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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 954

02/25/2013 Authored by Davnie

The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act  
1.2 relating to education finance; clarifying that a school district may lease a facility  
1.3 to a charter school; amending Minnesota Statutes 2012, section 124D.10,  
1.4 subdivision 23a.

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

1.6 Section 1. Minnesota Statutes 2012, section 124D.10, subdivision 23a, is amended to  
1.7 read:

1.8 Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from  
1.9 entering a lease of real property with a related party unless the lessor is a school district, a  
1.10 nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the  
1.11 lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

1.12 (b) For purposes of this section and section 124D.11:

1.13 (1) "related party" means an affiliate or immediate relative of the other party in  
1.14 question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

1.15 (2) "affiliate" means a person that directly or indirectly, through one or more  
1.16 intermediaries, controls, is controlled by, or is under common control with another person;

1.17 (3) "immediate family" means an individual whose relationship by blood, marriage,  
1.18 adoption, or partnering is no more remote than first cousin;

1.19 (4) "person" means an individual or entity of any kind; and

1.20 (5) "control" means the ability to affect the management, operations, or policy  
1.21 actions or decisions of a person, whether through ownership of voting securities, by  
1.22 contract, or otherwise.

2.1 (c) A lease of real property to be used for a charter school, not excluded in paragraph  
2.2 (a), must contain the following statement: "This lease is subject to Minnesota Statutes,  
2.3 section 124D.10, subdivision 23a."

2.4 (d) If a charter school enters into as lessee a lease with a related party and the  
2.5 charter school subsequently closes, the commissioner has the right to recover from the  
2.6 lessor any lease payments in excess of those that are reasonable under section 124D.11,  
2.7 subdivision 4, clause (1).

2.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2013  
2.9 and later.