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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1989

03/06/2025 Authored by Rehrauer, Bakeberg, Youakim, Engen, Myers and others
The bill was read for the first time and referred to the Committee on Education Finance

A bill for an act

relating to education finance; increasing local optional revenue for school districts; appropriating money; amending Minnesota Statutes 2024, section 126C.10, subdivision 2e.

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

Section 1. Minnesota Statutes 2024, section 126C.10, subdivision 2e, is amended to read:

Subd. 2e. **Local optional revenue.** (a) Local optional revenue for a school district equals the sum of the district's first tier local optional revenue and second tier local optional revenue. a district's first tier local optional revenue equals ~~$300~~ the first tier local optional allowance times the adjusted pupil units of the district for that school year. A district's second tier local optional revenue equals ~~$424~~ the second tier local optional allowance times the adjusted pupil units of the district for that school year.

(b) The first tier local optional allowance equals $300 for fiscal years 2025 and 2026, and $550 for fiscal year 2027. For fiscal year 2028 and later, the first tier local optional allowance equals the first tier local optional allowance for the previous year times the ratio of the general education basic formula allowance for the current year to the general education revenue basic formula allowance for the previous school year. The second tier local optional allowance equals $424 for fiscal years 2025 through 2027. For fiscal year 2028 and later, the second tier local optional allowance equals the second tier local optional allowance for the previous year times the ratio of the general education basic formula allowance for the current year to the general education revenue basic formula allowance for the previous school year.

~~(b)~~ (c) A district's local optional levy equals the sum of the first tier local optional levy and the second tier local optional levy.

~~(c)~~ (d) A district's first tier local optional levy equals the district's first tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to the first tier local optional equalizing factor. For fiscal years 2025 and 2026, the first tier local optional equalizing factor is $880,000. For fiscal year 2027, a district's first tier local optional equalizing factor is $1,957,000. For fiscal year 2028, a district's first tier local optional equalizing factor is $2,270,000. For fiscal year 2029 and later, a district's first tier local optional equalizing factor is $2,347,000.

~~(d) For fiscal year 2023, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $548,842. For fiscal year 2024, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $510,000. For fiscal year 2025,~~ (e) A district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to the second tier local optional equalizing factor. For fiscal year 2025, the second tier local optional equalizing factor is $626,450. For fiscal year 2026, ~~a district's~~ the second tier local optional ~~levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to~~ equalizing factor is $642,038. For fiscal year 2027 ~~and later, a district's~~, the second tier local optional ~~levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to~~ equalizing factor is $671,345. For fiscal year 2028, the second tier local optional equalizing factor is $830,000. For fiscal year 2029 and later, the second tier local optional equalizing factor is $940,000.

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

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2027 and later.

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

Subdivision 1. **Department of Education.** The sum indicated in this section is appropriated from the general fund to the Department of Education in the fiscal year designated.

Subd. 2. **Additional local optional aid.** For additional local optional aid under section 1:

$ 2027