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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **879**

01/25/2023 Authored by Youakim, Pryor, Rehm and Clardy  
The bill was read for the first time and referred to the Committee on Education Finance  
02/27/2023 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to education finance; increasing local optional revenue; linking future  
1.3 increases in local optional revenue to the growth in the general education basic  
1.4 formula allowance; appropriating money; amending Minnesota Statutes 2022,  
1.5 section 126C.10, subdivision 2e.

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

1.7 Sec. 1. Minnesota Statutes 2022, section 126C.10, subdivision 2e, is amended to read:

1.8 Subd. 2e. **Local optional revenue.** (a) For fiscal ~~year~~ years 2021 and later through 2024,  
1.9 local optional revenue for a school district equals the sum of the district's first tier local  
1.10 optional revenue and second tier local optional revenue. A district's first tier local optional  
1.11 revenue equals \$300 times the adjusted pupil units of the district for that school year. A  
1.12 district's second tier local optional revenue equals \$424 times the adjusted pupil units of  
1.13 the district for that school year.

1.14 (b) For fiscal ~~year~~ years 2021 and later through 2024, a district's local optional levy  
1.15 equals the sum of the first tier local optional levy and the second tier local optional levy.

1.16 (c) For fiscal years 2023 and 2024, a district's first tier local optional levy equals the  
1.17 district's first tier local optional revenue times the lesser of one or the ratio of the district's  
1.18 referendum market value per resident pupil unit to \$880,000.

1.19 (d) ~~For fiscal year 2022, a district's second tier local optional levy equals the district's~~  
1.20 ~~second tier local optional revenue times the lesser of one or the ratio of the district's~~  
1.21 ~~referendum market value per resident pupil unit to \$510,000.~~ For fiscal year 2023, a district's  
1.22 second tier local optional levy equals the district's second tier local optional revenue times  
1.23 the lesser of one or the ratio of the district's referendum market value per resident pupil unit

2.1 to \$548,842. For fiscal year 2024 ~~and later~~, a district's second tier local optional levy equals  
 2.2 the district's second tier local optional revenue times the lesser of one or the ratio of the  
 2.3 district's referendum market value per resident pupil unit to \$510,000.

2.4 (e) For fiscal year 2025, a district's local optional revenue allowance equals \$840. For  
 2.5 fiscal year 2026 and later, a district's local optional revenue allowance equals the local  
 2.6 optional revenue allowance for the previous year times the ratio of the basic formula  
 2.7 allowance for the current year to the basic formula allowance for the previous year.

2.8 (f) For fiscal years 2025 and later, a district's local optional revenue equals the local  
 2.9 optional revenue allowance for that year times the district's adjusted pupil units for that  
 2.10 year.

2.11 (g) For fiscal years 2025 and later, a district's local optional levy equals the district's  
 2.12 local optional revenue times the lesser of one or the ratio of the district's referendum market  
 2.13 value per resident pupil unit to \$957,000.

2.14 ~~(e)~~ (h) The local optional levy must be spread on referendum market value. A district  
 2.15 may levy less than the permitted amount.

2.16 ~~(f)~~ (i) A district's local optional aid equals its local optional revenue minus its local  
 2.17 optional levy. If a district's actual levy for first or second tier local optional revenue is less  
 2.18 than its maximum levy limit for that tier, its aid must be proportionately reduced.

2.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

2.20 Sec. 2. **APPROPRIATION; ADDITIONAL GENERAL EDUCATION AID.**

2.21 \$..... in fiscal year 2024 and \$..... in fiscal year 2025 are appropriated from the general  
 2.22 fund to the Department of Education for additional general education aid required under  
 2.23 section 1.