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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3558

02/12/2024 Authored by Virnig, Bakeberg, Pursell and Davids
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; authorizing roof projects as part of the long-term
1.3 facilities maintenance program; appropriating money; amending Minnesota Statutes
1.4 2023 Supplement, section 123B.595, subdivisions 1, 4, 8, 10; Laws 2023, chapter
1.5 55, article 8, section 19, subdivision 6.

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

1.7 Section 1. Minnesota Statutes 2023 Supplement, section 123B.595, subdivision 1, is
1.8 amended to read:

1.9 Subdivision 1. Long-term facilities maintenance revenue. (a) Long-term facilities
1.10 maintenance revenue equals the greater of (1) the sum of (i) \$380 times the district's adjusted
1.11 pupil units times the lesser of one or the ratio of the district's average building age to 35
1.12 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and
1.13 suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with
1.14 an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved
1.15 voluntary prekindergarten program under section 124D.151, the cost approved by the
1.16 commissioner for remodeling existing instructional space to accommodate prekindergarten
1.17 instruction, plus (iv) the cost approved by the commissioner for roof repair and replacement,
1.18 or (2) the sum of (i) the amount the district would have qualified for under Minnesota
1.19 Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota
1.20 Statutes 2014, section 123B.591, and (ii) for a school district with an approved voluntary
1.21 prekindergarten program under section 124D.151, the cost approved by the commissioner
1.22 for remodeling existing instructional space to accommodate prekindergarten instruction.

1.23 (b) Notwithstanding paragraph (a), a school district that qualified for eligibility under
1.24 Minnesota Statutes 2014, section 123B.59, subdivision 1, paragraph (a), for fiscal year 2010

2.1 remains eligible for funding under this section as a district that would have qualified for
2.2 eligibility under Minnesota Statutes 2014, section 123B.59, subdivision 1, paragraph (a),
2.3 for fiscal year 2017 and later.

2.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

2.5 Sec. 2. Minnesota Statutes 2023 Supplement, section 123B.595, subdivision 4, is amended
2.6 to read:

2.7 Subd. 4. **Facilities plans.** (a) To qualify for revenue under this section, a school district
2.8 or intermediate district, not including a charter school, must have a ten-year facility plan
2.9 adopted by the school board and approved by the commissioner. The plan must include
2.10 provisions for implementing a health and safety program that complies with health, safety,
2.11 and environmental regulations and best practices, including indoor air quality management
2.12 and remediation of lead hazards. The plan must address the maintenance and repair schedule
2.13 for each school's roof for which funding is requested. For planning purposes, the plan must
2.14 also address provisions for providing a gender-neutral single-user restroom at each school
2.15 site.

2.16 (b) The district must annually update the plan, submit the plan to the commissioner for
2.17 approval by July 31, and indicate whether the district will issue bonds to finance the plan
2.18 or levy for the costs.

2.19 (c) For school districts issuing bonds to finance the plan, the plan must include a debt
2.20 service schedule demonstrating that the debt service revenue required to pay the principal
2.21 and interest on the bonds each year will not exceed the projected long-term facilities revenue
2.22 for that year.

2.23 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

2.24 Sec. 3. Minnesota Statutes 2023 Supplement, section 123B.595, subdivision 8, is amended
2.25 to read:

2.26 Subd. 8. **Long-term facilities maintenance equalized levy.** (a) A district's long-term
2.27 facilities maintenance equalized levy equals the district's long-term facilities maintenance
2.28 equalization revenue minus the greater of:

2.29 (1) the lesser of the district's long-term facilities maintenance equalization revenue or
2.30 the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014,
2.31 section 123B.59, subdivision 6; or

3.1 (2) the district's long-term facilities maintenance equalization revenue times the greater
 3.2 of (i) zero, or (ii) one minus the ratio of its adjusted net tax capacity per adjusted pupil unit
 3.3 in the year preceding the year the levy is certified to ~~123~~ percent of the state average
 3.4 adjusted net tax capacity per adjusted pupil unit for all school districts in the year preceding
 3.5 the year the levy is certified.

3.6 (b) For purposes of this subdivision, "adjusted net tax capacity" means the value described
 3.7 in section 126C.01, subdivision 2, paragraph (b).

3.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

3.9 Sec. 4. Minnesota Statutes 2023 Supplement, section 123B.595, subdivision 10, is amended
 3.10 to read:

3.11 **Subd. 10. Allowed uses for long-term facilities maintenance revenue.** (a) A district
 3.12 may use revenue under this section for any of the following:

3.13 (1) deferred capital expenditures and maintenance projects necessary to prevent further
 3.14 erosion of facilities, including repair and replacement of roofs;

3.15 (2) increasing accessibility of school facilities;

3.16 (3) health and safety capital projects under section 123B.57;

3.17 (4) remodeling or constructing a gender-neutral single-user restroom at each school site;

3.18 or

3.19 (5) by board resolution, to transfer money from the general fund reserve for long-term
 3.20 facilities maintenance to the debt redemption fund to pay the amounts needed to meet, when
 3.21 due, principal and interest on general obligation bonds issued under subdivision 5.

3.22 (b) A charter school may use revenue under this section for any purpose related to the
 3.23 school.

3.24 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2025 and later.

3.25 Sec. 5. Laws 2023, chapter 55, article 8, section 19, subdivision 6, is amended to read:

3.26 **Subd. 6. Long-term facilities maintenance equalized aid.** (a) For long-term facilities
 3.27 maintenance equalized aid under Minnesota Statutes, section 123B.595, subdivision 9:

3.28 \$ 108,045,000 2024

3.29 ~~107,894,000~~

3.30 \$ 2025

3.31 (b) The 2024 appropriation includes \$10,821,000 for 2023 and \$97,224,000 for 2024.

4.1 (c) The 2025 appropriation includes \$10,803,000 for 2024 and ~~\$97,091,000~~ for
4.2 2025.