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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 2248

03/17/2021 Authored by Sandstede
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; expanding eligibility for enhanced debt service
1.3 equalization aid; authorizing a grant for a joint library facility; appropriating money;
1.4 amending Minnesota Statutes 2020, section 123B.535.

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

1.6 Section 1. Minnesota Statutes 2020, section 123B.535, is amended to read:

1.7 123B.535 NATURAL DISASTER ENHANCED DEBT SERVICE
1.8 EQUALIZATION.

1.9 Subdivision 1. Definitions. (a) For purposes of this section, the eligible natural disaster
1.10 enhanced debt service revenue of a district is defined as the amount needed to produce
1.11 between five and six percent in excess of the amount needed to meet when due the principal
1.12 and interest payments on the obligations of the district that would otherwise qualify under
1.13 section 123B.53 under the following conditions: paragraph (b) or (c).

1.14 (b) A school district affected by a natural disaster qualifies if:

1.15 (1) the district was impacted by a natural disaster event or area occurring January 1,
1.16 2005, or later, as declared by the President of the United States of America, which is eligible
1.17 for Federal Emergency Management Agency payments;

1.18 (2) the natural disaster caused \$500,000 or more in damages to school district buildings;
1.19 and

1.20 (3) the repair and replacement costs are not covered by insurance payments or Federal
1.21 Emergency Management Agency payments.

2.1 (c) A school district qualifies for enhanced debt service equalization if at the time of the  
 2.2 school district's review and comment:

2.3 (1) at least 45 percent of the pupils enrolled in the school district are eligible for free or  
 2.4 reduced-price meals;

2.5 (2) the average age of the school district's facility square footage exceeds 75 years; and

2.6 (3) the district has damage to its facilities' infrastructure resulting from mining or other  
 2.7 activities outside of the control of the school board.

2.8 ~~(b)~~ (d) For purposes of this section, the adjusted net tax capacity equalizing factor equals  
 2.9 the quotient derived by dividing the total adjusted net tax capacity of all school districts in  
 2.10 the state for the year before the year the levy is certified by the total number of adjusted  
 2.11 pupil units in the state for the year prior to the year the levy is certified.

2.12 ~~(e)~~ (e) For purposes of this section, the adjusted net tax capacity determined according  
 2.13 to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property  
 2.14 generally exempted from ad valorem taxes under section 272.02, subdivision 64.

2.15 Subd. 2. **Notification.** A district eligible for ~~natural-disaster~~ enhanced debt service  
 2.16 equalization revenue under subdivision 1 must notify the commissioner of the amount of  
 2.17 its intended ~~natural-disaster~~ enhanced debt service revenue calculated under subdivision 1  
 2.18 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified.

2.19 Subd. 3. **Natural-disaster Enhanced debt service equalization revenue.** The debt  
 2.20 service equalization revenue of a district equals the greater of zero or the eligible debt service  
 2.21 revenue, minus the greater of zero or the difference between:

2.22 (1) the amount raised by a levy of ten percent times the adjusted net tax capacity of the  
 2.23 district; and

2.24 (2) the district's eligible debt service revenue under section 123B.53.

2.25 Subd. 4. **Equalized ~~natural-disaster~~ enhanced debt service levy.** A district's equalized  
 2.26 ~~natural-disaster~~ enhanced debt service levy equals the district's ~~natural-disaster~~ enhanced  
 2.27 debt service equalization revenue times the lesser of one or the ratio of:

2.28 (1) the quotient derived by dividing the adjusted net tax capacity of the district for the  
 2.29 year before the year the levy is certified by the adjusted pupil units in the district for the  
 2.30 school year ending in the year prior to the year the levy is certified; to

2.31 (2) 300 percent of the statewide adjusted net tax capacity equalizing factor.

3.1 Subd. 5. ~~Natural disaster~~ Enhanced debt service equalization aid. A district's ~~natural~~  
 3.2 ~~disaster~~ enhanced debt service equalization aid equals the difference between the district's  
 3.3 ~~natural disaster~~ enhanced debt service equalization revenue and the district's equalized  
 3.4 ~~natural disaster~~ enhanced debt service levy.

3.5 Subd. 6. ~~Natural disaster~~ Enhanced debt service equalization aid payment  
 3.6 schedule. Debt service equalization aid must be paid according to section 127A.45,  
 3.7 subdivision 10.

3.8 Sec. 2. APPROPRIATION; LIBRARY COLOCATION GRANT.

3.9 Subdivision 1. Department of Education. The sums indicated in this section are  
 3.10 appropriated from the general fund to the Department of Education in the fiscal years  
 3.11 designated.

3.12 Subd. 2. Colocation of library facilities. (a) For a facilities grant for Independent School  
 3.13 District No. 319, Nashwauk-Keewatin, for a new library facility serving as a jointly operated  
 3.14 public library and school library:

3.15	\$	<u>3,000,000</u>	<u>.....</u>	<u>2022</u>
3.16	\$	<u>.....</u>	<u>.....</u>	<u>2023</u>

3.17 (b) The proposed colocated library facility must be approved by the Division of State  
 3.18 Library Services of the Minnesota Department of Education.

3.19 (c) This appropriation does not cancel but is available until June 30, 2024.