A bill for an act
relating to education finance; increasing integration revenue for certain districts; creating a levy for school districts with negative fund balances; amending Minnesota Statutes 2006, section 124D.86, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 126C.

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

Section 1. Minnesota Statutes 2006, section 124D.86, subdivision 3, is amended to read:

Subd. 3. **Integration revenue.** Integration revenue equals the following amounts:

(1) for Independent School District No. 709, Duluth, $206 times the adjusted pupil units for the school year;

(2) for Independent School District No. 625, St. Paul, $445 times the adjusted pupil units for the school year;

(3) for Special School District No. 1, Minneapolis, the sum of $445 times the adjusted pupil units for the school year and an additional $35 times the adjusted pupil units for the school year that is provided entirely through a local levy;

(4) for a district not listed in clause (1), (2), or (3), that must implement a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, ~~where the district's enrollment of protected students, as defined under Minnesota Rules, part 3535.0110, exceeds 15 percent,~~ the lesser of (i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, ~~or~~ (ii) for a district where the enrollment of protected students as defined under Minnesota Rules, part 3535.0110, exceeds 50 percent, $445 times the adjusted pupil units for the school year, or (iii) for a district where the enrollment of protected students is between 15 and 50 percent, $129 times the adjusted pupil units for the school year;

(5) for a district not listed in clause (1), (2), (3), or (4), that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, the lesser of

(i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or

(ii) $92 times the adjusted pupil units for the school year.

Any money received by districts in clauses (1) to (3) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a; and

(6) for a member district of a multidistrict integration collaborative that files a plan with the commissioner, but is not contiguous to a racially isolated district, integration revenue equals the amount defined in clause (5).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 2. **[126C.425] STATUTORY OPERATING DEBT LEVY; 2007.**

(a) A school district with a net negative unreserved general fund balance greater than 2.5 percent as of June 20, 2007, may levy under this section to eliminate the deficit.

(b) A district's annual levy under this section must not exceed the lesser of the amount raised by a levy of a net tax rate of one percent times the district's adjusted net tax capacity or $200,000.

(c) A district's total levy under this section must not exceed the amount of the district's net negative unreserved general fund balance as of June 30, 2007.

(d) The proceeds of this levy must be used only for cash flow requirements and must not be used to supplement district revenue or income for the purpose of increasing the district's expenditures or budgets.

(e) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.