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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1142

02/14/2019 Authored by Tabke, Marquart, Lien, Bernardy, Claflin and others
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to education finance; increasing state aid for debt service equalization aid;
1.3 amending Minnesota Statutes 2018, section 123B.53, subdivisions 4, 5, 6.

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

1.5 Section 1. Minnesota Statutes 2018, section 123B.53, subdivision 4, is amended to read:

1.6 Subd. 4. Debt service equalization revenue. (a) The debt service equalization revenue
1.7 of a district equals the sum of the first tier debt service equalization revenue and the second
1.8 tier debt service equalization revenue.

1.9 (b) The first tier debt service equalization revenue of a district equals the greater of zero
1.10 or the eligible debt service revenue minus the amount raised by a levy of 15.74 ten percent
1.11 times the adjusted net tax capacity of the district minus the second tier debt service
1.12 equalization revenue of the district.

1.13 (c) The second tier debt service equalization revenue of a district equals the greater of
1.14 zero or the eligible debt service revenue, minus the amount raised by a levy of 26.24 percent
1.15 times the adjusted net tax capacity of the district.

1.16 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2021 and later.

1.17 Sec. 2. Minnesota Statutes 2018, section 123B.53, subdivision 5, is amended to read:

1.18 Subd. 5. Equalized debt service levy. (a) The equalized debt service levy of a district
1.19 equals the sum of the first tier equalized debt service levy and the second tier equalized debt
1.20 service levy.

2.1 ~~(b)~~ (a) A district's first-tier equalized debt service levy equals the district's first-tier debt  
 2.2 service equalization revenue times the lesser of one or the ratio of:

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

2.6 ~~(2) \$3,400 in fiscal year 2016, \$4,430 in fiscal year 2017, and the greater of \$4,430 or~~  
 2.7 ~~55.33 percent of the initial equalizing factor in fiscal year 2018 and later.~~

2.8 ~~(c) A district's second-tier equalized debt service levy equals the district's second-tier~~  
 2.9 ~~debt service equalization revenue times the lesser of one or the ratio of:~~

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

2.13 ~~(2) \$8,000 in fiscal years 2016 and 2017, and the greater of \$8,000 or 100 percent of~~  
 2.14 ~~the initial equalizing factor in fiscal year 2018 and later.~~

2.15 ~~(d)~~ (b) For the purposes of this subdivision, the initial equalizing factor equals the quotient  
 2.16 derived by dividing the total adjusted net tax capacity of all school districts in the state for  
 2.17 the year before the year the levy is certified by the total number of adjusted pupil units in  
 2.18 all school districts in the state in the year before the year the levy is certified.

2.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

2.20 Sec. 3. Minnesota Statutes 2018, section 123B.53, subdivision 6, is amended to read:

2.21 Subd. 6. **Debt service equalization aid.** ~~(a) A district's debt service equalization aid is~~  
 2.22 ~~the sum of the district's first-tier debt service equalization aid and the district's second-tier~~  
 2.23 ~~debt service equalization aid.~~

2.24 ~~(b)~~ A district's first-tier debt service equalization aid equals the difference between the  
 2.25 district's first-tier debt service equalization revenue and the district's first-tier equalized debt  
 2.26 service levy.

2.27 ~~(c) A district's second-tier debt service equalization aid equals the difference between~~  
 2.28 ~~the district's second-tier debt service equalization revenue and the district's second-tier~~  
 2.29 ~~equalized debt service levy.~~

2.30 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.