (2), or section 275.125, subdivision 9, shall be incorporated in the report in this subdivision.

Subd. 4. In a separate section of this report, the commissioner shall also report on the amounts received by each district in the state for the designated school years from levies made pursuant to section 275.125, subdivision 2a, clause (4), and subdivisions 6 and 7.

Sec. 137. **CONSOLIDATION PLAN; INDEPENDENT SCHOOL DISTRICTS NO. 326 AND 323.** The boards of Independent School District No. 326 and Independent School District No. 323, may by joint resolution modify the plan for consolidation of the two districts as proposed in the plat approved by the state board of education, by adding a proposal that:

(a) The board of the newly created district consist of seven members; and

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(b) Separate election districts be established for the election of these members.

This proposal shall designate the boundaries of the separate election districts in accordance with section 123.32 and the initial term of the member to be elected from each of these election districts. This proposal shall be effective as of the date the commissioner assigns an identification number to the newly created district pursuant to section 123.32, subdivision 14.

This section expires December 31, 1979.

Sec. 138. [3.198] COMPUTER TERMINALS; ACCESS TO INFORMATION SYSTEM PROVIDED BY MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM. The Minnesota state senate and the Minnesota state house of representatives are hereby authorized to obtain computer terminals for the purpose of gaining access to the statewide management information system provided for school districts through the Minnesota Educational Computing Consortium. Further, the Minnesota Educational Computing Consortium is directed to provide the staff of the senate and house of representatives with training for use of that system.

Sec. 139. Subdivision 1. RESIDENTIAL FACILITIES. The appropriation in Laws 1977, Chapter 447, Article III, Section 16, Subdivision 2, for fiscal year 1978, includes not to exceed the amount of \$50,000 for the purpose of aid pursuant to section 124.32, subdivision 5 in 1978, in addition to the amount included for aid pursuant to section 124.32, subdivision 5 for 1978 by Laws 1977, Chapter 447, Article III, Section 16, Subdivision 2, Clause (c).

Subd. 2. SUMMER SCHOOL. The appropriation in Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2, for fiscal year 1978, includes not to exceed the amount of \$600,000 for foundation aid for 1977 summer school programs, in addition to the amount included for foundation aid for 1977 summer school programs by Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2, Clause (a).

If the total amount included for summer school programs in the appropriations for foundation aid for fiscal years 1978 and 1979 is insufficient for that purpose, the available amount shall be prorated among all qualifying districts.

Subd. 3. DECLINING ENROLLMENT. Of the appropriations for foundation aid in Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2, for the biennium ending June 30, 1979, the legislature anticipates the expenditure of \$3,775,000 for the purpose of implementing the increased declining enrollment factor pursuant to section 40, clause (6) of this act, for the year ending June 30, 1979. This subdivision shall not be construed to limit the expenditure for this purpose.

Subd. 4. FOUNDATION AID FORMULA ALLOWANCE. Of the appropriations for foundation aid in Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2, for the biennium ending June 30, 1979, the legislature anticipates the expenditure of \$4,637,000 for the purpose of implementing the increase in the foundation aid formula allowance to \$1,095 pursuant to section 48 of this act, for the year ending June 30, 1979. This

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subdivision shall not be construed to limit the expenditure for this purpose.

Subd. 5. INTERDISTRICT TRANSPORTATION. Notwithstanding the provisions of Laws 1977, Chapter 447, Article II, Section 11, Subdivision 2, Clause (d), any unexpended balance of the \$150,000 appropriated pursuant to that clause for transportation aid authorized pursuant to section 124.223, clause (9) for the year ending June 30, 1978 shall be available for the same purpose for the year ending June 30, 1979. Nothing in this section, however, shall be construed to modify the proration requirement, as to these sums, which is specified in Laws 1977, Chapter 447, Article II, Section 11, Subdivision 3.

Sec. 140. AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN. Subdivision 1. The sum of \$1,925,000 shall be available for secondary vocational education programs for handicapped children for the year ending June 30, 1979.

(a) Of this amount, the sum of \$1,663,000 is transferred from the special education aid appropriation for fiscal year 1979 in Laws 1977, Chapter 447, Article III, Section 16, Subdivision 2, and reappropriated for this purpose.

(b) This amount is based on the assumption that the state will spend for this purpose an amount at least equal to \$262,000 in fiscal year 1979, of federal money received for vocational education programs pursuant to the vocational education act of 1963, as amended.

Subd. 2. None of the amounts transferred and reappropriated for secondary vocational education for handicapped children shall be used for any other purpose. If the amount reappropriated is insufficient, the aid shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriation in this section for this purpose.

Sec. 141. TRANSFERS OF APPROPRIATED FUNDS. Subdivision 1. The sum of \$6,779,500 is transferred from the foundation aid appropriation for fiscal year 1978 in Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2, and reappropriated to the department of education for the following purposes for the fiscal years ending June 30 in the years designated.

Subd. 2. REGIONAL ACCOUNTING COORDINATORS. For Uniform Financial Accounting Reporting System regional staff, there is appropriated:

\$175,000 1979.

The appropriation in this subdivision shall be added to the sum appropriated in Laws 1977, Chapter 449, Section 2, Subdivision 5, Clause (b) for this purpose for the year designated.

Subd. 3. SCHOOL LUNCH PROGRAM. For food storage costs for U.S.D.A. donated commodities, there is appropriated:

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\$135,000 1978;

\$ 20,000 1979.

The appropriations in this subdivision shall be added to the sums appropriated in Laws 1977, Chapter 449, Section 2, Subdivision 5, Clause (c) for this purpose for the years designated. In addition to this appropriation, any unexpended balance from funds appropriated in Laws 1977, Chapter 449, Section 2, Subdivision 5, Clause (c) for the type "A" lunch program may be expended for food storage costs for U.S.D.A. donated commodities.

Subd. 4. TRANSPORTATION AID. For transportation aid there is appropriated:

\$ 300,000 1978;

\$1,700,000 1979.

The appropriations in this subdivision include not to exceed \$180,000 in fiscal year 1978 and \$150,000 in fiscal year 1979 for transportation aid pursuant to section 124.222, subdivision 2a. The appropriations and allocations in this subdivision shall be added to the sums appropriated and allocated for these years for these purposes in Laws 1977, Chapter 447, Article II, Section 11, Subdivision 2.

Subd. 5. REGIONAL MANAGEMENT INFORMATION CENTER. For reimbursement of the T.I.E.S. Regional Management Information Center for costs incurred in converting to the statewide management information system, there is appropriated:

\$500,000 1978;

\$450,000 1979.

Any unexpended balance remaining from the appropriation in this section for 1978 shall not cancel but shall be available for the second year of the biennium. The appropriations in this subdivision shall be added to the sums appropriated in Laws 1977, Chapter 449, Section 2, Subdivision 5, Clause (b), for this purpose for the years designated. The department of education shall determine which costs are eligible for reimbursement.

Subd. 6. SPECIAL EDUCATION AID. For special education aid there is appropriated:

\$3,100,000 1979.

The appropriation in this subdivision shall be added to the sum appropriated for this purpose for this year in Laws 1977, Chapter 447, Article III, Section 16, Subdivision 2.

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Subd. 7. ADVISORY COUNCILS. For the purpose of paying the expenses of the advisory council on the Minnesota school for the deaf and the advisory council on the Minnesota braille and sight-saving school, there is appropriated:

\$5,500 1978;

\$11,000 1979.

The appropriations in this subdivision shall be added to the sums appropriated for this purpose for the years designated in Laws 1977, Chapter 449, Section 2, Subdivision 3.

Subd. 8. COMMUNITY EDUCATION. For community education aid there is appropriated:

\$35,000 1978.

The appropriation in this subdivision shall be added to the sum appropriated for this purpose for this year in Laws 1977, Chapter 447, Article IV, Section 7, Subdivision 4.

Subd. 9. INDIAN EDUCATION. For certain Indian education programs there is appropriated:

\$348,000 1979.

This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission in the manner provided in section 3.30. This appropriation is available October 1, 1978, but only if there will not be available for the districts enumerated in this section for the 1978-1979 school year any operational support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley Act, P.L. 73-167 or 25 CFR 273.31, or equivalent money from the same or another source. This appropriation shall be distributed as follows: \$141,000 to Independent School District No. 309 - Pine Point school; \$25,000 to Independent School District No. 166; \$38,000 to Independent School District No. 432; \$36,000 to Independent School District No. 435; and \$108,000 to Independent School District No. 707. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.

It is the intention of the legislature that this shall be a final and nonrecurring appropriation.

Sec. 142. TEACHER MOBILITY TRANSFER AND REAPPROPRIATION. To meet the state's obligations prescribed in sections 125.61, 354.094, 354.66, 354A.091 and 354A.22, there is transferred from the commissioner of finance and reappropriated to the department of education for the year ending June 30, 1979, (1) the unexpended balance of the amount appropriated to the commissioner of finance for this purpose for the year ending June 30, 1978, in Laws 1977, Chapter 447, Article IX, Section 8, and (2) the entire amount appropriated to the commissioner of finance for this purpose for the year ending June 30, 1979, in Laws 1977, Chapter 447, Article IX, Section 8. Notwithstanding the

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provisions of sections 354.43 and 354A.12, the state's obligation prescribed in sections 354.094, 354.66, 354A.091 and 354A.22 shall not be financed out of standing appropriations for the state's obligations pursuant to chapter 354 or 354A.

Sec. 143. **REPEALERS.** Subdivision 1, Minnesota Statutes 1976, Sections 120.065; 120.07; 122.46, Subdivision 2; 122.53; 124.02; 124.16; and Minnesota Statutes, 1977 Supplement, Sections 123.39, Subdivision 5a; 125.61, Subdivision 5; and 128A.06, are repealed.

Subd. 2, Minnesota Statutes, 1977 Supplement, Section 124.213, is repealed effective July 1, 1979.

Sec. 144. **EFFECTIVE DATES.** Subdivision 1, IMMEDIATE EFFECTIVE DATES. Except as provided in section 143, subdivision 2, and in this section, the provisions of this act shall be effective the day following final enactment.

Subd. 2, RETROACTIVE EFFECTIVE DATES. Sections 56, 61 and 69 of this act shall govern the computation of aid for the 1977-1978 school year. Sections 95 and 99 of this act shall be retroactively effective on July 1, 1977.

Subd. 3, EXPERIMENTAL PAIRING EFFECTIVE DATE. Section 29 of this act, insofar as it affects named pairs of independent school districts, shall be effective as to each pair upon its approval by the boards of both of the paired districts. Otherwise, section 29 of this act shall be effective the day following final enactment.

Subd. 4, DELAYED EFFECTIVE DATES. Sections 4, 5, 7, 10, 40, 51, 57, 118 and 122 of this act shall be effective July 1, 1978.

Subd. 5, VOCATIONAL LICENSURE. Sections 2, 68, 70 and 77 of this act shall not be construed to prohibit the board of teaching from issuing licenses pursuant to rules which incorporate the provisions of the state plan for vocational education by reference, until the state board of education adopts new licensure rules for vocational education teachers.

Subd. 6, POST-SECONDARY VOCATIONAL-TECHNICAL SCHOOL EFFECTIVE DATES. Section 64 of this act shall be effective July 1, 1978, except that the provision changing the reference to the minimum required levy shall be effective July 1, 1979. Sections 65 and 66 of this act shall be effective July 1, 1979.

Subd. 7, TEACHER MOBILITY EFFECTIVE DATES. Sections 81, 82, 116 and 120 of this act shall apply to extended leaves beginning in fiscal year 1979 for teachers granted an extended leave of absence pursuant to section 125.60 after June 9, 1977.

Subd. 8, SCHOOL DISTRICT REORGANIZATION. Sections 15 to 28 and section 43 of this act; the repealer of Minnesota Statutes 1976, Section 122.53 in section 143 of this act; and the provisions of section 76 of this act concerning merger of classes caused by consolidation, shall not apply to a dissolution and attachment proposed in an interlocutory order issued by a county board prior to the day following final enactment of

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this act or to a consolidation proposed in a plat approved by the state board of education prior to the day following final enactment of this act; provided, any district which after June 30, 1977 is newly enlarged by such a dissolution and attachment or newly created by such a consolidation may, with the commissioner's approval, elect to be governed by any of the provisions of these sections.

Approved April 5, 1978.

CHAPTER 765-H.F.No.1914

{Not Coded}

An act relating to law libraries; providing for adjustments in respect to law libraries in Koochiching and Pennington counties; authorizing the county law library in those counties to be supported by judicially imposed fee charges on civil and certain criminal cases; requiring a report to the legislature by the judges of the ninth judicial district.

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

Section 1. KOOCHICHING COUNTY; LAW LIBRARY; JUDICIALLY IMPOSED FEES. The board of county commissioners of the county of Koochiching may by resolution establish a fee system for the county law library. The library shall be for the use of the judges of the district and county courts, all county and municipal officials, the members of the bar and the inhabitants of the county.

Sec. 2. MANAGEMENT. The management of the library if the fee system authorized by section 1 is adopted shall be as provided in sections 1 to 7 and shall be under a board of three law library trustees, the members of which board shall serve without compensation and shall be appointed by the judges of the district and county courts in the county. The board shall first meet immediately after its appointment and shall hold its annual meeting thereafter on a day to be designated by the judges of the district and county courts in the county as the date of the annual meeting in each year, at which first meeting and at each annual meeting thereafter it shall select from its members a president and a secretary, who shall each hold his office until the following annual meeting. When the board is first appointed there shall be appointed one trustee whose term shall extend until the first annual meeting, one trustee whose term shall extend until the second annual meeting, and one trustee whose term shall extend until the third annual meeting of the board after such appointment. Immediately prior to each annual meeting there shall be appointed a trustee whose term shall commence at the annual meeting and extend until the third annual meeting after the annual meeting he takes his office. Vacancies in office shall be filled for the unexpired term.

Sec. 3. BOARD OF TRUSTEES TO MAKE BYLAWS. The board of trustees shall adopt and may from time to time thereafter amend and alter such bylaws, rules and regulations for the conduct of its business, the government of the library and the use thereof as shall be expedient and conformable to law. It may accept on behalf of the county a gift, grant, devise or bequest, or the loan of books or other property for the use

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