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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **640**

02/18/2013 Authored by Slocum; Mariani; Erickson, S.; Woodard; Davnie and others
The bill was read for the first time and referred to the Committee on Education Policy
03/13/2013 By motion, recalled and re-referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; modifying charter school financing; amending
1.3 Minnesota Statutes 2012, sections 124D.10, subdivision 25; 127A.45, by adding
1.4 a subdivision.

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

1.6 Section 1. Minnesota Statutes 2012, section 124D.10, subdivision 25, is amended to
1.7 read:

1.8 Subd. 25. **Extent of specific legal authority.** (a) The board of directors of a charter
1.9 school may sue and be sued.

1.10 (b) The board may not levy taxes or issue bonds.

1.11 (c) The commissioner, an authorizer, members of the board of an authorizer in
1.12 their official capacity, and employees of an authorizer are immune from civil or criminal
1.13 liability with respect to all activities related to a charter school they approve or authorize.
1.14 The board of directors shall obtain at least the amount of and types of insurance up to the
1.15 applicable tort liability limits under chapter 466. The charter school board must submit
1.16 a copy of the insurance policy to its authorizer and the commissioner before starting
1.17 operations. The charter school board must submit changes in its insurance carrier or policy
1.18 to its authorizer and the commissioner within 20 business days of the change.

1.19 (d) Notwithstanding section 3.736, the charter school shall assume full liability for
1.20 its activities and indemnify and hold harmless the authorizer and its officers, agents, and
1.21 employees from any suit, claim, or liability arising from any operation of the charter school
1.22 and the commissioner and department officers, agents, and employees. A charter school
1.23 is not required to indemnify or hold harmless a state employee if the state would not be
1.24 required to indemnify and hold the employee harmless under section 3.736, subdivision 9.

2.1 (e) The board may borrow money in the following manner and subject to the
 2.2 following limitations in anticipation of receipt of state aids for schools as defined in
 2.3 Minnesota Statutes or federal school aid distributed by or through the Department of
 2.4 Education. The aggregate borrowing under this paragraph shall not exceed the greater
 2.5 of (1) 50 percent or (2) the difference between 100 percent and the current year aid
 2.6 payment under section 127A.45, subdivision 2, paragraph (d), of the aids, fees, and
 2.7 tuition payments receivable by the charter school in the fiscal year in which the money is
 2.8 borrowed as estimated and certified by the commissioner. If the charter school proposes
 2.9 to sell all or a portion of the estimated and certified aid, it must give public notice of the
 2.10 proposed sale on its official Web site for at least 15 business days before the proposed sale.
 2.11 At the time the board intends to sell all or a portion of the anticipated aid, the anticipated
 2.12 aid must be sold to the buyer who will agree to purchase the aid on the terms deemed
 2.13 most favorable to the charter school. The terms of any sale of anticipated aid are public
 2.14 data under chapter 13. The money received from the sale of the anticipated aid must be
 2.15 disbursed solely for the purpose that the aid is intended.

2.16 **EFFECTIVE DATE.** This section is effective for fiscal year 2014 and later.

2.17 Sec. 2. Minnesota Statutes 2012, section 127A.45, is amended by adding a subdivision
 2.18 to read:

2.19 Subd. 6b. **Charter current year aid payment.** Notwithstanding subdivision 2,
 2.20 paragraph (d), or section 124D.11, subdivision 1, the current year aid payment percentage
 2.21 equals 90 for a charter school in its first five years of operation.

2.22 **EFFECTIVE DATE.** This section is effective for fiscal year 2014 and later.