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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **670**

02/09/2015 Authored by Davnie, Selcer, Mariani, Newton and Ward
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; increasing local optional revenue; amending
1.3 Minnesota Statutes 2014, sections 126C.10, subdivision 2e; 126C.17, subdivision
1.4 1.

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

1.6 Section 1. Minnesota Statutes 2014, section 126C.10, subdivision 2e, is amended to
1.7 read:

1.8 Subd. 2e. **Local optional revenue.** (a) Local optional revenue for a school district
1.9 equals ~~\$424~~ \$450 times the adjusted pupil units of the district for that school year, unless
1.10 any territory of that school district is located in a Minnesota county included in the
1.11 Minneapolis-St. Paul-Bloomington Metropolitan Statistical Area delineated in 2009 by
1.12 the United States Census Bureau, in which case, local optional revenue equals \$500 times
1.13 the adjusted pupil units of the district for that school year.

1.14 (b) A district's local optional levy equals its local optional revenue times the lesser
1.15 of one or the ratio of its referendum market value per resident pupil unit to \$510,000.
1.16 The local optional revenue levy must be spread on referendum market value. A district
1.17 may levy less than the permitted amount.

1.18 (c) A district's local optional aid equals its local optional revenue less its local
1.19 optional levy, times the ratio of the actual amount levied to the permitted levy.

1.20 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017
1.21 and later.

1.22 Sec. 2. Minnesota Statutes 2014, section 126C.17, subdivision 1, is amended to read:

2.1 Subdivision 1. **Referendum allowance.** (a) For fiscal year 2017 and later, a
 2.2 district's initial referendum allowance equals the result of the following calculations: its
 2.3 referendum allowance for fiscal year 2016.

2.4 ~~(1) multiply the referendum allowance the district would have received for fiscal~~
 2.5 ~~year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on~~
 2.6 ~~elections held before July 1, 2013, by the resident marginal cost pupil units the district~~
 2.7 ~~would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;~~

2.8 ~~(2) add to the result of clause (1) the adjustment the district would have received~~
 2.9 ~~under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and~~
 2.10 ~~(c), based on elections held before July 1, 2013;~~

2.11 ~~(3) divide the result of clause (2) by the district's adjusted pupil units for fiscal~~
 2.12 ~~year 2015;~~

2.13 ~~(4) add to the result of clause (3) any additional referendum allowance per adjusted~~
 2.14 ~~pupil unit authorized by elections held between July 1, 2013, and December 31, 2013;~~

2.15 ~~(5) add to the result in clause (4) any additional referendum allowance resulting from~~
 2.16 ~~inflation adjustments approved by the voters prior to January 1, 2014;~~

2.17 ~~(6) subtract from the result of clause (5), the sum of a district's actual local optional~~
 2.18 ~~levy and local optional aid under section 126C.10, subdivision 2e, divided by the adjusted~~
 2.19 ~~pupil units of the district for that school year; and~~

2.20 ~~(7) if the result of clause (6) is less than zero, set the allowance to zero.~~

2.21 (b) A district's referendum allowance equals the sum of the district's initial
 2.22 referendum allowance, plus any additional referendum allowance per adjusted pupil
 2.23 unit authorized between January 1, 2014, and December 31, 2014, but not yet effective
 2.24 for fiscal year 2016, plus any additional referendum allowance per adjusted pupil unit
 2.25 authorized after December 31, ~~2013~~ 2014, minus any allowances expiring in fiscal year
 2.26 ~~2016~~ 2017 or later, provided that the allowance may not be less than zero. For a district
 2.27 with more than one referendum allowance for fiscal year 2015 under Minnesota Statutes
 2.28 2012, section 126C.17, the allowance calculated under paragraph (a), clause (3), must be
 2.29 divided into components such that the same percentage of the district's allowance expires
 2.30 at the same time as the old allowances would have expired under Minnesota Statutes
 2.31 2012, section 126C.17. ~~For a district with more than one allowance for fiscal year 2015~~
 2.32 ~~that expires in the same year, the reduction under paragraph (a), clause (6), to offset local~~
 2.33 ~~optional revenue shall be made first from any allowances that do not have an inflation~~
 2.34 ~~adjustment approved by the voters.~~

2.35 **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to revenue
 2.36 for fiscal year 2017 and later.