

A bill for an act
relating to property taxes; limiting a school district's use of certain lease purchase
agreements; amending Minnesota Statutes 2006, section 126C.40, subdivision 6.

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

Section 1. Minnesota Statutes 2006, section 126C.40, subdivision 6, is amended to read:

Subd. 6. **Lease purchase; installment buys.** (a) Upon application to, and approval
by, the commissioner in accordance with the procedures and limits in subdivision 1,
paragraphs (a) and (b), a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease
real or personal property with an option to purchase under a lease purchase agreement, by
which installment contract or lease purchase agreement title is kept by the seller or vendor
or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the
installment contract or lease purchase agreement. A district that no longer qualifies for
eligibility under paragraph (d) may only levy the amount under this subdivision for which
it is specifically obligated to repay under a binding legal contract. The district may not
levy for any other purposes under this subdivision without first having received authority
to do so through an election called for that purpose.

(b) The obligation created by the installment contract or the lease purchase
agreement must not be included in the calculation of net debt for purposes of section
475.53, and does not constitute debt under other law. An election is not required in
connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to
acquire a facility to be primarily used for athletic or school administration purposes.

H.F. No. 4127, as introduced - 2007-2008th Legislative Session (2007-2008)

(d) For the purposes of this subdivision, "district" means:

(1) a school district serving more than 50 percent protected students as defined under Minnesota Rules, part 3535.0110, that is required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with Department of Education rules relating to equality of educational opportunity and school desegregation and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4), where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

EFFECTIVE DATE. This section is effective the day following final enactment.