

paper, usurious or otherwise, for a valuable consideration, by a purchaser without notice, at any price before the maturity of the same, when there has been no intent to evade the provisions of this chapter, or where such purchase has not been a part of the original usurious transactions; but where the original holder of a usurious note sells the same to an innocent purchaser, the maker thereof, or his representatives, may recover back from the original holder the amount of principal and interest paid by him on the note. This section does not apply when the loan or forbearance is made by a lender and the lender is liable for the penalty provided in section 48.196 and or chapter 56 in connection with the loan or forbearance. For purposes of this section, the term "lender" means a bank or savings bank organized under the laws of this state, a federally chartered savings and loan association, a savings association organized under chapter 51A, a federally chartered credit union, a credit union organized under chapter 52, an industrial loan and thrift company organized under chapter 53, a licensed lender under chapter 56, or a mortgagee or lender approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs.

Approved March 22, 1982

CHAPTER 548 — H.F.No. 1555

An act relating to education; providing for aids to education, aids to libraries, tax levies, and the distribution of tax revenues; governing the recognition of school district property tax revenues; granting certain powers and duties to school boards, school districts, the state board of education, and others; altering the method of distribution of transportation aid; altering aids for summer school; reducing certain appropriations; appropriating money; amending Minnesota Statutes 1980, Sections 120.17, Subdivision 4a; 120.68; 121.11, Subdivision 12; 121.88, by adding a subdivision; 121.904, Subdivisions 2, 4, and 4a, as added; 121.908, Subdivision 3; 123.32, Subdivision 1, and by adding a subdivision; 123.35, by adding a subdivision; 123.351, by adding a subdivision; 123.37, Subdivision 1b; 123.78, Subdivision 1; 124.14, by adding a subdivision; 124.19, Subdivision 1, and by adding a subdivision; 124.225, as amended; 124.245, by adding a subdivision; 124.26, by adding a subdivision; 124.32, Subdivisions 2, 7, and 10, and by adding subdivisions; 124.5621, by adding a subdivision; 124.572, Subdivision 2, and by adding a subdivision; 124.573, by adding subdivisions; 124.574, Subdivision 3, and by adding a subdivision; 126.262, Subdivision 1; 126.264, Subdivision 3; 126.265; 126.267; 134.34, by adding a subdivision; 275.125, Subdivisions 4 and 5, as amended, and by adding subdivisions; 275.48; 475.61, Subdivisions 1, 3, and 4; Minnesota Statutes 1981 Supplement, Sections 120.17, Subdivisions 5a and 6; 121.904, Subdivision 7; 121.912, Subdivision 1; 122.542, Subdivisions 3 and 4; 123.702, Subdivision 1a; 123.705; 124.01, Subdivision 1; 124.17, Subdivision 2; 124.212, Subdivision 1; 124.2121, Subdivision 5, as amended; 124.2122, Subdivision 1, as amended, and Subdivision 2, as amended; 124.2124, Subdivision 1; 124.2125, Subdivision 1, as amended, and Subdivision 2; 124.2126, Subdivision 3;

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124.2128, Subdivision 1; 124.2129, Subdivision 3; 124.223; 124.245, Subdivisions 1 and 1a; 124.246, Subdivision 2, and by adding a subdivision; 124.247, Subdivision 3; 124.251; 124.26, Subdivision 1; 124.271, Subdivision 2; 124.273, Subdivisions 1, 2, and by adding subdivisions; 124.32, Subdivisions 1, 1a, 1b, and 5; 124.38, Subdivision 7; 124.5621, Subdivision 12; 124.5624, Subdivisions 3 and 4; 124.5627, Subdivisions 3, 4, and 5; 124.573, Subdivisions 2 and 3a; 124.574, Subdivision 2; 125.611, Subdivision 5; 136A.81, Subdivision 1; 169.974, Subdivision 2; 171.04; 275.125, Subdivisions 1, 2d, 7a, and 11a; 298.28, Subdivision 1; 354.66, Subdivision 6; Laws 1981, Chapter 358, Article II, Section 15, Subdivision 3; Article VI, Section 46, Subdivisions 8, 9, and 16; Article VII, Section 29, as amended; Third Special Session Chapter 2, Article II, Sections 1, 2, 15, and 20; Article IV, Section 3, Subdivisions 2, 3, 4, and by adding a subdivision, Article IV, Section 5, Subdivision 3, and by adding a subdivision; proposing new law coded in Minnesota Statutes, Chapters 120 and 124; repealing Minnesota Statutes 1980, Sections 121.904, Subdivision 4b, as added; 121.96; 123.37, Subdivisions 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14; and 128.05; 275.125, Subdivision 1a, as added; Laws 1967, Chapters 251 and 253; and Laws 1976, Chapter 20, Section 8.

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

ARTICLE I FOUNDATION AID

Section 1. [120.181] **TEMPORARY PLACEMENTS FOR CARE AND TREATMENT OF NON-HANDICAPPED PUPILS.** The responsibility for providing instruction and transportation for a non-handicapped pupil who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the state board, and who is temporarily placed for care and treatment for that illness or disability, shall be determined in the following manner:

(a) The school district of residence of the pupil shall be the district in which the pupil's parent or guardian resides or the district designated by the commissioner of education if neither parent nor guardian is living within the state.

(b) Prior to the placement of a pupil for care and treatment, the district of residence shall be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, shall notify the district of residence of the emergency placement within 15 days of the placement.

(c) When a non-handicapped pupil is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence shall provide instruction and necessary transportation for the pupil. The district may provide

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the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district.

(d) When a non-handicapped pupil is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed shall provide instruction for the pupil and necessary transportation within that district while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district shall bill the district of residence for the actual cost of providing the instruction, excluding transportation costs.

(e) The district of residence shall receive foundation aid for the pupil and pay tuition and other instructional costs, excluding transportation costs, to the district providing the instruction. Transportation costs shall be paid by the district providing the transportation and the state shall pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision shall be included in the handicapped transportation category.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 124.212, Subdivision 1, is amended to read:

Subdivision 1. **COMPONENTS.** Foundation aid for each school district for each school year shall equal the sum of the following:

- (a) Basic foundation aid;
- (b) Grandfather aid;
- (c) Replacement aid;
- (d) Discretionary aid;
- (e) State school agricultural tax credit aid;
- (f) Minimum aid; ~~and~~
- (g) Foundation aid for shared time pupils; and
- (h) Low fund balance aid.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 124.2122, Subdivision 1, as amended by Laws 1981, Third Special Session Chapter 2, Article II, Section 5, is amended to read:

Subdivision 1. **FORMULA ALLOWANCE.** "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. The formula allowance shall be \$1,333 for foundation aid for the 1981-1982 school year. The formula allowance shall be \$1,346 for 1981 payable 1982 levies and for founda-

tion aid for the 1982-1983 school year. The formula allowance shall be \$1,475 for the 1982 payable 1983 levies and for foundation aid for the 1983-1984 school year.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 124.2122, Subdivision 2, as amended by Laws 1981, Third Special Session Chapter 2, Article II, Section 6, is amended to read:

Subd. 2. **BASIC MAINTENANCE MILL RATE.** "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. The basic maintenance mill rate shall be .021 for the 1980 payable 1981 levy and for foundation aid for the 1981-1982 school year. The basic maintenance mill rate shall be .024 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year. The basic maintenance mill rate shall be .024 for the 1982 payable 1983 levies and for foundation aid for the 1983-1984 school year. A district may levy less than 24 mills. If a district levies at least 95 percent of an amount equal to 23 mills times the adjusted assessed valuation of the district, basic foundation aid shall be computed as though the district had levied 24 mills times the adjusted assessed valuation of the district.

Sec. 5. Minnesota Statutes 1981 Supplement, Section 124.2124, Subdivision 1, is amended as follows:

Subdivision 1. **REPLACEMENT COMPONENTS.** (a) A district's "fluctuating enrollment replacement component" shall equal the amount of additional foundation aid or basic maintenance levy revenue the district would have received for the 1980-1981 school year if declining or growing enrollment pupil units had been used in the computation of basic foundation aid for 1980-1981 pursuant to Minnesota Statutes 1980, Section 124.212, Subdivision 7c, Clause (1) or of the 1979 basic maintenance levy limitation pursuant to Minnesota Statutes, 1979 Supplement, Section 275.125, Subdivision 2b or 2c.

(b) Beginning with the aid and levy revenue for the 1983-1984 school year, in any district where the actual number of pupil units increased from the 1979-1980 school year to the 1980-1981 school year, the district's "recomputed fluctuating enrollment replacement component" shall equal the amount of additional foundation aid or basic maintenance levy revenue the district would have received for the 1980-1981 school year if the district had qualified for the greater of either the 1980-1981 declining enrollment pupil units or the 1980-1981 growing enrollment pupil units to be used in the computation of basic foundation aid for 1980-1981 pursuant to Minnesota Statutes 1980, Section 124.212, Subdivision 7c, Clause (1) or of the 1979 basic maintenance levy limitation pursuant to Minnesota Statutes 1979 Supplement, Section 275.125, Subdivision 2b or 2c.

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(b) (c) A district's "sparsity replacement component" shall equal the amount of additional aid the district would have received for the 1980-1981 school year if Minnesota Statutes, 1979 Supplement, Section 124.224 had been effective for 1980-1981.

(e) (d) A district's "basic replacement entitlement" shall equal the sum of (1) the greater of (i) its fluctuating enrollment replacement component, or (ii) its recomputed fluctuating enrollment replacement component, and (2) its sparsity replacement component; divided by its total pupil units in 1980-1981.

(d) (e) "Replacement inflator" for any school year means the ratio of the foundation aid formula allowance for that school year to \$1,265. For the 1981-1982 school year, however, the replacement inflator shall equal 107 percent.

(e) (f) A district's "replacement allowance" for each school year shall equal its basic replacement entitlement times the replacement inflator for that school year.

(f) (g) A district's "replacement levy limitation" means its levy limitation computed pursuant to section 275.125, subdivision 6c.

Sec. 6. Minnesota Statutes 1981 Supplement, Section 124.2125, Subdivision 1, as amended by Laws 1981, Third Special Session Chapter 2, Article II, Section 8, is amended to read:

Subdivision 1. **DISCRETIONARY ALLOWANCE; DEFINITION.** "Discretionary allowance" means the amount of revenue per pupil unit used to compute discretionary aid for a particular school year and the discretionary levy for use in that school year. The discretionary allowance shall equal the formula allowance for the school year times the ratio of the discretionary mill rate to the basic maintenance mill rate for levies for use in that school year, rounded to the nearest cent. However, the discretionary allowance for the ~~1981-1982 school year shall equal \$64.48, and the discretionary allowance for the 1982-1983 school year shall equal \$138.52~~ be computed as though the formula allowance were \$1,416.

Sec. 7. Minnesota Statutes, 1981 Supplement, Section 124.2125, Subdivision 2, is amended to read:

Subd. 2. **DISCRETIONARY MILL RATE.** "Discretionary mill rate" means the mill rate used to compute the discretionary levy, the discretionary allowance, and discretionary aid for use in a particular school year. The discretionary mill rate shall equal .001 for 1981-1982 aid. For the 1981 payable 1982 levy and 1982-1983 aid, ~~and for the levy and aid for succeeding years,~~ the discretionary mill rate shall ~~equal not exceed~~ not exceed .00225 in districts which levy pursuant to section 275.125, subdivision 7a, clause (2), and .001 in districts which levy pursuant to section 275.125, subdivision 7a, clause (3). ~~For the 1982 payable 1983 levy and 1983-1984 aid, and for the levy and aid for succeeding~~

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years, the discretionary mill rate shall not exceed .00250 in districts which levy pursuant to section 275.125, subdivision 7a, clause (2), and .001 in districts which levy pursuant to section 275.125, subdivision 7a, clause (3).

Sec. 8. Minnesota Statutes 1981 Supplement, Section 124.2126, Subdivision 3, is amended to read:

Subd. 3. **MINIMUM AID.** A qualifying district's minimum aid for each school year shall equal its minimum guarantee for that school year, minus the sum of:

(1) The amount of the district's state school agricultural tax credit aid for that school year;

(2) The amount by which property taxes of the district for use in that school year are reduced by the homestead credit provisions in section 273.13, subdivisions 6; 7, and 14a;

(3) The amount by which property taxes of the district for use in that school year are reduced by the taconite homestead credit provisions in section 273.135; and

(4) The amount by which property taxes of the district for use in that school year are reduced by the attached machinery provisions in section 273.138, subdivision 6;

(5) The amount by which property taxes of the district for use in that school year are reduced by the state paid wetlands credit provisions in section 273.115;

(6) The amount by which property taxes of the district for use in that school year are reduced by the state paid native prairie credit provisions in section 273.116; and

(7) The amount by which property taxes of the district for use in that school year are reduced by the credit for reduced assessment provisions in section 273.139.

Sec. 9. [124.2128] **LOW FUND BALANCE FOUNDATION AID.**

Subdivision 1. LOW FUND BALANCE ALLOWANCE; DEFINITION. "Low fund balance allowance" means an amount of revenue per actual pupil unit equal to the lesser of

(a) \$60; or

(b) the difference between

(i) \$316, and

(ii) the district's net unappropriated fund balance in all operating funds per actual pupil unit as of June 30 in the year the levy is certified.

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The low fund balance allowance shall be used to determine the low fund balance aid for a particular school year, and the low fund balance levy for use in that school year.

Subd. 2. LOW FUND BALANCE REVENUE. A district's low fund balance revenue for each school shall equal its low fund balance allowance for that school year, times the actual pupil units for the preceding school year.

Subd. 3. LOW FUND BALANCE AID. A district's low fund balance aid for each school year shall equal its low fund balance revenue for that year, minus its low fund balance levy limitation for the levy for use in that school year.

Sec. 10. Minnesota Statutes 1981 Supplement, Section 124.2128, Subdivision 1, is amended to read:

Subdivision 1. **UNDERLEVIES.** A district's basic foundation, grandfather, replacement or discretionary or low fund balance aid, as applicable, for any school year when the actual amount of the corresponding levy for use in that year is less than the permitted amount, shall be reduced by a percentage equal to the difference between the actual amount and the permitted amount, divided by the permitted amount. This provision shall apply to basic foundation aid only for a school year when the actual amount of the basic maintenance levy for use in that year is less than 95 percent of the permitted amount.

Sec. 11. Minnesota Statutes 1981 Supplement, Section 124.2129, Subdivision 3, is amended to read:

Subd. 3. NOTIFICATION OF RESIDENT DISTRICT. Any school A district educating ~~children~~ a pupil who ~~are residents~~ is a resident of another school district shall notify the district of residence within 60 days of the date the ~~child~~ pupil is determined by the district to be a nonresident, but not later than ~~October 4~~ August 1 following the end of the school year in which the ~~child~~ pupil is educated. If the district of residence does not receive a notification from the providing district pursuant to this subdivision, it shall not be liable to that district for any tuition billing received after ~~October 4~~ August 1 of the next school year.

Sec. 12. Minnesota Statutes 1981 Supplement, Section 275.125, Subdivision 2d, is amended to read:

Subd. 2d. **REFERENDUM LEVY.** (1) The levy authorized by subdivision 2a may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only one such election may be held to approve a levy increase which will commence in a specific school year. However, more than one referendum may be held to approve a levy increase to commence in the 1983-1984 school year. The question on the ballot shall state the maximum

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amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The question may designate a specific number of years for which the referendum authorization shall apply. If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(2) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to clause (1) of this subdivision may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to clause (1) of this subdivision must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one such revocation or reduction election may be held to revoke or reduce a levy for any specific year and for years thereafter.

(3) A petition authorized by ~~clauses~~ clause (1) or (2) shall be effective if signed by a number of qualified voters in excess of 15 percent, or ten percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(4) A petition authorized by clause (2) shall be effective if signed by a number of qualified voters in excess of five percent of the residents of the school district as determined by the most recent census. A revocation or reduction referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(4) (5) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(5) (6) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 13. Minnesota Statutes 1980, Section 275.125, is amended by adding a subdivision to read:

Subd. 6d. LOW FUND BALANCE LEVY. (1) For purposes of this subdivision, the term "low fund balance revenue" shall have the meaning given it in section 9 of this article.

(2) Each year, a district where the net unappropriated fund balance in all operating funds as of June 30 is less than \$316 per actual pupil unit may levy an amount equal to

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(a) the product obtained by multiplying

(i) the district's low fund balance revenue for the school year to which the levy is attributable, times

(ii) the lesser of

(A) one or

(B) the ratio of the district's adjusted assessed valuation for the preceding year per total pupil unit in the school year to which the levy is attributable, to 75 percent of the equalizing factor for the school year to which the levy is attributable.

Sec. 14. Minnesota Statutes 1981 Supplement, Section 275.125, Subdivision 7a, is amended to read:

Subd. 7a. **DISCRETIONARY LEVY.** (1) For purposes of this subdivision, the terms "discretionary allowance" and "discretionary mill rate" shall have the meanings given them in section 124.2125.

(2) ~~In 1981 and~~ Each year thereafter, a district which levies the maximum permissible amount pursuant to subdivision 2a and subdivision 6b may levy an additional amount which shall not exceed the lesser of (a) an amount equal to the discretionary mill rate times the district's adjusted assessed valuation for the preceding year or (b) the product obtained by multiplying the applicable discretionary allowance times the actual and AFDC pupil units in the district in the school year when the levy is certified.

(3) ~~In 1981 and~~ Each year thereafter, a district which levies the maximum permissible amount pursuant to subdivision 2a and subdivision 6b, and where the net unappropriated balance in all operating funds as of the preceding June 30 is less than \$165 per actual and AFDC pupil unit in the district in the school year when the levy is certified, may levy an amount which shall not exceed the lesser of (a) one mill times the district's adjusted assessed valuation for the preceding year or (b) the product obtained by multiplying the applicable discretionary allowance times the total number of pupil units in the district in the school year when the levy is certified, without holding a public hearing or conducting a referendum pursuant to clause (5).

(4) The board is not required to hold a public hearing or conduct a referendum on the levy authorized by this subdivision in any year when it levies pursuant to clause (3) or when the board proposes to levy an amount not to exceed an amount equal to the preceding year's adjusted assessed valuation times the largest number of EARC mills previously levied by the district the district was previously authorized to levy pursuant to this subdivision.

(5)(a) Except as provided in clause (3), the provisions of clause (5) shall apply to the levy authorization in this subdivision in any year when the board

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either proposes to levy pursuant to this subdivision for the first time or proposes to increase the number of mills which it levies against its adjusted assessed valuation pursuant to this subdivision to a number of mills greater than the largest number of mills previously levied against its adjusted assessed valuation pursuant to this subdivision.

(b) By July 15 in any year when clause (5) applies, the board of the district shall hold a public hearing on the need for the proposed levy or increase. At least three weeks published notice of the hearing in 10 point type or 5.0 agate type, with a larger headline, shall be given in the legal newspaper with the largest circulation in the district. The notice shall state the amount of the proposed levy or increase in dollars, in EARC mills and in auditor's mills and the estimated net unappropriated fund balance in the district's operating funds as of the June 30 before the levy or increase is certified.

(c) At the hearing, the district shall present its proposed revenue and expenditure budgets for the next two school years, the estimated net unappropriated fund balances in all district funds as of the June 30 before the levy or increase is certified, and the estimated amount in dollars, in EARC mills and in auditor's mills of any reduction of the proposed levy which may be required by subdivision 7c. At the hearing, the board shall also hear all parties requesting to give testimony for and against the proposed levy or increase. Upon receipt of a petition within 30 days after the hearing, the board shall call a referendum on the proposed levy or increase. A petition shall be effective if signed by a number of qualified voters in the district equal to the greater of 50 voters or 15 percent of the number of voters who voted in the district at the most recent regular school board election excess of three percent of the residents of the school district as determined by the most recent census.

(d) The referendum shall be held on a date set by the school board, but no later than the September 20 before the levy is certified.

The ballot shall state substantially the following, as appropriate:

The board of School District No. has proposed (a discretionary levy in a maximum amount of EARC mills which would raise) (to increase a discretionary levy from EARC mills to EARC mills. This increase would provide an additional) \$..... in the first year levied.

Shall the (increase in the) discretionary levy
... Yes proposed by the Board of School
... No District No. be approved?

(e) The approval of a majority of those voting on the question is required to pass the referendum.

(f) If a petition is not received or if the proposed levy or increase is approved at a referendum, the district may levy the amount provided by the

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number of mills proposed by the school board, in the year when the hearing or referendum is held and in succeeding years. If a proposed first time levy is not approved, except as provided in clause (3), the district may not levy pursuant to this subdivision in the year when the referendum is held and shall be required to comply with the provisions of clause (5) before levying pursuant to this subdivision in a subsequent year. If a proposed increase is not approved, the district may levy an amount not to exceed the amount provided by the largest number of EARC mills the district was previously levied by the district authorized to levy pursuant to this subdivision, applied to the preceding year's adjusted assessed valuation.

Sec. 15. Minnesota Statutes 1981 Supplement, Section 298.28, Subdivision 1, is amended to read:

Subdivision 1. **DISTRIBUTION.** The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) 12.5 cents per taxable ton, less any amount distributed under clause (8), to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed as follows:

(a) Six cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (d), shall be distributed to a group of school districts comprised of those school

districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its ~~permitted~~ certified levy for the prior year, computed pursuant to section 275.125, comprises of the sum of ~~permitted~~ certified levies for the prior year for all qualifying districts, computed pursuant to section 275.125. For purposes of distributions pursuant to this part, ~~permitted~~ certified levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2d.

(c) On July 15, 1982 and on July 15 in subsequent years, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy increase pursuant to section 275.125, subdivision 2d, is authorized by referendum, according to the following formula. Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), enrolled in the previous school year, less the product of two mills times the district's taxable valuation in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 275.125, subdivision 2d, in the previous year, to the product of two mills times the district's taxable valuation in the second previous year.

If the total amount provided by clause (3)(c) is insufficient to make the payments herein required then the entitlement of \$150 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to clause (3)(c) shall not be applied to reduce foundation aids which the district is entitled to receive pursuant to section 124.212 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of finance who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection fund as provided in section 298.28, subdivision 1, clause 10.

(d) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less

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any amount which is to be distributed pursuant to part (b). The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power plant is located.

(c) Four cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 25.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) One cent per taxable ton to the state for the cost of administering the tax imposed by section 298.24.

(7) Three cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes of section 298.22. The amount determined in this clause shall be increased in 1981 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(8) .20 cent per taxable ton shall be paid in 1979 and each year thereafter, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota

affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(9) the amounts determined under clauses (4)(a), (4)(c), and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

(10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (9) and parts (a) and (b) of this clause have been made shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection fund created in section 298.292 as follows: In 1981 and each year thereafter, two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection fund. The proceeds shall be placed in the respective special accounts in the general fund.

(a) In 1978 and each year thereafter, there shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977.

(b) In 1978 and each year thereafter, there shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or town which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in the next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such

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county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.125 or 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 16. BASIC MAINTENANCE UNDERLEVIES.

For the 1982-1983 and 1983-1984 school years, the deduction from basic foundation aid pursuant to Minnesota Statutes 1981 Supplement, Section

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124.2128, Subdivision 1, shall be computed as though the basic maintenance mill rate for tax levies attributable to each of those school years were .023.

Sec. 17. STATUTORY OPERATING DEBT EXCEPTION, 1983.

Notwithstanding Minnesota Statutes 1980, Sections 121.914, Subdivision 2, and 121.917, for the purpose of determining school district expenditure limitations for fiscal year 1983, statutory operating debt shall be defined as operating debt that exceeds five percent of the district's expenditure amount for fiscal year 1983 for the funds considered under Minnesota Statutes 1980, Section 121.914, Subdivision 1. A district in which the net negative unappropriated fund balance in the operating funds, exclusive of the statutory operating debt account, as of June 30, 1983 is less than five percent of the district's unappropriated operating fund expenditures for fiscal year 1983 shall not be considered to have exceeded its expenditure limits and shall not be required to submit the special operating plan required by Minnesota Statutes 1980, Section 121.917, Subdivision 4. This section shall not be construed as altering statutory operating debt for fiscal years other than fiscal year 1983, or as altering the computation of the levies authorized in Minnesota Statutes 1980, Section 275.125, Subdivision 9a, or Laws 1976, Chapter 20, Subdivision 4.

Sec. 18. EFFECTIVE DATE.

Sections 1, 11, 12, and 14 are effective the day following final enactment.

**ARTICLE II
TRANSPORTATION AID**

Section 1. Minnesota Statutes 1980, Section 123.78, Subdivision 1, is amended to read:

Subdivision 1. **GENERAL PROVISIONS.** The school board of any A district which is now or hereafter eligible to receive state aid for transportation under chapters 123 and chapter 124, shall provide equal transportation within the district for all school children to any school when transportation is deemed necessary by any the school board by reason because of distance or traffic condition in like manner and form as provided in sections 123.16, subdivisions 3 and 4; 123.18; 123.37, subdivisions 3 and 4; 123.39; and 124.223, when applicable.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 124.223, is amended to read:

124.223 TRANSPORTATION AID AUTHORIZATION.

School transportation and related services for which state transportation aid is authorized are:

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(1) **TO AND FROM SCHOOL; BETWEEN SCHOOLS.** (a) Through the 1981-1982 school year, transportation or board of resident pupils who reside one mile or more from the public schools which they could attend, or transportation to, from, or between the schools they attend pursuant to a program approved by the commissioner of education, or who reside one mile or more from a nonpublic school actually attended, but only to the extent permitted by sections 123.76 to 123.79 with respect to nonpublic school pupils;

(b) Beginning in the 1982-1983 school year, Transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to, from, or between the schools the resident pupils attend pursuant to a program approved by the commissioner of education; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79;

(2) **OUTSIDE DISTRICT.** Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) **SECONDARY VOCATIONAL CENTERS.** Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) **HANDICAPPED.** Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to the requirement in clause (1) that ~~the pupil~~ elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) **BOARD AND LODGING; NONRESIDENT HANDICAPPED.** When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

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(6) **SHARED TIME.** Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) **FARIBAULT STATE SCHOOLS.** Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) **SUMMER SCHOOL.** Services described in clauses (1) to (7) and clauses (9) and (10) when provided in conjunction with a state board approved summer school program;

(9) **COOPERATIVE ACADEMIC AND VOCATIONAL.** Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; and

(10) **NONPUBLIC SUPPORT SERVICES.** Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Sec. 3. Minnesota Statutes 1980, Section 124.225, as amended by Laws 1981, Chapters 356, Section 167; 358, Article II, Sections 3 to 14; First Special Session Chapter 2, Section 8; and Third Special Session Chapter 2, Article II, Section 9, is amended to read:

124.225 TRANSPORTATION AID ENTITLEMENT.

Subdivision 1. **DEFINITIONS.** For purposes of this section, the terms defined in this subdivision have the meanings given to them.

(a) "FTE" means a transported full time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Region" means development region as defined in section 462.384, subdivision 5, except that for purposes of this section, development regions 1 and 2 are one region, development regions 4 and 5 are one region, development regions 6E and 6W are one region, and development regions 7E and 7W are one region.

(c) (b) "Total Authorized cost for regular transportation" or "total authorized expenditure" means the sum of:

(i) (1) all expenditures for transportation in the regular category, as defined in clause (c)(1), for which aid is authorized in section 124.223, plus

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(ii) (2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

(iii) (3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) beginning in fiscal year 1984, an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982 for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(d) (c) "Total Adjusted authorized predicted cost per FTE" means the total authorized cost predicted by a multiple regression formula determined by the department of education, and adjusted pursuant to subdivision 7a.

(d) "Aid entitlement per FTE" means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) "Transportation category" means a category of transportation service provided to pupils. Each category includes transportation provided during the regular school year and in conjunction with a state board approved summer school program. For purposes of this section, transportation categories are as follows:

(i) (1) Regular transportation is transportation services provided under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1);

(ii) (2) Secondary vocational center During-day transportation is transportation services between schools provided under section 124.223, clause (3) (1), and transportation services provided under section 124.223, clauses (3) and (9), and transportation services provided under section 124.223, clause (6), excluding transportation provided for pupils attending shared time special education classes;

(iii) (3) Handicapped transportation is transportation services for pupils attending shared time special education classes provided under section 124.223, clause (6), and transportation services provided under section 124.223, clause (4), excluding board and lodging and excluding transportation to and from board and lodging facilities;

(iv) (4) Board and lodging is services provided, in lieu of transportation, under section 124.223, clauses (4) and (5);

(v) Between schools transportation is transportation services between schools provided under section 124.223, clause (1);

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(vi) ~~Shared time regular transportation is transportation services provided under section 124.223, clause (6), excluding transportation provided for pupils attending shared time special education classes;~~

(vii) ~~Shared time special education transportation is transportation services for pupils attending shared time special education classes provided under section 124.223, clause (6);~~

(viii) (5) ~~To and from board and lodging facility transportation is transportation services to and from board and lodging facilities provided under section 124.223, clauses (4) and (7);~~

(ix) ~~Cooperative academic and vocational transportation is transportation services provided under section 124.223, clause (9);~~

(x) (6) ~~Nonpublic health, guidance and counseling transportation is transportation services provided under section 124.223, clause (10);~~

(f) "Pupil weighting factor" means the ratio of the actual regional district average cost per FTE in a particular transportation category in the base year to the actual regional district average cost per FTE in the regular transportation category in the base year.

(g) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(h) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(i) "Percent excess handicapped FTE's transported" means the result of the following computation for the current year:

one, minus the product of

(1) the ratio of the number of FTE pupils transported in the handicapped category in the state to the number of FTE pupils transported in the handicapped category in the district; times

(2) the ratio of the number of FTE pupils transported in the regular category in the district to the number of FTE pupils transported in the regular category in the state.

(j) "Current year" means the school year for which aid will be paid.

(k) "Base year" means the second school year preceding the school year for which aid will be paid.

(l) "Base cost" means the authorized regular transportation cost per FTE in the base year in the regular transportation category, excluding summer school transportation.

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(m) "Predicted base cost" means the base cost as predicted by subdivision 3.

Subd. 1a. **WEIGHTING FACTORS.** For each school year, in computing transportation aid, the department of education shall establish as needed the pupil weighting factors for each transportation category for each region district using transportation cost data for the second prior school year. The department shall use the statewide pupil weighting factor for any transportation category for which a region district had no experience during the second prior school year.

Subd. 3. **FORMULA.** For each school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. A multiple regression formula shall be determined through stepwise The department of education shall conduct multiple regression analysis for each region by the department of education, using the terms specified in subdivision 4a, to maximize the amount of variance accounted for between the total actual authorized cost per weighted FTE for the second preceding school year and the total authorized predicted cost per weighted FTE for the second preceding school year predict the base cost for each district. The A formula determined for each region shall be derived based upon the regression analysis, but excluding the factors described in subdivision 4a, clauses (8), (9), and (10), except that in the 1982-1983 school year, these clauses shall not be excluded. This formula shall be used to determine a total authorized predicted base cost per weighted FTE for the second preceding school year for each district in the region. The amount determined for each district shall be adjusted according to the provisions of subdivisions 6 7a and 7a 7b.

Subd. 4a. **FORMULA TERMS.** To predict the total authorized base cost per weighted FTE for each district pursuant to subdivision 3, each regional the multiple regression formula shall use the following terms and their squares for each district in the region:

- (1) The area of the district measured in square miles;
- (2) The district's average daily membership;
- (2) The reciprocal of the district's average daily membership;
- (3) The total number of authorized FTE's transported by the district;
- (4) The total number of authorized FTE's transported by the district in the handicapped, shared time special education, and to and from board and lodging facility transportation categories as a percentage of the total number of authorized FTE's transported by the district;
- (5) The number of authorized FTE's transported by the district in the board and lodging transportation category as a percentage of the total number of authorized FTE's transported by the district;

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(6) The number of authorized FTE's transported by the district in the between schools transportation category as a percentage of the total number of authorized FTE's transported by the district;

(7) The number of authorized FTE's transported by the district in the shared time regular transportation category as a percentage of the total number of authorized FTE's transported by the district;

(8) The number of authorized FTE's transported by the district in the secondary vocational center transportation category as a percentage of the total number of authorized FTE's transported by the district;

(9) (3) The logarithm of the number of authorized FTE's per square mile transported by the district in the regular transportation category;

(10) The number of authorized FTE's per square mile transported by the district in the handicapped transportation category;

(11) The number of authorized FTE's transported by the district in the regular transportation category as a percentage of the district's average daily membership;

(12) An index of the district's shape computed by the department of education based on a comparison of the perimeter of the district to the perimeter of a circle with the same square mile area as the district;

(13) (4) The percentage of the district's square mile area which is classified by the commissioner of energy, planning and development as water covered or, marshland, or extractive;

(14) The number of 40 acre parcels of land in the district which are contiguous to or intersected by unpaved roads, as a percentage of the number of 40 acre parcels of land in the district which are contiguous to or intersected by any roads, paved or unpaved. The number of 40 acre parcels of each type shall be obtained from the commissioner of energy, planning and development;

(15) The percentage of the district's square mile area which is classified by the state planning agency as having a slope of land exceeding six percent;

(16) The number of authorized FTE's transported to nonpublic schools by the district in the regular transportation category as a percentage of the total number of authorized FTE's transported by the district in the regular transportation category;

(17) The percentage of the district's square mile area which is classified by the state planning agency as extractive.

(5) The district's administrative overhead for transportation per authorized FTE transported in the regular transportation category;

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(6) The number of schools to which pupils are transported in the regular transportation category, either within or outside the district, divided by the number of authorized FTE's transported in the regular transportation category;

(7) Whether the district is non-rural, based upon criteria established by the department of education;

(8) Whether the district contracts for bus service, or transports pupils only on district-owned buses;

(9) The percentage of all regular transportation category bus routes using buses that are not owned by the district, if that percentage is not 100 percent;

(10) Whether the district operates a special bus to transport pupils to home from school who are involved in after-school activities.

Subd. 6. **INFLATION FACTORS.** The total authorized predicted cost per weighted FTE determined for a district under subdivision 3 for 1979-1980 shall be increased by 26 percent. The total authorized predicted cost per weighted FTE determined for a district under subdivision 3 for 1980-1981 shall be increased by 22 percent.

Subd. 7a. **BASE YEAR SOFTENING FORMULA.** (1) Each district's adjusted total authorized predicted base cost per weighted FTE determined for each school year according to subdivision 6 3 shall be compared to averaged with the total actual expenditure per weighted FTE for authorized transportation base cost for that district for that year to determine the district's aid entitlement adjusted authorized predicted cost per weighted FTE for that year.

(2) If the adjusted total authorized predicted cost per weighted FTE is greater than the district's actual authorized expenditure per weighted FTE, its aid entitlement per weighted FTE shall equal the adjusted predicted cost per weighted FTE minus 20 percent of the first \$10 of difference between the adjusted total authorized predicted cost per weighted FTE and the actual expenditure per weighted FTE; minus 40 percent of the next \$10; 60 percent of the next \$10; minus 75 percent of the difference which exceeds \$30.

(3) If the adjusted total authorized predicted cost per weighted FTE is less than the district's actual authorized expenditure per weighted FTE, its aid entitlement per weighted FTE shall equal the adjusted total authorized predicted cost per weighted FTE plus 20 percent of the first \$10 of difference between the adjusted predicted cost per weighted FTE and the actual expenditure per weighted FTE; plus 40 percent of the next \$10; plus 60 percent of the next \$10; plus 75 percent of the difference which exceeds \$30. Notwithstanding clause (1), for fiscal year 1983, the predicted base cost shall be adjusted as provided in this clause to determine adjusted authorized predicted cost per FTE for the base school year.

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(a) If the predicted base cost exceeds the base cost, the predicted base cost shall be decreased by 50 percent of the first \$40 of difference between the base cost and the predicted base cost; 70 percent of the next \$40 of difference; and 90 percent of any difference which exceeds \$80, to determine the adjusted authorized predicted cost per FTE.

(b) If the predicted base cost is less than the base cost, the predicted base cost shall be increased by 50 percent of the first \$40 of difference between the base cost and the predicted base cost; 70 percent of the next \$40 of difference; and 90 percent of any difference which exceeds \$80, to determine the adjusted authorized predicted cost per FTE.

Subd. 7b. INFLATION FACTORS. The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by 22 percent to determine the district's aid entitlement per FTE for the 1982-1983 school year.

Subd. 8a. AID. A district's transportation aid shall be equal to the sum of its basic transportation aid pursuant to subdivision 8b, its excess handicapped transportation aid pursuant to subdivision 8c, its handicapped board and lodging aid pursuant to subdivision 8d, its to and from board and lodging aid pursuant to subdivision 8e, its nonpublic support services transportation aid pursuant to subdivision 8f, its during-day transportation aid pursuant to subdivision 8g, and its closed-school transportation aid pursuant to subdivision 8h, minus the amount raised by two mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than two mills. Transportation aid shall be computed as if the district had levied two mills. If the total appropriation for transportation aid in any fiscal year after 1982 is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the aid entitlement of off-formula districts in the same proportion. Aid for the 1982-1983 and 1983-1984 school years shall be reduced by the following amount: the product of

(a) the number of nonhandicapped secondary pupils transported in the base year who live between one and two miles from the public school which they could attend or the nonpublic school actually attended, times

(b) 1.5, divided by the average distance to school for all FTE's transported in the district in the regular transportation category in the base year, times

(c) the district's aid entitlement per FTE determined according to subdivision 7b, times the ratio of average daily membership used in subdivision 8b.

Subd. 8a 8b. BASIC AID COMPUTATION. Beginning with the 1982-1983 school year For the 1982-1983 and 1983-1984 school years, a district's

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basic transportation aid pursuant to this section for each the school year shall equal the district's aid entitlement per weighted FTE determined according to subdivision 7a 7b times the total number of authorized weighted FTE's transported in the regular and handicapped transportation categories in the district in that school the base year, minus the amount raised by two mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year times the ratio of average daily membership in the district in the current year to the average daily membership in the district in the base year.

For the 1984-1985 school year and thereafter, a district's basic transportation aid pursuant to this section for each school year shall equal the district's aid entitlement per FTE determined according to subdivision 7b times the total number of authorized FTE's transported in the regular and handicapped categories in the district in the current school year.

Subd. 8b 8c. **EXCESS HANDICAPPED AID.** (a) In addition to the amount authorized in subdivision 8a, For each school year, the state shall pay aid for the excess costs of providing transportation for handicapped students as provided in this subdivision to a district where, in the current school year,

- (1) the average daily membership in that year is 2,500 or fewer pupils,
- (2) the total actual authorized expenditures exceed the aid entitlement, and
- (3) the actual authorized expenditure per weighted FTE in the handicapped and board and lodging categories exceeds 140 percent of the aid entitlement per weighted handicapped and board and lodging FTE the ratio of FTE's transported in the handicapped category to the total number of FTE's transported in the regular transportation category exceeds the same ratio for the state as a whole.

(b) This aid shall equal 80 percent of the difference between:

- (1) the district's actual authorized expenditures for transporting handicapped and board and lodging FTE's and
- (2) 140 percent of the district's aid entitlement for transportation of handicapped and board and lodging FTE's.
- (3) For purposes of the computation of aid pursuant to this subdivision, the amounts of the actual authorized expenditure and the aid entitlement shall exclude amounts attributable to depreciation. Aid pursuant to this subdivision shall not exceed the difference between the district's total actual authorized expenditures and its total aid entitlement.

the product of the percent excess handicapped FTE's transported, times the difference between

- (1) the district's actual cost for transportation of all pupils in the handicapped category in the current year, and

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(2) the product of

(i) the district's aid entitlement per FTE determined according to subdivision 7b, times

(ii) the number of FTE's transported in the handicapped category in the district in the current year.

Provided that for the 1982-1983 and 1983-1984 school years, the number in (2)(ii) above shall be replaced by the following computation: the product of the number of FTE's transported in the handicapped category in the district in the base year, times its pupil weighting factor for the handicapped category, times the ratio of average daily membership in the district in the current year to average daily membership in the district in the base year.

Subd. 8d. HANDICAPPED BOARD AND LODGING AID. For board and lodging of handicapped pupils, each district shall receive aid equal to the product of the number of FTE pupils boarded and lodged in the current year in the district in this transportation category, times the average of

(a) the state average board and lodging cost per FTE pupil boarded and lodged in the base year, times the inflation factor for that year prescribed in subdivision 7b; and

(b) the district's actual cost per FTE pupil boarded and lodged in the current year.

Subd. 8e. TO AND FROM BOARD AND LODGING. For transportation of handicapped pupils to and from board and lodging facilities, the state shall pay aid to each district for each year equal to the lesser of

(a) the sum of the distance in miles from the home of each pupil transported in this category to the board and lodging facility, times 36, times 24 cents; or

(b) the average of the amount in (a) and the district's actual cost for all transportation in this category in the current year.

Subd. 8f. NONPUBLIC SUPPORT SERVICES AID. For the 1982-1983 and 1983-1984 school years, a district's nonpublic support services transportation aid shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times its pupil weighting factor for the nonpublic support services transportation category, times the number of FTE pupils transported in the nonpublic support services category in the district in the base year, times the ratio of average daily membership in the district in the current year to average daily membership in the district in the base year. For the 1984-1985 school year and thereafter, a district's nonpublic support services transportation aid shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times its pupil weighting factor for the nonpublic support services

transportation category, times the number of FTE's transported in that category in the current year.

Subd. 8g. DURING-DAY TRANSPORTATION AID. For the 1982-1983 and 1983-1984 school years, a district's during-day transportation aid shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times its pupil weighting factor for the during-day transportation category, times the number of FTE's transported in the during-day transportation category in the base year, times the ratio of average daily membership in the district in the current year to average daily membership in the district in the base year. For the 1984-1985 school year and thereafter, a district's during-day transportation aid shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times its pupil weighting factor for the during-day transportation category, times the number of FTE's transported in the during-day transportation category in the current year.

Subd. 8h. CLOSED-SCHOOL TRANSPORTATION AID. For the 1982-1983 and 1983-1984 school years, a district's closed-school transportation aid shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times the number of authorized FTE's transported in the regular category in the current school year who were not transported in the base year and would not have been transported in the current year but for school closings or altered school attendance boundaries. The total amount of transportation aid computed pursuant to this subdivision in each year shall not exceed \$2,000,000. If this amount is insufficient to pay each qualifying district its full amount of aid pursuant to this subdivision, this amount shall be prorated among all qualifying districts in proportion to each district's number of FTE's for whom aid is claimed under this subdivision.

Subd. 9. DISTRICT REPORTS. Each district shall report data to the department before July 1 of each year an estimate for the next school year of the total number of FTE's transported by transportation category and an estimate of the district's total actual authorized transportation expenditure by transportation category as required by the department to implement the transportation aid formula. The district's aid shall be determined for purposes of the first three transportation aid payments for the school year using these estimates. Before August 15 each year, each district shall provide the department with the information for the preceding school year which the department determines is necessary to compute the district's actual authorized expenditure per weighted FTE for purposes of the computation in subdivision 7a and the district's actual total number of weighted FTE's transported for purposes of the aid computation in subdivision 8a. The district's final transportation aid payment for the school year shall be based on these computations. If a district's final transportation aid payment is adjusted after the final aid payment has been made to all districts, the adjustment shall be made by increasing or decreasing the district's aid for the next fiscal year.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 10. Any school district which owns school buses or mobile units shall transfer annually from the unappropriated fund balance account in its transportation fund to the appropriated fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b)(4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

(1) the district's total transportation aid without the reduction pursuant to subdivision 8a, plus

(2) an amount equal to two mills times the adjusted assessed valuation of the district. Any school district may transfer any amount from the unappropriated fund balance account in its transportation fund to any other operating fund or to the appropriated fund balance account for bus purchases in its transportation fund.

Subd. 11. **PAYMENT SCHEDULE THROUGH 1982.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, for fiscal years through 1982, the state shall pay to each school district 30 percent of its estimated school transportation aid ~~entitlement~~ for the fiscal year on or before each of the following dates: August 31, December 31, and March 31. The final aid distribution to each district shall be made on or before October 31 of the following fiscal year.

Subd. 12. **PAYMENT SCHEDULE.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, starting in fiscal year 1983, the state shall pay each school district its estimated school transportation aid ~~entitlement~~ for the fiscal year according to the following schedule: 30 percent by August 31; 30 percent by December 31; and 25 percent by March 31. The final aid distribution to each district shall be made by October 31 of the following fiscal year.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 275.125, Subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** Except as may otherwise be provided in this section, the words and phrases defined in sections 124.01, 124.212, 124.20 and 124.2121 to 124.2125, 124.225, and section 7 of Article III when used in this section shall have the meanings ascribed to them in those sections.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 5. Minnesota Statutes 1980, Section 275.125, Subdivision 5, as amended by Laws 1981, Third Special Session Chapter 2, Article II, Section 10, is amended to read:

Subd. 5. **TRANSPORTATION LEVY.** For school transportation services, a school district may levy an amount not to exceed the amount raised by a levy of two mills times the adjusted assessed valuation of the taxable property of the district for the preceding year. A district may also levy under this subdivision for the amount necessary to eliminate any projected deficit in the appropriated fund balance account for bus purchases in its transportation fund as of June 30 in the school year when the levy is recognized as revenue. A district which contracts for pupil transportation services may also levy an amount equal to \$18 times the number of FTE pupils transported on contracted school buses in the preceding school year in the regular transportation category, which shall be placed in the transportation fund and used for any lawful purpose. A district may levy an amount equal to the estimated cost, in the school year beginning in the year in which the levy is certified, of transporting secondary pupils to and from school who live more than one mile but less than two miles from the public school which they could attend or from a nonpublic school actually attended. A district may also levy for transportation costs or other related services which are approved by the commissioner as necessary because of extraordinary traffic hazards for the ~~current~~ fiscal next school year. Levies authorized by this subdivision shall be computed according to procedures established by the commissioner.

Sec. 6. Minnesota Statutes 1980, Section 275.125, is amended by adding a subdivision to read:

Subd. 5b. TRANSPORTATION LEVY OFF-FORMULA ADJUSTMENT. In any fiscal year in which the transportation levy in a district attributable to that fiscal year of two mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8c, 8d, 8e, 8f, 8g, and 8h, the district's transportation levy limitation shall be adjusted as provided in this subdivision. In the year following that fiscal year, the district's transportation levy shall be reduced by an amount equal to the difference between (1) two mills times the adjusted assessed valuation of the district, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8c, 8d, 8e, 8f, 8g, and 8h, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a. For the levies certified in 1983 and 1984, the following additional amount shall be subtracted:

the product of

(a) the number of nonhandicapped secondary pupils transported in the base year who live between one and two miles from the public school which they could attend or the nonpublic school actually attended, times

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(b) 1.5, divided by the average distance to school for all FTE's transported in the district in the regular transportation category in the base year, times

(c) the district's aid entitlement per FTE determined according to section 124.225, subdivision 7b, times the ratio of average daily membership in the district in the current year to average daily membership in the district in the base year.

Sec. 7. **ADDITIONAL TRANSPORTATION LEVY, 1982.**

In 1982 only, a district may levy for transportation costs or other related services which are necessary because of extraordinary traffic hazards for the 1982-1983 school year. Levies authorized by this section shall be computed according to procedures established by the commissioner.

Sec. 8. Laws 1981, Chapter 358, Article II, Section 15, Subdivision 3, is amended to read:

Subd. 3. **CANCELLATION.** Any unexpended balance remaining from the appropriation in this section for 1982 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to ~~either~~ the 1981-1982 school year for any purposes indicated is insufficient, the aid for that year shall be prorated among all qualifying districts in proportion to the sum of aid earned by each district, plus an amount equal to the amount raised by one mill times the 1979 adjusted assessed valuation of the district. The state shall not be obligated for any amounts in excess of the total appropriations in ~~this section~~ Laws 1981, Chapter 358, Article II, Section 15.

Sec. 9. **REPEALER.**

Minnesota Statutes 1980, Section 121.96 is repealed.

Sec. 10. **EFFECTIVE DATE.**

Section 8 and the amendments to Minnesota Statutes 1981 Supplement, Section 124.225, Subdivision 9, in section 3, are effective the day following enactment.

ARTICLE III SPECIAL EDUCATION

Section 1. Minnesota Statutes 1980, Section 120.17, Subdivision 4a, is amended to read:

Subd. 4a. **ATTENDANCE IN ANOTHER DISTRICT.** No resident of a district who is eligible for special instruction and services pursuant to this section shall be denied provision of this instruction and service because he attends

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

a public school in another school district pursuant to section 123.39, subdivision 5, if his attendance is not subject to section ~~120.065~~ 120.075, 120.0751, or 123.39, subdivision 5a 120.0752. If the pupil attends a public school located in a contiguous district and the district of attendance does not provide special instruction and services, the district of residence shall provide necessary transportation for the pupil between the boundary of the district of residence and the educational facility where special instruction and services are provided within the district of residence. The district of residence may provide necessary transportation for the pupil between its boundary and the school attended in the contiguous district, but shall not pay the cost of transportation provided outside the boundary of the district of residence.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 120.17, Subdivision 5a, is amended to read:

Subd. 5a. **SUMMER PROGRAMS.** A district may provide summer programs for handicapped children living within the district and nonresident children temporarily placed in the district pursuant to subdivisions 6 or 7. Prior to March 31 or 30 days after the handicapped child is placed in the district, whichever is later, the providing district shall give notice to the district of residence of any nonresident children temporarily placed in the district pursuant to subdivisions 6 or 7, of its intention to provide these programs. Notwithstanding any contrary provisions in subdivisions 6 and 7, the school district providing the special instruction and services shall apply for special education aid for the summer program. For the purposes of computing the summer school revenue allowance as provided in section ~~124.20~~ 7 of this article, pupils enrolled in these programs shall be counted by the district of residence and not by the district providing the programs. The unreimbursed actual cost of providing the program for nonresident handicapped children, including the cost of board and lodging, may be billed to the district of the child's residence and shall be paid by the resident district. Transportation costs shall be paid by the district responsible for providing transportation pursuant to subdivision 6 or 7 and transportation aid shall be paid to that district.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 120.17, Subdivision 6, is amended to read:

Subd. 6. **PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.** The responsibility for special instruction and services for a handicapped child temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The school district of residence of a child shall be the district in which his parent resides, if living, or his guardian, or the district designated by the commissioner of education if neither parent nor guardian is living within the state.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(b) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment, the district of residence is responsible for providing transportation and an appropriate educational program for the child. The district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

(c) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing ~~transportation and~~ an appropriate educational program for the child and necessary transportation within the district while the child is attending the educational program; and shall bill the district of the child's residence for the actual cost of providing the program, as outlined in subdivision 4, except that the board, lodging, and treatment costs incurred in behalf of a handicapped child placed outside of the school district of his residence by the commissioner of public welfare or the commissioner of corrections or their agents, for reasons other than for making provision for his special educational needs shall not become the responsibility of either the district providing the instruction or the district of the child's residence.

(d) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim foundation aid for the child as provided by law. Transportation costs shall be paid by the district responsible for providing the transportation and the state shall pay transportation aid to that district.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 121.904, Subdivision 7, is amended to read:

Subd. 7. **SUMMER SCHOOL REVENUE.** Summer school aids and the proceeds of the summer school levy for any summer school session shall be recognized as revenues and recorded as receivables in proportion to the total number of summer school days in each fiscal year in which the summer school session occurs; provided that nothing in this subdivision shall be construed to provide for a different rate of aid than that provided in ~~section 124.20~~ 7 of this article.

Sec. 5. Minnesota Statutes 1981 Supplement, Section 124.01, Subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** For purposes of this chapter, the words defined in section 120.02 have the same meaning and the terms defined in sections 124.20, ~~and~~ 124.2121 to 124.2125 and section 7 of this article have the meanings attributed to them in those sections.

Sec. 6. Minnesota Statutes 1981 Supplement, Section 124.17, Subdivision 2, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2. **AVERAGE DAILY MEMBERSHIP.** Membership for pupils in grades kindergarten through twelve and for handicapped pre-kindergarten pupils shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused. However, a pupil, regardless of age, who has been absent from school for 15 consecutive school days during the regular school year or for five consecutive school days during summer school or inter-session classes of flexible school year programs without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory attendance provisions cited in section 120.10. Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days the schools are in session. Days of summer school or inter-session classes of flexible school year programs shall only be included in the computation of membership for handicapped pupils appropriately served at levels 4, 5, or 6 of the continuum of placement model described in 5 MCAR 1.0120 B.11.

Sec. 7. [124.201] **FOUNDATION AID FOR SPECIAL EDUCATION SUMMER SCHOOL.**

Subdivision 1. **PROGRAMS.** Foundation aid for handicapped pupils enrolled in (1) summer school classes which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) inter-session classes of flexible school year programs, (3) summer school classes in elementary and secondary schools, and (4) summer school instruction in teachers college laboratory schools or in the university laboratory school, shall be paid under the provisions of this section.

Subd. 2. **DEFINITIONS.** For the purposes of computing foundation aid for handicapped pupils enrolled in summer school and inter-session classes of flexible school year programs, the following phrases shall have the meanings given them:

(1) "Summer school pupil units" means full-time equivalent pupil units for summer school classes and inter-session classes of flexible school year programs computed under the provisions of section 124.17. Only pupils who are handicapped and who are appropriately served at levels 4, 5, or 6 of the continuum of placement model described in 5 MCAR 1.0120 B.11. shall be included in the computation of summer school pupil units.

(2) "Summer school revenue allowance" means an amount equal to the product of the number of summer school pupil units in a district, times the foundation aid formula allowance as defined in section 124.2122 for the preceding regular school year.

(3) "Summer school aid" means aid for summer school and inter-session classes of flexible school year programs.

Subd. 3. SUMMER SCHOOL AID. Each year a district shall receive summer school aid equal to the difference between

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy pursuant to section 26 of this article certified in the calendar year when the summer school program is offered; times

(b) the district's summer school revenue allowance; and

(2) the levy certified by the district pursuant to section 26 of this article in the calendar year when the summer school program is offered.

Sec. 8. Minnesota Statutes 1981 Supplement, Section 124.273, Subdivision 1, is amended to read:

Subdivision 1. 1981-1982 TEACHERS SALARIES. (a) For the 1981-1982 school year, the department shall pay a school district 70 percent of the salary, calculated from the date of hire, of one full time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district, or a pro rata amount thereof for increments of fewer than 45 pupils. Notwithstanding the foregoing, the department shall pay 70 percent of the salary, calculated from the date of hire, of one-half of a full time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled.

(b) Subd. 1a. 1982-1983 TEACHERS SALARIES. Beginning in For the 1982-1983 school year, ~~and each year thereafter,~~ the department shall pay a school district ~~65~~ 60 percent of the salary, calculated from the date of hire, of one full time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district, or a pro rata amount thereof for increments of fewer than 45 pupils. Notwithstanding the foregoing, the department shall pay ~~65~~ 60 percent of the salary, calculated from the date of hire, of one-half of a full time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled.

Sec. 9. Minnesota Statutes 1981 Supplement, Section 124.273, is amended by adding a subdivision to read:

Subd. 1b. 1983-1984 TEACHERS SALARIES. For the 1983-1984 school year, and each year thereafter, the department shall pay a school district 65 percent of the salary, calculated from the date of hire, of one full time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district, or a pro rata amount thereof for increments of fewer than 45 pupils. Notwithstanding the foregoing, the department shall pay 65 percent of the salary, calculated from the date of hire, of one-half of a full time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 10. Minnesota Statutes 1981 Supplement, Section 124.273, Subdivision 2, is amended to read:

Subd. 2. **1981-1982 PROHIBITION.** (a) For the 1981-1982 school year, the department of education shall not pay a school district an amount exceeding 70 percent of the salaries paid to essential instructional personnel employed by the district in its educational program for pupils of limited English proficiency.

(b) Subd. 2a. 1982-1983 PROHIBITION. Beginning in For the 1982-1983 school year, and each year thereafter, the department of education shall not pay a school district an amount exceeding 65 60 percent of the salaries paid to essential instructional personnel employed by the district in its educational program for pupils of limited English proficiency.

Sec. 11. Minnesota Statutes 1981 Supplement, Section 124.273, is amended by adding a subdivision to read:

Subd. 2b. 1983-1984 PROHIBITION. Beginning in the 1983-1984 school year, and each year thereafter, the department of education shall not pay a school district an amount exceeding 65 percent of the salaries paid to essential instructional personnel employed by the district in its educational program for pupils of limited English proficiency.

Sec. 12. Minnesota Statutes 1981 Supplement, Section 124.32, Subdivision 1, is amended to read:

Subdivision 1. **1981-1982 TEACHERS SALARIES.** (a) For the 1981-1982 and ~~1982-1983~~ school years year, the state shall pay to any district for the employment in its educational program for handicapped children 68.8 percent of the salary of essential personnel for the normal school year for each full time, part time or limited time person employed, or a ~~pro rata amount for a part time person or a person employed for a limited time~~, whether the essential personnel are employed by a district alone or jointly with another district.

Subd. 1a. 1982-1983 TEACHERS SALARIES. For the 1982-83 school year, the state shall pay to any district for the employment in its educational program for handicapped children 61 percent of the salary of essential personnel for the normal school year for each full time, part time or limited time person employed, whether the essential personnel are employed by a district alone or jointly with another district.

(b) Subd. 1b. 1983-1984 TEACHERS SALARIES. Beginning in the 1983-1984 school year and each year thereafter, the state shall pay to any district for the employment in its educational program for handicapped children 70 percent of the salary of essential personnel for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 13. Minnesota Statutes 1981 Supplement, Section 124.32, Subdivision 1a, is amended to read:

Subd. 1a. **FOUNDATION AID FORMULA ALLOWANCE.** For purposes of this section, "foundation aid formula allowance" shall have the meaning attributed to it in section 124.2122, subdivision 1, and "summer school revenue allowance" shall have the meaning attributed to it in section ~~124.20~~ 7 of this article. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1, clause (1) or (2).

Sec. 14. Minnesota Statutes 1981 Supplement, Section 124.32, Subdivision 1b, is amended to read:

Subd. 1b. **CONTRACT SERVICES.** (1) Except for the 1982-1983 school year, for special instruction or training and services provided for any pupil pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district 60 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full time basis.

(2) Except for the 1982-1983 school year, for special instruction or training and services provided for a pupil by such a contract as part of a summer school program, the state shall pay each district 60 percent of the difference between the amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Sec. 15. Minnesota Statutes 1980, Section 124.32, is amended by adding a subdivision to read:

Subd. 1e. 1982-1983 CONTRACT SERVICES. (1) For the 1982-1983 school year for special instruction or training and services provided for any pupil pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district 53.3 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full time basis.

(2) For the 1982-1983 school year for special instruction or training and services provided for a pupil by such a contract as part of a summer school program, the state shall pay each district 53.3 percent of the difference between the amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Sec. 16. Minnesota Statutes 1980, Section 124.32, Subdivision 2, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2. **SUPPLY AND EQUIPMENT AID.** Except for the 1982-1983 school year, the state shall pay each district for supplies and equipment purchased or rented for use in the instruction of handicapped children an amount equal to one-half of the sum actually expended by the district but not to exceed an average of \$50 in any one school year for each handicapped child receiving instruction.

Sec. 17. Minnesota Statutes 1980, Section 124.32, is amended by adding a subdivision to read:

Subd. 2a. 1982-1983 SUPPLY AND EQUIPMENT AID. For the 1982-1983 school year, the state shall pay each district for supplies and equipment purchased or rented for use in the instruction of handicapped children an amount equal to 44.4 percent of the sum actually expended by the district but not to exceed an average of \$44.44 in any one school year for each handicapped child receiving instruction.

Sec. 18. Minnesota Statutes 1981 Supplement, Section 124.32, Subdivision 5, is amended to read:

Subd. 5. **RESIDENTIAL AID.** When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay aid to the resident district under the provisions of this subdivision. Except for the 1982-1983 regular school year, the aid shall be an amount not to exceed 60 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance, for each handicapped child placed in a residential facility. Except for 1983 summer school programs, the aid for summer school programs for each handicapped child placed in a residential facility shall be an amount not to exceed 60 percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the resident district attributable to that child. No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota school for the deaf or the Minnesota braille and sight-saving school.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by the state or public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children within the state.

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children within the state.

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 19. Minnesota Statutes 1980, Section 124.32, is amended by adding a subdivision to read:

Subd. 5a. 1982-1983 RESIDENTIAL AID. The aid for the 1982-1983 school year shall be paid according to subdivision 5, except that for the regular 1982-1983 school year the aid shall be an amount not to exceed 35.7 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance, for each handicapped child placed in a residential facility. For summer school programs in 1983, the aid for each handicapped child placed in a residential facility shall be an amount not to exceed 35.7 percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the resident district attributable to that child.

Sec. 20. Minnesota Statutes 1980, Section 124.32, Subdivision 7, is amended to read:

Subd. 7. PROGRAM AND AID APPROVAL. Before May 4 June 1 of each year, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of handicapped children in the district who will receive special instruction and services during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application ~~in order~~ to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel he determines to be unnecessary or unessential on the basis of this review. The commissioner may also withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. On or before July 4 of each year By August 31, when the first aid payment is made, the commissioner shall approve, disapprove or modify each application, and notify each applying district of ~~his~~ the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet any substantial changes in the needs of handicapped children in the district. Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw ~~his~~

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the program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time ~~when he~~ the commissioner determines that the program does not comply with ~~the rules and standards~~ of the state board or that any facts concerning the program or its budget differ from the facts ~~presented~~ in the district's approved application.

Sec. 21. Minnesota Statutes 1980, Section 124.32, Subdivision 10, is amended to read:

Subd. 10. **SUMMER SCHOOL.** The state shall pay aid for summer school programs for handicapped children on the basis of the sections of Minnesota Statutes providing aid for handicapped children for the preceding school year. ~~On or before~~ By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of ~~his~~ the action and of the estimated amount of aid for the summer school programs. Aid for these programs shall be paid ~~on or before the October 4~~ by November 15 after the summer when the programs are conducted.

Sec. 22. Minnesota Statutes 1980, Section 126.262, Subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** For purposes of sections 124.273 and 126.261 to 126.269, the terms defined in this section shall have the meanings given them.

Sec. 23. Minnesota Statutes 1980, Section 126.264, Subdivision 3, is amended to read:

Subd. 3. **PARENTAL INVOLVEMENT.** A district which receives moneys pursuant to section ~~126.263~~ 124.273 shall encourage involvement of parents of pupils enrolled in the educational program for limited English proficient students in this program. The district shall solicit the views of parents about the program and its effects upon their children.

Sec. 24. Minnesota Statutes 1980, Section 126.265, is amended to read:

126.265 GENERAL REQUIREMENTS FOR PROGRAMS.

A district which receives aid pursuant to section ~~126.263~~ 124.273 shall comply with the following program requirements:

(a) To the extent possible, the district shall avoid isolating children of limited English proficiency for a substantial part of the school day; and

(b) In predominantly nonverbal subjects, such as art, music, and physical education, pupils of limited English proficiency shall be permitted to participate fully and on an equal basis with their contemporaries in public school classes

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

provided for these subjects. To the extent possible, the school district shall assure to pupils enrolled in a program for limited English proficient students an equal and meaningful opportunity to participate fully with other pupils in all extracurricular activities.

Sec. 25. Minnesota Statutes 1980, Section 126.267, is amended to read:

126.267 TECHNICAL ASSISTANCE.

The state board of education shall provide technical assistance to school districts receiving aid pursuant to section ~~126.263~~ 124.273 and to post-secondary institutions for preservice and inservice training for bilingual education teachers and English as a second language teachers employed in educational programs for limited English proficient students, teaching methods, curriculum development, testing and testing mechanisms, and the development of instructional materials for these educational programs.

Sec. 26. Minnesota Statutes 1980, Section 275.125, is amended by adding a subdivision to read:

Subd. 2i. HANDICAPPED SUMMER SCHOOL LEVY. A district may levy for summer school programs for handicapped pupils an amount equal to the following product:

(1) The district's summer school revenue allowance as defined in section 7, clause (2) of this article for the calendar year when the levy is certified, times

(2) the lesser of:

(a) one, or

(b) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the third preceding year by the total pupil units in the district in the preceding regular school year, to

(ii) the equalizing factor for the preceding regular school year.

Sec. 27. **SUPERVISION.**

For the 1982-1983 school year, the rules on supervisory personnel of 5 MCAR 1.0122 D., D.1., D.2., D.3., and D.4. are suspended.

By February 1, 1983, the department of education shall report to the education committees of the legislature regarding the need to reinstate the rules or its recommendations for alternative rules for supervisory personnel.

Sec. 28. **STUDENT TO STAFF RATIOS; 1982-1983 SCHOOL YEAR.**

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

For the 1982-1983 school year, a school district may increase the student to staff ratios established pursuant to 5 MCAR 1.0122 C. by an amount not to exceed 20 percent. By February 1, 1983, the department shall report to the education committees of the legislature regarding recommendations on promulgating new student to staff rules which provide greater flexibility to school districts and which have cost containment features, including incentives for cooperation among school districts.

Sec. 29. SPECIAL EDUCATION TEMPORARY GUIDELINES.

The state board of education shall develop and test guidelines for districts to use in defining and serving the following groups of students: (a) students with learning disabilities, (b) students who are emotionally disturbed, and (c) students with special learning behavior problems. The department shall consider the feasibility of establishing entrance and exit criteria when developing and testing these guidelines. During the 1982-83 school year the department shall test the guidelines in a representative sample of districts statewide and report to the education committees of the legislature by February 1, 1984. The department shall report on the operation and fiscal impact of the guidelines.

The guidelines are only for the purposes of testing and determining proper policy for the department and do not represent a determination by the legislature or the department that the guidelines are permanent or binding. The guidelines shall not represent competent evidence in any legal proceeding arising in a state or federal court of law.

Sec. 30. STUDENT ASSESSMENT CONFERENCE.

Beginning with the 1982-1983 school year, the assessment requirement established pursuant to 5 MCAR 1.0124 B.1.b. and 1.0126 B shall be reduced to one assessment every three years.

Sec. 31. PERIODIC REVIEW.

Beginning with the 1982-1983 school year, the periodic review requirement established pursuant to 5 MCAR 1.0126 A.2. shall be reduced to one review each year.

Sec. 32. APPROPRIATION REDUCTION; SPECIAL EDUCATION SUMMER SCHOOL.

The general fund appropriation for fiscal year 1983 for summer school special education aid in Laws 1981, Chapter 358, Article III, Section 21, Subdivision 3, as amended by Laws 1981, Third Special Session Chapter 2, Article II, Section 2, is further reduced by \$631,000. The remaining amount of the appropriation for summer school special education aid for 1983 shall not be used to reimburse school districts for summer school special education programs for pupils who are appropriately served at levels 2 or 3 of the continuum of placement model described in 5 MCAR 1.0120 B.11.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 33. APPROPRIATION.

There is appropriated from the general fund to the department of education for the year ending June 30, 1983, the sum of \$1,047,000. This amount is for foundation aid for summer school programs for handicapped pupils. If this amount is not sufficient to meet all obligations, the department of education shall proportionately reduce the summer school revenue allowance and allocate the aid accordingly.

Sec. 34. EFFECTIVE DATE.

Sections 2, 3, 4, 5, 6, 7, 13, 20 and 29 are effective the day following final enactment.

**ARTICLE IV
MISCELLANEOUS**

Section 1. Minnesota Statutes 1980, Section 120.68, is amended to read:

120.68 FOUR DAY SCHOOL WEEK.

The state board of education, pursuant to sections 120.59 to 120.67, shall promulgate rules pursuant to chapter 15 permitting districts requesting to operate a four day week to qualify for a flexible school year program. ~~The rules shall not apply to a school district located entirely within the seven county metropolitan area.~~

Sec. 2. [120.84] PERMANENT SCHOOL FUND ADVISORY COMMITTEE.

A state permanent school fund advisory committee is established to advise the department of natural resources on the management of permanent school fund land, which is held in trust for the school districts of the state. The advisory committee shall consist of the following persons or their designees: the chairpersons of the education committees of the legislature, the chairpersons of the senate committee on finance and house committee on appropriations, the commissioner of education, one superintendent from a non-metropolitan district, and one superintendent from a metropolitan area district. The school district superintendents shall be appointed by the commissioner of education.

The advisory committee shall review the policies of the department of natural resources on management of school trust fund lands and shall recommend necessary changes in policy and implementation in order to ensure provident utilization of the permanent school fund lands.

Sec. 3. DEPARTMENT OF NATURAL RESOURCES; LAND MANAGEMENT POLICY.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

By February 1, 1983, the department of natural resources shall submit a report to the education committees of the legislature on its policy for the management of permanent school fund land.

Sec. 4. Minnesota Statutes 1980, Section 121.11, Subdivision 12, is amended to read:

Subd. 12. **ADMINISTRATIVE REGULATIONS RULES.** The state board shall ~~have power from time to time to make adopt~~ and enforce ~~such rules and regulations~~, consistent with this code, ~~as may be appropriate for the administration and enforcement thereof.~~ Notwithstanding the provisions of section 15.0412, subdivision 1a, the state board may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or school management which attempt to make better use of community resources or available technology.

Sec. 5. Minnesota Statutes 1980, Section 121.908, Subdivision 3, is amended to read:

Subd. 3. Prior to June 30 of the calendar year following the submission of the unaudited financial statement, the school district shall provide to the commissioner and state auditor an audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited statement.

Sec. 6. Minnesota Statutes 1980, Section 123.32, Subdivision 1, is amended to read:

Subdivision 1. **DATE.** Unless a different date is permitted under the provisions of subdivision 22 or section 7 of this article, the annual election in independent districts shall be held on the third Tuesday in May.

Sec. 7. Minnesota Statutes 1980, Section 123.32, is amended by adding a subdivision to read:

Subd. 28. **ALTERNATIVE DATE.** The board of any school district may by resolution provide for the holding of the annual election on the first Tuesday after the first Monday in November of any year. If the annual election is held in November, the terms of office of all board members shall be lengthened to expire on January 1.

Sec. 8. Minnesota Statutes 1980, Section 123.37, Subdivision 1b, is amended to read:

Subd. 1b. **TRANSPORTATION; FUEL.** Notwithstanding the provisions of subdivision 1 or section 471.345, a contract for the transportation of school children, or a contract for the purchase, by June 30, 1983, of petroleum heating fuel or fuel for district owned vehicles may be made by direct negotiation, by obtaining two or more written quotations for the service when possible, or

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upon sealed bids. At least 30 days before awarding a directly negotiated contract, the school district shall, by published notice, request quotations for the service to be provided. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. If a contract is made by direct negotiation, negotiations shall be open to the public. If a contract is made upon sealed bids, the procedure for advertising and awarding bids shall conform to the provisions of subdivision 1 except as otherwise provided in this subdivision.

Notwithstanding the provisions of subdivision 1 or section 574.26, a performance bond shall be required of a contractor on a contract for the transportation of school children only when and in the amount deemed necessary by and at the discretion of the school board.

Sec. 9. Minnesota Statutes 1980, Section 124.19, Subdivision 1, is amended to read:

Subdivision 1. **INSTRUCTIONAL TIME.** Every district which receives special state aid shall maintain school in session or provide instruction in other districts, in state university laboratory school or in the university laboratory school, for at least a minimum term as defined by the state board. ~~The normal school year when school is in session shall be not less than 175 days, not including summer school, or their the equivalent in a district operating a flexible school year program.~~ A district which holds school for that period the required minimum number of days and is otherwise qualified is entitled to special state aid as provided by law provided. If school is not held a less period such special for the required minimum number of days, special state aid shall be reduced by the ratio that the difference between 175 days and the number of days school is held bears to 175 days, multiplied by 60 percent of the product of the district's foundation aid formula allowance times its pupil units for that year; but, However, districts maintaining less school for fewer than the required minimum number of days of school in session do not lose special state aid, if the circumstances causing such loss of school time days below the required minimum number of days were are beyond the control of the board and provided, if proper evidence has been is submitted and a good faith attempt made to make up time lost on account of due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to teachers' institutes or other meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school in session. ~~Effective the 1979-1980 school year,~~ Not more than five days may be devoted to parent-teacher conferences or teachers' workshops as part of the required minimum number of days school is in session, except that, for kindergarten classes, not more than ten days may be devoted to parent-teacher conferences or teachers' workshops as part of the required minimum number of days school is in session.

Sec. 10. Minnesota Statutes 1980, Section 124.19, is amended by adding a subdivision to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 5. SCHEDULE ADJUSTMENTS. (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district, including a district operating a program pursuant to sections 120.59 to 120.68 or 121.502 to 121.507, may adjust the annual school schedule throughout the calendar year so long as the number of instructional hours in the year is not less than the number specified in the rules of the state board.

Sec. 11. Minnesota Statutes 1981 Supplement, Section 125.611, Subdivision 5, is amended to read:

Subd. 5. SCHOOL BOARD APPLICATION; LIMIT. If the school board approves the teacher's application, the board shall apply to the commissioner of education for authorization to enter into a contract with the teacher for termination of his services and payment of an early retirement incentive. The school board's application shall be submitted on the form required by the commissioner and must be received by the commissioner by the March 15 immediately following the school board's approval of the teacher's application. The commissioner of education shall establish procedures for applications pursuant to this subdivision and shall approve or disapprove applications pursuant to this subdivision within the limits of the appropriation for the purposes of this section. The commissioner shall approve no more than 500 applications for early retirement incentives for teachers retiring at the end of each school year.

If more applications are received than can be approved within this limit, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment or any combination of these methods. If the number of applications approved by the commissioner by March 15 is less than 500 and is within the limits of the appropriation, additional applications submitted to the school board after February 1 may be considered for approval by the school board and commissioner according to the order of receipt.

Applications pursuant to this subdivision shall include the annual salaries which would be paid to the teachers for whom the applications are made if they did not retire and any other information required by the commissioner of education.

Sec. 12. Minnesota Statutes 1981 Supplement, Section 136A.81, Subdivision 1, is amended to read:

Subdivision 1. FEES AND TUITION. Except for an administration fee of \$6 a credit hour, to be collected only when a course is taken for credit, a senior citizen who is a legal resident of Minnesota is entitled without payment of tuition

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or activity fees to attend courses offered for credit or, audit any courses offered for credit, or enroll in any noncredit adult vocational education courses in any state supported institution of higher education in Minnesota when space is available after all tuition-paying students have been accommodated. For the purposes of sections 136A.80 and 136A.81, the term "noncredit adult vocational education courses" shall not include those adult vocational education courses designed and offered specifically and exclusively for senior citizens. Senior citizens enrolled under the provisions of sections 136A.80 and 136A.81 shall not be included by such institutions in their computation of full time equivalent students when requesting staff or appropriations. The enrollee shall pay laboratory or material fees.

Sec. 13. Minnesota Statutes 1981 Supplement, Section 169.974, Subdivision 2, is amended to read:

Subd. 2. **LICENSE REQUIREMENTS.** No person shall operate a motorcycle on any street or highway unless he has a valid standard driver's license with a two-wheeled vehicle endorsement as provided by law. No such two-wheeled vehicle endorsement shall be issued unless the person applying therefor has in possession a valid two-wheeled vehicle instruction permit as provided herein, has passed a written examination and road test administered by the department of public safety for such endorsement, and, in the case of applicants under 18 years of age, shall present a certificate or other evidence of having successfully completed an approved two-wheeled vehicle driver's safety course in this or another state, in accordance with such regulations as the commissioner of public safety shall promulgate rules promulgated by the state board of education for courses offered through the public schools, or rules promulgated by the commissioner of public safety for courses offered by a private or commercial school or institute. The commissioner may waive the road test for any applicant if he determines that the applicant possesses a valid license to operate a two-wheeled vehicle issued by a jurisdiction that requires a comparable road test for license issuance. A two-wheeled vehicle instruction permit shall be issued to any person over 16 years of age, who is in possession of a valid driver's license, who is enrolled in an approved two-wheeled vehicle driver's safety course, and who has passed a written examination for such permit and has paid such fee as the commissioner of public safety shall prescribe. A two-wheeled vehicle instruction permit shall be effective for 45 days, and may be renewed under rules to be prescribed by the commissioner of public safety.

No person who is operating by virtue of a two-wheeled vehicle instruction permit shall:

- (a) Carry any passengers on the streets and highways of this state on the motorcycle which he is operating;
- (b) Drive the motorcycle at night time;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(c) Drive the motorcycle on any highway marked by the commissioner as an interstate highway pursuant to Title 23 of the United States Code.

(d) Drive the motorcycle without wearing protective headgear of a type approved by the commissioner of public safety.

Notwithstanding the provisions of this subdivision, the commissioner of public safety may, however, issue a special motorcycle permit, restricted or qualified in such manner as he shall deem proper, to any person demonstrating a need therefor and unable to qualify for a standard driver's license.

Sec. 14. Minnesota Statutes 1981 Supplement, Section 171.04, is amended to read:

171.04 PERSONS NOT ELIGIBLE FOR DRIVER'S LICENSES.

The department shall not issue a driver's license hereunder:

(1) To any person who is under the age of 16 years; to any person under 18 years unless such person shall have successfully completed a course in driver education, including both classroom and behind-the-wheel instruction, approved by the department of public safety state board of education for courses offered through the public schools, or, in the case of a course offered by a private, commercial driver education school or institute ~~employing driver education instructors~~, by the department of public safety; except when such person has completed a course of driver education in another state or has a previously issued valid license from another state or country; nor to any person under 18 years unless the application of license is approved by either parent when both reside in the same household as the minor applicant, otherwise the parent having custody or with whom the minor is living in the event there is no court order for custody, or guardian having the custody of such minor, or in the event a person under the age of 18 has no living father, mother or guardian, the license shall not be issued to such person unless his application therefor is approved by his employer. ~~Behind-the-wheel~~ Driver education courses offered in any public school shall be open for enrollment to persons between the ages of 15 and 18 years residing in the school district or attending school therein. Any public school offering ~~behind-the-wheel~~ driver education courses may charge an enrollment fee for the ~~behind-the-wheel~~ driver education course which shall not exceed the actual cost thereof to the public school and the school district. The approval required herein shall contain a verification of the age of the applicant;

(2) To any person whose license has been suspended during the period of suspension except that a suspended license may be reinstated during the period of suspension upon the licensee furnishing proof of financial responsibility in the same manner as provided in the Minnesota no-fault automobile insurance act;

(3) To any person whose license has been revoked except upon furnishing proof of financial responsibility in the same manner as provided in the Minnesota no-fault automobile insurance act and if otherwise qualified;

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(4) To any person who is a drug-dependent person as defined in section 254A.02, subdivision 5;

(5) To any person who has been adjudged legally incompetent by reason of mental illness, mental deficiency, or inebriation, and has not been restored to capacity, unless the department is satisfied that such person is competent to operate a motor vehicle with safety to persons or property;

(6) To any person who is required by this chapter to take an examination, unless such person shall have successfully passed such examination;

(7) To any person who is required under the provisions of the Minnesota no-fault automobile insurance act of this state to deposit proof of financial responsibility and who has not deposited such proof;

(8) To any person when the commissioner has good cause to believe that the operation of a motor vehicle on the highways by such person would be inimical to public safety or welfare;

(9) To any person when, in the opinion of the commissioner, such person is afflicted with or suffering from such physical or mental disability or disease as will affect such person in a manner to prevent him from exercising reasonable and ordinary control over a motor vehicle while operating the same upon the highways; nor to a person who is unable to read and understand official signs regulating, warning, and directing traffic.

Sec. 15. Minnesota Statutes 1981 Supplement, Section 354.66, Subdivision 6, is amended to read:

Subd. 6. **INSURANCE.** A board of an employing district entering into an agreement authorized by this section shall take all steps necessary to assure continuance of any insurance programs furnished or authorized a full time teacher on an identical basis and with identical sharing of costs for a part time teacher pursuant to this section, provided, however, that the requirements of this sentence may be modified by a collective bargaining agreement between a board and an exclusive representative pursuant to chapter 179. Notwithstanding the provisions of section 43.47, subdivision 16, teachers as defined in section 136.88 employed on a less than 75 percent time basis pursuant to this section shall be eligible for state paid insurance benefits as if the teachers were employed full time.

Sec. 16. Minnesota Statutes 1980, Section 475.61, Subdivision 1, is amended to read:

Subdivision 1. **DEBT SERVICE RESOLUTION.** The governing body of any municipality issuing general obligations shall, prior to delivery of the obligations, levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for all years for municipalities other than

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school districts shall be specified and such that if collected in full they, together with estimated collections of special assessments and other revenues pledged for the payment of said obligations, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the obligations. The tax levies for school districts shall be specified and such that if collected in full they, together with estimated collection of other revenues pledged for the payment of the obligations, will produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations; except that, with the permission of the commissioner of education, a school board may specify a tax levy in a higher amount if necessary because of anticipated tax delinquency. Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund or a special debt service fund or account created for the payment of one or more issues of obligations. The governing body may, in its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes, to be filed, assessed, extended, collected, and remitted as hereinafter provided, and the amount or amounts therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

Sec. 17. Minnesota Statutes 1980, Section 475.61, Subdivision 3, is amended to read:

Subd. 3. **IRREVOCABILITY.** Tax levies so made and filed shall be irrevocable, except that as provided in this subdivision.

In each year when there is on hand any excess amount in the debt service fund of a school district at the time the district makes its property tax levies, the amount shall be certified by the school board to the county auditor and the auditor shall reduce the amount otherwise to be included in the rolls next prepared by the amount certified. An amount shall be presumed to be excess if it, together with the levy required by subdivision 1, will exceed 106 percent in excess of the amount needed to meet when due the principal and interest payments on the obligations due before the second following July 1. This subdivision shall not limit a school board's authority to specify a tax levy in a higher amount if necessary because of anticipated tax delinquency.

If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

Sec. 18. Minnesota Statutes 1980, Section 475.61, Subdivision 4, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 4. **SURPLUS FUNDS.** All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality. However, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the maintenance levy authorized pursuant to section 275.125, subdivision 2a except that from the effective date of this section of this article to June 30, 1983, a school district which has discontinued its levy for debt service may transfer to its general fund the amount of any surplus remaining in its debt service fund when the obligations and interest thereon are paid or when an escrow account for defeasance of the entire amount of the obligations and interest thereon has been established.

Sec. 19. Laws 1981, Chapter 358, Article VII, Section 29, as amended by Laws 1981, Third Special Session Chapter 1, Article I, Section 10, is amended to read:

Sec. 29. EXEMPTION FROM PUBLIC SALE.

Notwithstanding Minnesota Statutes, Section 124.76, from June 1, 1981 until June 30, 1983, the requirements as to public sale of tax and aid anticipation certificates of indebtedness shall not apply to certificates which mature no later than ~~six~~ twelve months after their date of issue. The interest rate on these certificates may be determined by direct negotiation.

Sec. 20. Laws 1981, Third Special Session Chapter 2, Article II, Section 15, is amended to read:

Sec. 15. REPAYMENT BY END OF FISCAL YEAR.

Notwithstanding any law to the contrary, by June 30, 1982, the commissioner of finance shall draw warrants in favor of school districts, public library systems, multi-type library systems, educational cooperative service units or regional management information systems for any of the state aids, payments, reimbursements and fund transfers that were suspended by the commissioner of education pursuant to section 13. In the event moneys become available for partial repayment of suspended aid payments, reimbursements, and fund transfers before June 30, 1982, the commissioner of education may consider the cash flow needs of the individual recipients in determining which suspended amounts shall be repaid before June 30, 1982.

Sec. 21. TRANSFER FROM CAPITAL EXPENDITURE FUND.

Notwithstanding the provisions of section 275.125, subdivision 11a or 11b, or any other law to the contrary, a school district may permanently transfer an

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amount not to exceed \$50 per actual pupil unit from the capital expenditure fund to the general fund of the district. The transfer shall be made before June 30, 1983.

Sec. 22. UNREQUESTED LEAVE OF ABSENCE.

By March 1, 1983, the department of education shall evaluate existing law and state board rules governing supervisory and administrative personnel and shall assess whether these laws and rules have resulted in disproportionately small numbers of supervisory and administrative personnel being placed on unrequested leaves of absence, as compared with instructional personnel. The department may recommend changes in law or rule as necessary to ensure an equitable balance in placing district personnel on unrequested leaves of absence, which may include consolidation of administrative positions.

Sec. 23. [121.11] Subd. 7a. DRIVER EDUCATION RULES.

By July 1, 1982, the state board of education shall adopt temporary rules pursuant to Minnesota Statutes, Section 15.0412, Subdivision 5, establishing criteria for approval of driver education courses offered through the public schools. Notwithstanding any law to the contrary, the temporary rules shall be effective until July 1, 1983 or until the state board adopts permanent rules, whichever is earlier.

Sec. 24. REPEALER.

Minnesota Statutes 1980, Section 128.05; Laws 1967, Chapters 251 and 253; and Laws 1976, Chapter 20, Section 8, are repealed.

Sec. 25. EFFECTIVE DATE.

Sections 1, 5, 6, 7, 8, 9, 10, 11, 12, 19, 20, 22, 23, and 24 are effective immediately.

ARTICLE V

VOCATIONAL EDUCATION

Section 1. Minnesota Statutes 1981 Supplement, Section 121.912, Subdivision 1, is amended to read:

Subdivision 1. LIMITATIONS. *No school district shall permanently transfer money from an operating fund to a nonoperating fund except as provided in this subdivision. Permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, permanent transfers may be made from*

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

the fund balance account entitled "pupil transportation fund appropriated for bus purchases" to the capital expenditure fund, with the approval of the commissioner. The levy authorized pursuant to section 275.125, subdivision 11a, shall be reduced by an amount equal to the amount transferred. Permanent transfers may be made from the general fund to the capital expenditure fund of a post-secondary vocational-technical school in the amount and for the purposes authorized by the state board for vocational education in approving the school's budget pursuant to section 124.561. The state board shall not approve any permanent transfer for the purpose of an acquisition or betterment of lands or buildings or a capital improvement which requires the expenditure of an amount equal to or greater than \$50,000, which changes the perimeter walls of an existing facility, which adds more than 1,000 square feet to a post-secondary vocational facility, or which requires the issuance of school district bonds. The state board shall not approve the permanent transfer for any other purpose of any amount which exceeds \$150,000.

Sec. 2. Minnesota Statutes 1980, Section 123.351, is amended by adding a subdivision to read:

Subd. 8a. DISSOLUTION. The boards of each participating district may agree to dissolve a center effective at the end of any school year or at an earlier time as they may mutually agree. A dissolution shall be accomplished in accordance with any applicable provisions of the agreement establishing the center. Upon receipt of the dissolution resolutions from the boards of the participating districts, the center board shall file a certified copy with the county auditors of the counties affected. The dissolution shall not affect the continuing liability of the previously participating districts for bonded indebtedness incurred prior to the dissolution, or for other continuing obligations, including unemployment compensation.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 124.5621, Subdivision 12, is amended to read:

Subd. 12. INSTRUCTIONAL AID FORMULA. In each fiscal Except for the 1982-1983 school year, each district which operates an AVTI shall receive post-secondary vocational instructional aid computed according to the following formula:

- (a) The instructional program allowance for that AVTI in the base year, multiplied by
- (b) The AVTI staff compensation weighting for that AVTI, multiplied by
- (c) 119 percent, multiplied by
- (d) The student growth or decline factor for that AVTI.

Sec. 4. Minnesota Statutes 1980, Section 124.5621, is amended by adding a subdivision to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 12a. 1982-1983 INSTRUCTIONAL AID FORMULA. For the 1982-1983 school year, each district which operates an AVTI shall receive post-secondary vocational instructional aid computed according to the following formula:

(a) The instructional program allowance for that AVTI in the base year, multiplied by

(b) The AVTI staff compensation weighting for that AVTI, multiplied by

(c) 109.5 percent, multiplied by

(d) The student growth or decline factor for that AVTI.

Sec. 5. Minnesota Statutes 1981 Supplement, Section 124.5624, Subdivision 3, is amended to read:

Subd. 3. **EQUIPMENT AID.** "Post-secondary vocational equipment aid" means state funds, exclusive of post-secondary vocational instructional aid, supply aid, support services aid, debt service aid, and repair and betterment aid apportioned by the state board for vocational education to local school districts, as necessary for the conduct of post-secondary vocational-technical training, for the purpose of:

(a) acquisition or purchase of equipment or machinery;

(b) betterment, as defined in section 475.51, of equipment or machinery; **and**

(c) paying leasing fees for computer systems hardware and related proprietary software, photocopy machines and telecommunications equipment; **and**

(d) renting or leasing buildings for school purposes

as necessary for the conduct of post-secondary vocational-technical training.

Post-secondary vocational equipment aid shall be utilized solely for the purposes enumerated in this section.

Sec. 6. Minnesota Statutes 1981 Supplement, Section 124.5624, Subdivision 4, is amended to read:

Subd. 4. **BUDGETS; EQUIPMENT AID ALLOCATION.** Each AVTI shall submit a budget before ~~January 1, 1982, and before~~ January 1 of each year ~~thereafter~~ detailing estimated costs for the following fiscal year in each applicable component activity of the AVTI's operations for each of the following expenditure categories: acquisition of equipment or machinery, betterment of equipment or machinery ~~and rents and leases,~~ leasing fees, and renting or leasing buildings for school purposes, for all instructional programs and support services, including special needs programs and related instruction. Each budget shall also

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include anticipated revenues from the sale of equipment and other capital goods. A budget submitted pursuant to this section shall not include any revenues or expenditures which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational support services aid, supply aid, or repair and betterment aid. The department of education shall recommend an allocation of equipment aid in each applicable component activity of the AVTI's operations for each of the expenditure categories and a total allocation of equipment aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department, authorize an allocation of equipment aid for each AVTI, and detail recommended levels of spending in each component activity for each expenditure category, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a.

Sec. 7. Minnesota Statutes 1981 Supplement, Section 124.5627, Subdivision 3, is amended to read:

Subd. 3. **REPAIR AND BETTERMENT AID.** (a) **DEFINITION.** "Post-secondary vocational repair and betterment aid" means state funds, exclusive of post-secondary vocational instructional aid, supply aid, support services aid, debt service aid, and equipment aid, apportioned by the state board for vocational education to local school districts for the purpose of reconstruction, improvement, remodeling and repair of the existing AVTI buildings and grounds, ~~and renting or leasing buildings for school purposes,~~ as necessary for the conduct of post-secondary vocational-technical training.

(b) **PROHIBITION.** Post-secondary vocational repair and betterment aid shall be utilized solely for the purposes enumerated in this section. The use of post-secondary vocational repair and betterment aid shall be governed by the provisions of section 121.21, subdivision 4a. Post-secondary vocational repair and betterment aid shall not be utilized for the acquisition or betterment of equipment or machinery.

Sec. 8. Minnesota Statutes 1981 Supplement, Section 124.5627, Subdivision 4, is amended to read:

Subd. 4. **BUDGETS; AID ALLOCATION.** Each AVTI shall submit a budget before ~~January 1, 1982 and before~~ January 1 of each subsequent year detailing estimated costs for the following fiscal year for ~~rents and leases and~~ for each repair and betterment project proposed by the AVTI. A budget submitted pursuant to this section shall not include any revenues or expenditures which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational support services aid, supply aid, or equipment aid. The department of education shall recommend an allocation of repair and betterment aid for ~~rents and leases and~~ for each project proposed by the AVTI as well as a total allocation of repair and betterment aid for each AVTI, after a review of each AVTI budget. The state board shall review the

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recommendations of the department, authorize an allocation of repair and betterment aid for each AVTI, and detail recommended levels of spending for rents and leases and for each project proposed by the AVTI, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a. The amount of each AVTI's estimated net positive unappropriated capital fund balance, as of June 30 of the fiscal year during which allocations are made, shall be taken into account by the state board in making these allocations. The allocation of post-secondary vocational repair and betterment aid by the state board shall not constitute approval of a project by the state board for the purposes of section 121.21, subdivision 4a.

Sec. 9. Minnesota Statutes 1981 Supplement, Section 124.5627, Subdivision 5, is amended to read:

Subd. 5. **REPORT.** ~~Before August 1, 1982 and before August 1 of each subsequent year,~~ the commissioner shall issue a report on the repair and betterment aid allocation to each AVTI. This report shall include recommended aid allocations for rents and leases and for each repair and betterment project proposed by an AVTI and an explanation comparing the amount of the authorized repair and betterment aid allocation to the budget submitted for each AVTI. The fund balances used by the state board in determining the repair and betterment aid allocation shall be included.

These reports shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

Sec. 10. Minnesota Statutes 1980, Section 124.572, Subdivision 2, is amended to read:

Subd. 2. **ADULT VOCATIONAL AID.** Except for the 1982-1983 school year, the state shall pay to any district or cooperative vocational center 75 percent of the salaries paid to essential, licensed personnel or personnel exempt from licensure pursuant to section 125.031 in that school year for services rendered in that district's or center's adult vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary travel between instructional sites by adult vocational education teachers. The commissioner may withhold all or any portion of this aid for an adult vocational education program which receives moneys from any other source, and in no event shall a district or center receive a total amount of state aid for salaries and travel pursuant to this section which, when added to moneys from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Sec. 11. Minnesota Statutes 1980, Section 124.572, is amended by adding a subdivision to read:

Subd. 2a. 1982-1983 ADULT VOCATIONAL AID. The aid for the 1982-1983 school year shall be paid according to subdivision 2, except that the state shall pay 69 percent of salaries and 46.25 percent of necessary travel.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 12. Minnesota Statutes 1981 Supplement, Section 124.573, Subdivision 2, is amended to read:

Subd. 2. **SALARIES, EQUIPMENT AND TRAVEL.** ~~In the 1981-1982 school year and each year thereafter~~ Except for the 1982-1983 school year, the state shall pay to any district or cooperative center 45 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs. ~~In addition~~ Except for the 1982-1983 school year, the state shall pay 45 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers, and 45 percent of the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes, ~~and~~. For the 1981-1982 school year, the state shall pay 45 percent of the costs of necessary equipment for these programs. No secondary vocational equipment aid shall be paid beginning with ~~for~~ the 1982-1983 school year and thereafter. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source, ~~and~~. In no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries, equipment and travel which exceeds 100 percent of the amount of its expenditures for salaries, equipment and travel in the program.

Sec. 13. Minnesota Statutes 1980, Section 124.573, is amended by adding a subdivision to read:

Subd. 2a. **1982-1983 SALARIES AND TRAVEL.** For the 1982-1983 school year, the state shall pay to any district or cooperative center 41.6 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs. In addition, the state shall pay 41.6 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers, and 41.6 percent of the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source. In no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries, equipment and travel which exceeds 100 percent of the amount of its expenditures for salaries, equipment and travel in the program.

Sec. 14. Minnesota Statutes 1981 Supplement, Section 124.573, Subdivision 3a, is amended to read:

Subd. 3a. **AID FOR CONTRACTED SERVICES.** In addition to the provisions of subdivisions 2 and 3, a school district or cooperative center may

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contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education services. Except for the 1982-1983 school year, the state shall pay each district or cooperative center 40 percent of the amount of a contract entered into pursuant to this subdivision. The state board shall promulgate rules relating to program approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 4, the district or cooperative center contracting for these services shall be construed to be providing the services. For the purposes of subdivision 5, aid for these contracts shall be distributed on the same basis as aids for salaries and travel.

Sec. 15. Minnesota Statutes 1980, Section 124.573, is amended by adding a subdivision to read:

Subd. 3b. 1982-1983 AID FOR CONTRACTED SERVICES. For the 1982-1983 school year, the state shall pay 37 percent of the amount of a contract entered into pursuant to subdivision 3a.

Sec. 16. Minnesota Statutes 1981 Supplement, Section 124.574, Subdivision 2, is amended to read:

Subd. 2. **1981-1982 SALARIES.** ~~(a)~~ For the 1981-1982 and 1982-1983 school years year, the state shall pay to any district or cooperative center 65 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children.

Subd. 2a. 1982-1983 SALARIES. For the 1982-1983 school year, the state shall pay to any district or cooperative center 60 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district's or center's secondary vocational education program for handicapped children.

~~(b)~~ **Subd. 2b. 1983-1984 AND THEREAFTER SALARIES.** ~~Beginning in~~ For the 1983-1984 school year and each year thereafter, the state shall pay to any district or cooperative center 70 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children.

Sec. 17. Minnesota Statutes 1980, Section 124.574, Subdivision 3, is amended to read:

Subd. 3. **EQUIPMENT, TRAVEL, AND SUPPLIES.** In addition to the provisions of subdivision 2, the state shall pay for each school year, except for the 1982-1983 school year:

(a) 50 percent of the costs of necessary equipment for these secondary vocational education programs for handicapped children;

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(b) 50 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of handicapped children, but not including travel to and from local, regional, district, state or national vocational student organization meetings; and

(c) 50 percent of the costs of necessary supplies for these secondary vocational education programs for handicapped children, but not to exceed an average of \$50 in any one school year for each handicapped child receiving these services.

Sec. 18. Minnesota Statutes 1980, Section 124.574, is amended by adding a subdivision to read:

Subd. 3a. 1982-1983 EQUIPMENT, TRAVEL, AND SUPPLIES. The aid for the 1982-1983 school year shall be paid according to the provisions of subdivision 3, except that the state shall pay (a) 46.25 percent of the cost of necessary equipment; (b) 46.25 percent of the cost of necessary travel between instructional sites; and (c) 46.25 percent of the cost of necessary supplies, but not to exceed an average of \$46.25 in any one school year for each handicapped child receiving these services.

Sec. 19. EFFECTIVE DATE.

Sections 2, 5, 6, 7, 8 and 9 are effective the day following final enactment. Section 1 is effective August 1, 1982.

ARTICLE VI OTHER AIDS AND LEVIES

Section 1. Minnesota Statutes 1980, Section 121.88, is amended by adding a subdivision to read:

Subd. 5. SUMMER SCHOOL PROGRAMS. Notwithstanding any law to the contrary, during the summer a school district may offer community education programs to elementary and secondary pupils. The district may use community education revenue received pursuant to sections 124.271 and 275.125, subdivision 8 and charge fees for the cost of the programs.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 122.542, Subdivision 3, is amended to read:

Subd. 3. ALTERNATIVE EDUCATIONAL DELIVERY SYSTEM GRANTS. (a) The council on quality education shall make a grant to Independent School District No. 362, Littlefork, to serve as a demonstration model in the development and implementation of an alternative educational delivery system. The council shall provide supervision and coordination in the development and implementation of the demonstration model and in disseminating information about the model to other districts. Application for a grant pursuant to this subdivision shall be made in a manner prescribed by the council.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(b) Alternative educational delivery systems shall include but are not limited to:

- (1) computer-assisted instruction;
- (2) extension courses offered by correspondence;
- (3) videotape courses; and
- (4) audiovisual courses.

(c) The goals of alternative educational delivery systems shall include but not be limited to:

- (1) expansion of curriculum in areas not otherwise available;
- (2) elimination of traditional classes of uneconomic or insufficient size without a reduction of learning opportunities;
- (3) provision of remedial instruction in basic skills.

(d) A grant made pursuant to this subdivision is to be used solely for development, implementation, and evaluation of the model, and to disseminate information about the model to other school districts in the state. The legislature does not intend that this grant is to be used for start-up costs of alternative educational delivery systems in other districts, nor does it intend to fund such start-up costs in the future. However, the council on quality education may use a portion of the moneys appropriated for this grant to provide in-service training to other school districts for the purpose of replicating the demonstration model.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 122.542, Subdivision 4, is amended to read:

Subd. 4. **LOW-POWER TELEVISION SYSTEM GRANT.** (a) The council on quality education shall make a grant to Independent School District No. 790, Eagle Bend, to serve as a demonstration model in the development and implementation of a two-way, low-power television transmission system. The council shall provide supervision and coordination in the development, implementation, and evaluation of the model and in disseminating information about the model to other districts. Applications for this grant shall be made in a manner prescribed by this council.

(b) This grant is to be used solely for the development, implementation, and evaluation of the model and for disseminating information about the model to other school districts in the state. The legislature does not intend that this grant is to be used for start-up costs of two-way, low-power television transmission systems in other school districts nor does the legislature intend to fund such start-up costs in the future. However, the council on quality education may use a portion of the moneys appropriated for this grant to provide in-service training to other school districts for the purpose of replicating the demonstration model.

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Sec. 4. Minnesota Statutes 1980, Section 123.35, is amended by adding a subdivision to read:

Subd. 9a. SUMMER SCHOOL CLASSES. The board may establish and maintain summer school programs and inter-session classes of flexible school year programs.

Sec. 5. Minnesota Statutes 1981 Supplement, Section 123.702, Subdivision 1a, is amended to read:

Subd. 1a. COMPONENTS. ~~The A screening programs program~~ shall include at least the following components to the extent the school board determines they are financially feasible: developmental assessments, hearing and vision screening, ~~the review of health history and immunization status and nutritional and physical assessments.~~ The school board may also provide additional components, including laboratory tests or dental assessments, in the screening program, and assessments of height, weight and blood pressure. All screening components shall be consistent with the standards of the state commissioner of health for early and periodic screening programs. No child shall be required to submit to any component of this screening program to be eligible for any other component. No screening program shall provide laboratory tests, a health history or a physical examination to any child who has been provided with those laboratory tests or a health history or physical examination within the previous 12 months. The school district shall request the results of any laboratory test, health history or physical examination within the 12 months preceding a scheduled screening clinic. A school board may offer additional components such as nutritional, physical and dental assessments and laboratory tests. State aid shall not be paid for additional components.

Sec. 6. Minnesota Statutes 1981 Supplement, Section 123.705, is amended to read:

123.705 STATE AID.

The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed \$28 per child screened in fiscal year 1982 and ~~\$29~~ \$15 per child screened in fiscal year 1983. Any district may request and receive an advance payment equal to 50 percent of its estimated payment for screening eligible children.

Sec. 7. Minnesota Statutes 1981 Supplement, Section 124.245, Subdivision 1, is amended to read:

Subdivision 1. BASIC COMPUTATION. (a) ~~In~~ For the 1981-1982 school year and each year thereafter, except for the 1982-1983 school year, the state shall pay a school district the difference by which an amount equal to \$90 per pupil unit in that school year or, in districts where the actual number of pupil

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units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$95 per pupil unit in that school year, exceeds the amount raised by seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. ~~In order~~ To qualify for aid pursuant to this subdivision in any school year, a district must have levied the full seven EARC mills for use for capital expenditures in that year pursuant to section 275.125, subdivision 11a.

For the 1982-1983 school year the state shall pay a school district the difference by which an amount equal to \$89 per pupil unit in that school year or, in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$94 per pupil unit in that school year, exceeds the amount raised by seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. To qualify for aid pursuant to this subdivision in any school year, a district must have levied the full seven EARC mills for use for capital expenditures in that year pursuant to section 275.125, subdivision 11a.

(b) In the 1982-1983 school year and each year thereafter, the aid under clause (a) for any district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program shall be computed using a dollar amount per pupil unit which is \$5 higher than the amount specified in clause (a).

(c) If the sum of a district's capital expenditure levy under section 275.125, subdivision 11a, attributable to any school year starting in 1982-1983 and its capital expenditure equalization aid, if any, under this subdivision for that school year exceeds \$90 \$89 per pupil unit or, in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, ~~\$95~~ \$94 per pupil unit, the amount of the excess may be expended only for the purpose of capital expenditures for equipment for secondary vocational education programs or senior secondary industrial arts programs.

Sec. 8. Minnesota Statutes 1981 Supplement, Section 124.245, Subdivision 1a, is amended to read:

Subd. 1a. **1982-1983 SPECIAL PURPOSE COMPUTATION.** ~~In~~ For the 1982-1983 school year and each year thereafter, the state shall pay a school district the difference by which an amount equal to ~~\$25~~ \$24.50 per pupil unit exceeds the amount raised by two mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. ~~In order~~ To qualify for aid pursuant to this subdivision in any school year, a district must levy the maximum permissible amount pursuant to section 275.125, subdivision 11b for use in that year. Aid paid pursuant to this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11b may be used.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 9. Minnesota Statutes 1980, Section 124.245, is amended by adding a subdivision to read:

Subd. 1b. SPECIAL PURPOSE COMPUTATION. For the 1983-1984 school year and each year thereafter, the state shall pay a school district the difference by which an amount equal to \$25 per pupil unit exceeds the amount raised by two mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. To qualify for aid pursuant to this subdivision in any school year, a district must levy the maximum permissible amount pursuant to section 275.125, subdivision 11b for use in that year. Aid paid pursuant to this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11b may be used.

Sec. 10. Minnesota Statutes 1981 Supplement, Section 124.246, Subdivision 2, is amended to read:

Subd. 2. AID. Except for the 1982-1983 school year, an eligible district shall receive \$1 for each pupil, in average daily membership, enrolled in a public elementary, secondary or area vocational-technical or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No district shall receive less than \$1,000.

Sec. 11. Minnesota Statutes 1981 Supplement, Section 124.246, is amended by adding a subdivision to read:

Subd. 2a. 1982-1983 AID. For the 1982-1983 school year an eligible district shall receive 92.5 cents for each pupil, in average daily membership, enrolled in a public elementary, secondary or area vocational-technical or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No district shall receive less than \$925.

Sec. 12. Minnesota Statutes 1981 Supplement, Section 124.247, Subdivision 3, is amended to read:

Subd. 3. AID. A district which establishes a program for gifted and talented students shall receive for the purpose of this program an amount equal to \$16.25, in the 1981-1982 school year, and ~~\$17.50~~ \$16.18 in the 1982-1983 school year, times the number of gifted and talented students in the district. No more than 5 percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the moneys received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

Sec. 13. Minnesota Statutes 1981 Supplement, Section 124.251, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

124.251 STATE AID; IMPROVED LEARNING PROGRAMS.

A district which establishes, pursuant to sections 121.501 to 121.507, a principal-teacher, counselor-teacher or career teacher component of an improved learning program approved by the state board of education, shall receive state aid for the purpose of this program in an amount equal to the salary and fringe benefits for the number of days each principal-teacher, counselor-teacher or career teacher works beyond the regular contract period. The daily rate paid shall be the contract rate including fringe benefits earned by the principal-teacher, counselor-teacher or career teacher during the year in which the application is submitted. The state board shall not approve applications or pay aids in excess of the state appropriation for this program. In addition, the board shall make an effort to distribute aid as equally as possible between rural, suburban and urban districts. In addition to other aids or moneys, a school district may use summer school ~~foundation~~ revenue to fund an improved learning program.

Sec. 14. Minnesota Statutes 1981 Supplement, Section 124.26, Subdivision 1, is amended to read:

Subdivision 1. **COMPENSATION.** For evening schools and continuing education programs for adults established for persons over 16 years of age and not in attendance upon regular day schools, the state shall compensate any district maintaining such programs in accordance with requirements established by the state board from funds appropriated for that purpose, or such funds combined with federal funds insofar as federal funds are available. The state shall pay these aids on a current funding basis. Except for the 1982-1983 school year, the portion of such the compensation from state appropriation shall be 90 percent of the compensation paid each teacher for his services in such the programs up to \$8,000 per year based on the costs in that current year. All classes shall be tuition free when taught by teachers subsidized under this section and there shall be no charge for registration, materials and supplies. Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at the full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

Sec. 15. Minnesota Statutes 1980, Section 124.26, is amended by adding a subdivision to read:

Subd. 1a. 1982-1983 COMPENSATION. For the 1982-1983 school year the portion of the compensation from state appropriation shall be 83.25 percent of the compensation paid each teacher for services in the programs up to \$7,400 per year based on the costs in that current year.

Sec. 16. Minnesota Statutes 1981 Supplement, Section 124.271, Subdivision 2, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2. **AID.** In fiscal years year 1982 and 1983 the state shall pay the greater of 65 cents per capita or \$6,100 to each school district which is operating a community education program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or \$1 per capita reduced by any deduction to the community service levy made pursuant to section 275.125, subdivision 9, clause (2), for use in that year. In fiscal year 1983, the state shall pay the greater of 60 cents per capita or \$5,642 to each school district which is operating a community education program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or \$1 per capita reduced by any deduction to the community service levy made pursuant to section 275.125, subdivision 9, clause (2), for use in that year.

Sec. 17. Minnesota Statutes 1981 Supplement, Section 124.38, Subdivision 7, is amended to read:

Subd. 7. **MAXIMUM EFFORT DEBT SERVICE LEVY.** "Maximum effort debt service levy" means the lesser of:

(1) A levy in whichever of the following amounts is applicable:

(a) In any school district granted a debt service loan after July 31, 1981 or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as 16 mills on the adjusted assessed value;

(b) In any school district granted a debt service loan before August 1, 1981 or granted a capital loan which was approved before August 1, 1981, a levy in a total dollar amount computed as 15 mills on the adjusted assessed value, until and unless the district receives an additional loan; or

(2) A levy in whichever of the following amounts is applicable:

(a) In any school district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967;

(b) In any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5-1/2 mills on the market value in each year, until and unless the district receives an additional loan;

(c) In any school district granted a debt service or capital loan between July 1, 1969 and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(d) In any school district granted for which a capital loan between July 1, 1977 and June 2, 1981 was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted; provided, that the school board in any district affected by the provisions of clause (2)(d) may elect instead to determine the amount of its levy according to the provisions of clause (1); provided further that if a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)(d), the liability of the district for the amount of the difference between the amount it levied under clause (2)(d) and the amount it would have levied under clause (1), and for interest on the amount of that difference, shall not be satisfied and discharged pursuant to section 124.43, subdivision 4.

Sec. 18. Minnesota Statutes 1980, Section 134.34, is amended by adding a subdivision to read:

Subd. 5. MAINTENANCE OF EFFORT; EXCEPTION. Notwithstanding subdivision 4, a regional library system support grant may be made in fiscal year 1983 to a regional public library system for a participating city or county which decreases the dollar amount provided by it for operating purposes of public library service below the amount provided by it for 1981 if the amount provided by the city or county in 1982 is not less than the amount provided by it in 1980. A regional library system support grant may be made in fiscal year 1984 to a regional public library system for a participating city or county which decreases the dollar amount provided by it for operating purposes of public library service below the amount provided by it for 1982, if the amount provided by the city or county in 1983 is not less than the amount provided by it in 1981. This subdivision shall not affect the eligibility of cities or counties to declare all or part of their library levies as special levies under the provisions of section 275.50, subdivision 5, clause (c).

Sec. 19. Minnesota Statutes 1980, Section 275.125, is amended by adding a subdivision to read:

Subd. 2g. SUMMER SCHOOL LEVY. Beginning with the 1982 payable 1983 levy, a district may levy for summer school an amount not to exceed \$20 per actual pupil unit for the regular school year prior to the summer program. The levy shall be used for summer school programs offered in the year following the year the levy is certified.

Sec. 20. Minnesota Statutes 1980, Section 275.125, is amended by adding a subdivision to read:

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Subd. 2h. LEVY FOR 1982 SUMMER SCHOOL. In addition to the levy authorized in section 19 of this article, in 1982 a district may certify a levy, for 1982 summer school programs, in an amount not to exceed \$20 per actual pupil unit for the regular school year prior to the summer program.

Sec. 21. Minnesota Statutes 1980, Section 275.125, Subdivision 4, is amended to read:

Subd. 4. MISCELLANEOUS LEVIES. A school district may levy the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by section 275.125, subdivision 3, clause (7) (C), as it read in Minnesota Statutes 1974; the amounts necessary for repayment of debt service loans and capital loans; the amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; and the amounts necessary to pay the district's obligations under section 122.533.

Sec. 22. Minnesota Statutes 1981 Supplement, Section 275.125, Subdivision 11a, is amended to read:

Subd. 11a. CAPITAL EXPENDITURE LEVY. (a) Each year a school district may levy an amount not to exceed the amount equal to \$90 per pupil unit, or \$95 per pupil unit in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year. No levy under this clause shall exceed seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year.

(b) The proceeds of the tax may be used ~~only~~ to acquire land, to equip and re-equip buildings and permanent attached fixtures, to rent or lease buildings for school purposes, to pay leasing fees for computer systems hardware and related proprietary software, and to pay leasing fees for photocopy machines and telecommunications equipment. The proceeds of the tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures, energy assessments as required pursuant to section 116H.126, and for the payment of any special assessments levied against the property of the district authorized pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, ~~including but not limited to such as~~ those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. The proceeds of the tax may also be used for capital expenditures ~~for the purpose of reducing to~~

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~~reduce or eliminating eliminate~~ barriers to or ~~increasing increase~~ access to school facilities by handicapped individuals. The proceeds of the tax may also be used to make capital improvements to schoolhouses to be leased pursuant to section 123.36, subdivision 10. The proceeds of the tax may also be used to pay fees for capital outlay expenditures assessed and certified to each participating school district by the educational cooperative service unit board of directors.

(c) Subject to the commissioner's approval, the tax proceeds may also be used to ~~rent or lease buildings for school purposes and to~~ acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the ~~renting or leasing of buildings for school purposes and the~~ acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal ~~with respect to~~ for the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

(e) The proceeds of the tax shall not be used for custodial or other maintenance services.

(f) Each year, subject to the seven mill limitation of clause (a) of this subdivision, a school district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program may levy an additional amount equal to \$5 per pupil unit for capital expenditures for equipment for these programs.

(g) For purposes of computing allowable levies under this subdivision and subdivision 11b, pupil units shall include those units identified in section 124.17, subdivision 1, clauses (1) and (2), and 98.5 percent of the units identified in Minnesota Statutes 1980, Section 124.17, Subdivision 1, Clauses (4) and (5) for 1980-1981.

Sec. 23. Minnesota Statutes 1980, Section 275.48, is amended to read:

275.48 ADDITIONAL TAX LEVIES IN CERTAIN MUNICIPALITIES.

~~Whenever~~ When by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the assessed valuation of ~~any a~~ city, township or school district for ~~any a~~ taxable year is reduced after the taxes for ~~such the~~ year have been spread by the county auditor, and ~~whenever when~~ the mill rate as determined by the county auditor based ~~upon on~~ the original assessed valuation is applied ~~upon such on~~ the reduced ~~valuations~~ valuation and does not produce the full amount of taxes as actually levied and certified for ~~such that~~ taxable year ~~upon on~~ the original

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assessed ~~valuations~~ valuation, ~~such~~ the city, township or school district may include an additional amount in its tax levy made following final determination and notice of ~~such~~ the reduction in assessed valuation, ~~an~~. The amount shall equal to the difference between the total amount of taxes actually levied and certified for ~~such~~ that taxable year upon the original assessed valuation, not exceeding the maximum amount which could be raised ~~upon such~~ on the assessed valuation as reduced, within existing mill limitations, if any, and the amount of taxes collected for ~~such~~ that taxable year ~~upon such~~ on the reduced ~~valuations~~ valuation. The total tax levy authorized for a school district by this section shall be reduced by the total amount of any abatement adjustments received by the district pursuant to section 124.214, subdivision 2, in the same calendar year in which the levy is certified. Prior to September 15 of each year, the commissioner of education shall certify to each county auditor the amount of any abatement adjustments paid in that year to each school district in that county. As part of the certification required by section 275.125, subdivision 10, the commissioner of education shall certify the amount of the abatement levy limitation adjustment for each school district headquartered in that county.

Except for school districts, the amount of taxes so included shall be levied separately and shall be levied in addition to all limitations imposed by law; and further shall not result in any penalty in the nature of a reduction in state aid of any kind.

Sec. 24. Laws 1981, Chapter 358, Article VI, Section 46, Subdivision 8, is amended to read:

Subd. 8. **SCHOOL LUNCH AID.** For school lunch aid pursuant to section 124.646 there is appropriated:

~~\$3,838,200~~ \$3,859,200.....1982,

~~\$4,085,500~~ \$4,064,500.....1983.

Any unexpended balance remaining from the appropriations in this subdivision may be expended, in addition to the amounts appropriated in subdivision 9 of ~~this section~~ Laws 1981, Chapter 358, Article VI, Section 46, for food storage and transportation costs for U.S.D.A. donated commodities.

Sec. 25. Laws 1981, Chapter 358, Article VI, Section 46, Subdivision 9, is amended to read:

Subd. 9. **FOOD STORAGE AND TRANSPORTATION.** For food storage and transportation costs for U.S.D.A. donated commodities there is appropriated:

~~\$765,300~~.....1982,

~~\$880,100~~.....1983.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Any unexpended balance remaining from the appropriations in Laws 1981, Chapter 358, Article VI, Section 46, Subdivisions 8 and 9 for fiscal year 1982 because of decreased participation in the national school lunch program shall be prorated among the participating schools based on the number of fully paid student lunches served during the 1981-1982 school year.

Any unexpended balance remaining from the appropriations in Laws 1981, Chapter 358, Article VI, Section 46, Subdivisions 8 and 9 for fiscal year 1983 because of decreased participation in the national school lunch program shall be prorated, to the extent necessary to meet the state revenue matching requirement, among the participating schools based on the number of fully paid student lunches served during the 1982-1983 school year. If the total amount of the appropriations in Laws 1981, Chapter 358, Article VI, Section 46, Subdivisions 8 and 9 for fiscal year 1983 exceeds the state revenue matching requirement amount, any unexpended balance in excess of that amount shall cancel and revert to the general fund.

Sec. 26. Laws 1981, Third Special Session Chapter 2, Article II, Section 1, is amended to read:

Section 1. **EDUCATION AID REDUCTIONS; SUMMARY.**

The sums set forth in the columns designated "APPROPRIATION REDUCTIONS" are reduced from the general fund appropriations to the department of education. The figures "1982" and "1983" when used in section 2 of this article Laws 1981, Third Special Session Chapter 2, Article II, Section 2, mean that the appropriation reductions listed are from the appropriations for the fiscal years ending June 30, 1982 or June 30, 1983, respectively.

SUMMARY OF REDUCTIONS

	1982	1983
EDUCATION AIDS	(-0)	(\$160,900,000)
	(\$22,500)	(\$160,877,500)
	APPROPRIATION REDUCTIONS	
	1982	1983

Sec. 27. Laws 1981, Third Special Session Chapter 2, Article II, Section 2, is amended to read:

Sec. 2. **APPROPRIATION REDUCTIONS.**

The general fund appropriations in Laws 1981, Chapter 358, as amended by Laws 1981, First Special Session, Chapter 2, are reduced by the listed amounts. The appropriation reductions in this section are from the portion of the appropriation provided for the current year and not from the portion of the appropriation provided for the prior year.

(a) Foundation Aid (-0) (\$68,481,500)

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The appropriation reduction in paragraph (a) represents four and nine-tenths percent of the formula allowance for foundation aid for fiscal year 1983 payable in fiscal year 1983, plus a reduction due to the one mill levy increase authorized by this article.

(b) Summer School	(-0)	(12,066,400)
(c) Transportation Aid	(-0)	(34,655,400)
		<u>(32,930,400)</u>

The appropriation reduction in paragraph (c) represents: (1) the product of: (i) the sum of the appropriation provided for fiscal year 1983 payable in fiscal year 1983 in Laws 1981, Chapter 358, Article II, Section 15, Subdivision 2, as amended by Laws 1981, First Special Session, Chapter 2, Section 9, Subdivision 2; plus (2) the proceeds of the ~~two-mill~~ one-mill levy authorized by this article Minnesota Statutes 1980, Section 275.125, Subdivision 5; times (3) (ii) seven and one-half percent; (2) plus a reduction due to the one-mill levy increase authorized by Laws 1981, Third Special Session Chapter 2, Article II, Section 12.

(d) Special Education Aid	(-0)	(7,076,000)
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The appropriation reductions in paragraphs (d) to (k) represent seven and one-half percent of the appropriations provided for fiscal year 1983 payable in fiscal year 1983 in Laws 1981, Chapter 358, as amended by Laws 1981, First Special Session, Chapter 2.

(e) Summer School Special Education Aid	(-0)	(366,500)
(f) Handicapped Pupils Placed in Residential Facilities	(-0)	(47,300)
(g) Limited English Proficiency Pupils Program Aid	(-0)	(251,600)
(h) American Indian Language and Culture Program	(-0)	(33,500)
(i) Hearing Impaired Support Services Aid	(-0)	(3,000)
(j) Adult Education Aid	(-0)	(84,600)
(k) Community Education Aid	(-0)	(240,000)
(l) Post-Secondary Vocational Instructional Aids	(-0)	(3,949,900)

The appropriation reductions in paragraphs (l) to (p) represent eight percent of the

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appropriations provided for fiscal year 1983 payable in fiscal year 1983 in Laws 1981, Chapter 358.

(m) Post-Secondary Vocational Supply Aid	(-0-)	(1,186,300)
(n) Post-Secondary Vocational Support Services Aid	(-0-)	(1,215,300)
(o) Post-Secondary Vocational Equipment Aid	(-0-)	(729,600)
(p) Post-Secondary Vocational Repair and Betterment Aid	(-0-)	(95,200)
(q) Adult Vocational Education Aid	(-0-)	(481,400)

The appropriation reductions in paragraphs (q) to (ll) represent a reduction of seven and one-half percent of the appropriations provided for fiscal year 1983 payable in fiscal year 1983 in Laws 1981, Chapter 358.

(r) Adult Vocational Programs in Energy Management for Building Operators	(-0-)	(3,300)
(s) Veteran Farmers Cooperative Training Programs	(-0-)	(44,200)
(t) Secondary Vocational Education Aid	(-0-)	(1,348,300)
(u) Secondary Vocational Programs for Handicapped Children	(-0-)	(159,700)
(v) Health and Developmental Screening Programs	(-0-)	(80,600)
(w) Abatement Aid	(-0-)	(224,100)
(x) Capital Expenditure Equalization Aid	(-0-)	(28,200)
(y) Special Purpose Capital Expenditure Equalization Aid	(-0-)	(4,400)
(z) Educational Cooperative Service Units	(-0-)	(57,700)
(aa) Gifted and Talented Students	(-0-)	(40,800)
(bb) Alternative Grants	(-0-)	(11,300)
(cc) Council on Quality Education Venture Fund Grants	(-0-)	(38,300)
(dd) Early Childhood and Family Education Programs	(-0-)	(95,600)
(ee) Basic Support Grants for Library Services	(-0-)	(273,000)
(ff) Multi-County Library Systems	(-0-)	(11,600)
(gg) Nonpublic Educational Aids	(-0-)	(288,600)
(hh) Indian Education Programs	(-0-)	(11,300)
(ii) Chemical Use Programs	(-0-)	(62,000)
(ij) Extended Leaves of Absence	(-0-)	(118,100)
(kk) Part-time Teaching	(-0-)	(5,700)
(ll) Early Retirement Incentives	(-0-)	(135,400)
<u>(mm) Improved Learning Program</u>	<u>(22,500)</u>	<u>(-0-)</u>

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The appropriation reduction in paragraph (mm) represents a reduction of seven and one-half percent of the appropriation provided for fiscal year 1982 in Laws 1981, Chapter 358, Article VI, Section 46, Subdivision 19.

~~(mm)~~(nn) General Reduction

(-0-) ~~(26,894,300)~~
(28,596,800)

The commissioner of education shall apportion the reduction in paragraph ~~(mm)~~ (nn) among school districts, public library systems, multi-type library systems, and educational cooperative service units, and ~~regional management information systems~~ in the same manner in which he apportioned the education aid reductions made in fiscal year 1981 pursuant to Minnesota Statutes 1980, Sections 16A.15, Subdivision 1, and 124.77, because funds in the state treasury were insufficient.

Sec. 28. Laws 1981, Third Special Session Chapter 2, Article II, Section 20, is amended to read:

Sec. 20. **EFFECTIVE DATE.**

Sections 1 to 9 and 11 to 19 are effective the day following final enactment. Section 10 is effective for ~~levies certified in 1982 payable 1983 on July 1, 1982.~~

Sec. 29. Laws 1981, Chapter 358, Article VI, Section 46, Subdivision 16, is amended to read:

Subd. 16. **NONPUBLIC AIDS.** For programs for nonpublic educational aid pursuant to sections 123.931 to 123.937, there is appropriated:

\$4,109,800.....1982,

\$3,848,460.....1983.

If the appropriation for fiscal year 1982 is insufficient, the appropriation for fiscal year 1983 is available to pay claims made in fiscal year 1982 for nonpublic aids.

Sec. 30. **APPROPRIATION REDUCTION; PRE-SCHOOL SCREENING.**

The general fund appropriation for fiscal year 1983 for health and developmental screening programs in Laws 1981, Chapter 358, Article VI, Section 46, Subdivision 2, as reduced by Laws 1981, Third Special Session Chapter 2, Article II, Section 2, is further reduced by \$416,000.

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Sec. 31. APPROPRIATION.

There is appropriated from the general fund to Independent School District No. 309, Pine Point School, the sum of \$25,000 for fiscal year 1983. The money shall be used for repair of the Pine Point Experimental School.

Sec. 32. REPEALER.

Minnesota Statutes 1980, Section 123.37, Subdivisions 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, are repealed.

Sec. 33. EFFECTIVE DATE.

Sections 1, 2, 3, 4, 13, 18, 24, 25, 26, 27, 28, and 29 are effective the day following final enactment.

**ARTICLE VII
PROPERTY TAX SHIFT**

Section 1. Minnesota Statutes 1980, Section 121.904, Subdivision 2, is amended to read:

Subd. 2. **APPLICABILITY TO PERIOD AND FUND.** Except as provided in this section, revenues shall be recorded in a manner which clearly indicates that they are applicable to a specific accounting period and fund.

Sec. 2. Minnesota Statutes 1980, Section 121.904, Subdivision 4, is amended to read:

Subd. 4. **RECOGNIZED AS RECEIVABLE.** All current levies of local taxes, including portions assumed by the state, shall be recognized as receivable at the beginning of the calendar year during which collection normally takes place. Such receivables shall be reserved for use in the subsequent fiscal year. Payments of current taxes including but not limited to March personal property tax settlements, received prior to July 1, shall be recorded as revenue to be earned as of July 1 with appropriate adjustments to the receivables and the reserves for such taxes. All current taxes received prior to July 1 plus the balance of the reserves shall be recognized as revenue on July 1.

Sec. 3. Minnesota Statutes 1980, Section 121.904, Subdivision 4a, as added by Laws 1981, Third Special Session Chapter 2, Article IV, Section 1, is amended to read:

Subd. 4a. **LEVY RECOGNITION; PAYABLE 1983.** (1) For taxes assessed in 1982, payable in 1983, all current levies of local taxes, including portions assumed by the state, shall be recognized as provided in this subdivision.

(2) One-third of the March and May property tax settlements shall be recognized as receivable and recorded as revenue in the same fiscal year during

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which collection normally takes place. These receivables shall be for use in the current fiscal year.

(3) ~~Two-thirds of the March and May property tax settlements shall be recognized as receivable and shall be reserved for use in the fiscal year immediately following the fiscal year during which collection normally takes place.~~

(4) All of the October property tax settlements shall be recognized as receivable and recorded as revenue in the same fiscal year during which collection normally takes place. These receivables shall be for use in the current fiscal year.

(a) "School district tax settlement revenue" means the current, delinquent, and mobile home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to section 275.125, subdivision 9a, and Laws 1976, Chapter 20, Section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 9 of this article which are for the fiscal year payable in that fiscal year; or

(3) one-sixth of the amount of the spread levy in the current calendar year which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the appropriated fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, Chapter 20, Section 4; and

(iii) retirement and severance pay pursuant to section 275.125, subdivision 6a, and Laws 1975, Chapter 261, Section 4.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 4. Minnesota Statutes 1980, Section 124.14, is amended by adding a subdivision to read:

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Subd. 6. ADJUSTMENT APPROPRIATION. There is annually appropriated from the general fund to the department of education any additional amounts necessary for the adjustments made pursuant to section 8 of this article.

Sec. 5. Minnesota Statutes 1981 Supplement, Section 124.2121, Subdivision 5, as amended by Laws 1981, Third Special Session Chapter 2, Article IV, Section 4, is amended to read:

Subd. 5. **LEVY USE.** A levy "for use in a particular school year," "attributable to a particular school year," or "recognized as revenue in a particular school year," means the levy as ~~recognized pursuant to section 121.904 certified in the calendar year ending in the school year preceding that particular school year, and payable in the calendar year in which that school year begins.~~

Sec. 6. Minnesota Statutes 1980, Section 275.125, is amended by adding a subdivision to read:

Subd. 21. REPORTING. For each tax settlement, the county auditor shall report to each school district by fund, the school district tax settlement revenue defined in section 3 of this article, clause (a), and the amount levied pursuant to subdivision 9a on the form specified in section 276.10. The county auditor shall send to the school district a copy of the spread levy report specified in section 275.124.

Sec. 7. Laws 1981, Third Special Session Chapter 2, Article IV, Section 3, Subdivision 2, is amended to read:

Subd. 2. **AMOUNT OF REDUCTION.** State aid aids and credits enumerated in section 9 of this article due any school district in fiscal year 1983 for the 1982-1983 school year under the provisions enumerated in subdivision 3 shall be reduced in the order listed by the following amount: (1) the amount the district levied for taxes assessed in 1982, payable in 1983, which is to be recognized ~~recognizes~~ as revenue in for fiscal year 1983 pursuant to section 4 ~~3~~ of this article, clause (b), minus (2) the amount the district received pursuant to Minnesota Statutes 1981 Supplement, Section 275.125, Subdivision 2d. The school district shall be notified of the amount, by fund, of the reductions to each aid payment made according to this section. The district levy against which the reduction is applied shall not include any levy portions that are assumed by the state. For purposes of computing this state aid reduction, the amount levied by the district shall not include the amounts levied to make payments for bonds issued and for interest thereon; the amounts levied for repayment of debt service loans and capital loans; the amounts levied to pay the district's obligations under section 268.06, subdivision 25; and amounts levied pursuant to section 275.125, subdivisions 2d, 6a, 9a, 14a, and 20.

Sec. 8. Laws 1981, Third Special Session, Chapter 2, Article IV, Section 3, is amended by adding a subdivision to read:

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[124.155] [Subdivision 1.] Subd. 2a. AMOUNT OF ADJUSTMENT. Beginning with fiscal year 1984 and each year thereafter, state aids and credits enumerated in section 9 of this article payable to any school district in a particular fiscal year for that fiscal year shall be adjusted, in the order listed, by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 3 of this article, clause (b); minus (2) the amount the district recognizes as revenue for the current fiscal year pursuant to section 3 of this article, clause (b). Any loan amount authorized from the cash flow loan fund or payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 9. Laws 1981, Third Special Session Chapter 2, Article IV, Section 3, Subdivision 3, is amended to read:

[124.155] [Subd. 2.] Subd. 3. SUBTRACTION FROM AIDS. The amount specified in subdivision 2 shall be subtracted from the following state aid payments aids and credits in the order listed in fiscal year 1983. The amount specified in section 8 of this article shall be used to adjust the following state aids and credits in the order listed:

- (a) Foundation aid as authorized in section 124.212, subdivision 1;
- (b) Secondary vocational aid authorized in section 124.573;
- (c) Special education aid authorized in section 124.32;
- (d) Secondary vocational aid for handicapped children authorized in section 124.574;
- (e) Gifted and talented aid authorized in section 124.247;
- (f) Aid for pupils of limited English proficiency authorized in section 124.273;
- (g) Aid for improved learning programs authorized in section 124.251;
- (h) Aid for chemical use programs authorized in section 124.246;
- (i) Transportation aid authorized in section 124.225;
- (j) School lunch aid authorized in section 124.646;
- (k) Community education programs aid authorized in section 124.271;
- (l) Adult education aid authorized in section 124.26;
- (m) Capital expenditure equalization aid authorized in section 124.245;
- (n) Homestead credit payments authorized in section 273.13, subdivisions 6, 7, and 14a;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(o) Taconite homestead credit payments authorized in section 273.135; Reduced assessment credit authorized in section 273.139;

(p) Wetlands credit authorized in section 273.115;

(q) Native prairie credit authorized in section 273.116; and

(r) Attached machinery aid authorized in section 273.138, subdivision 3.

The commissioner of education shall schedule the timing of the reductions from state aid payments aids and credits specified in subdivision 2, and the adjustments to state aids and credits specified in section 8 of this article, as close to the end of the fiscal year as possible and in such a manner that will minimize the impact of this article on the cash flow needs of the school districts.

Sec. 10. Laws 1981, Third Special Session Chapter 2, Article IV, Section 3, Subdivision 4, is amended to read:

[124.155] [Subd. 3.] Subd. 4. ACCOUNTING. Notwithstanding any law to the contrary, the amount of the levy subtracted from state aid payments shall be recognized and reported on the school district books of account in the same way that the state aid payments would have been recognized and reported. Each district shall establish an account which shall be designated "property tax recognition account". This account shall reflect the adjustments made pursuant to section 8 of this article according to the fiscal year specified.

Sec. 11. Laws 1981, Third Special Session Chapter 2, Article IV, Section 5, Subdivision 3, is amended to read:

Subd. 3. APPROPRIATION. There is appropriated from the general fund to the department of education for the cash flow loan fund the sum of ~~\$15,000,000~~ \$35,000,000. This sum shall be transferred to the cash flow loan fund as needed.

Sec. 12. Laws 1981, Third Special Session Chapter 2, Article IV, Section 5, is amended by adding a subdivision to read:

Subd. 4. CANCELLATION. The cash flow loan fund shall expire on June 29, 1983, and the entire balance in the fund, including any loan amounts that have been repaid by school districts, shall revert to the general fund on that date. Any delinquent loan payments received after June 29, 1983, shall be placed in the general fund.

Sec. 13. REPEALER.

Minnesota Statutes 1980, Sections 121.904, Subdivision 4b, as added by Laws 1981, Third Special Session Chapter 2, Article IV, Section 2; and 275.125, Subdivision 1a, as added by Laws 1981, Third Special Session Chapter 2, Article IV, Section 7, are repealed.

Approved March 22, 1982

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