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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 843

01/25/2023 Authored by Daniels
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 an election to revoke or reduce a school
1.3 district's local optional revenue; amending Minnesota Statutes 2022, sections
1.4 126C.10, subdivision 2e; 126C.17, subdivision 9.
1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
1.6 Section 1. Minnesota Statutes 2022, section 126C.10, subdivision 2e, is amended to read:
1.7 Subd. 2e. Local optional revenue. (a) For fiscal year 2021 and later, local optional
1.8 revenue for a school district equals the sum of the district's first tier local optional revenue
1.9 and second tier local optional revenue. A district's first tier local optional revenue equals
1.10 \$300 times the adjusted pupil units of the district for that school year. A district's second
1.11 tier local optional revenue equals \$424 times the adjusted pupil units of the district for that
1.12 school year.
1.13 (b) For fiscal year 2021 and later, a district's local optional levy equals the sum of the
1.14 first tier local optional levy and the second tier local optional levy.
1.15 (c) A district's first tier local optional levy equals the district's first tier local optional
1.16 revenue times the lesser of one or the ratio of the district's referendum market value per
1.17 resident pupil unit to \$880,000.
1.18 (d) For fiscal year 2022, a district's second tier local optional levy equals the district's
1.19 second tier local optional revenue times the lesser of one or the ratio of the district's
1.20 referendum market value per resident pupil unit to \$510,000. For fiscal year 2023, a district's
1.21 second tier local optional levy equals the district's second tier local optional revenue times
1.22 the lesser of one or the ratio of the district's referendum market value per resident pupil unit
1.23 to \$548,842. For fiscal year 2024 and later, a district's second tier local optional levy equals

2.1 the district's second tier local optional revenue times the lesser of one or the ratio of the
 2.2 district's referendum market value per resident pupil unit to \$510,000.

2.3 (e) The local optional levy must be spread on referendum market value. A district may
 2.4 levy less than the permitted amount.

2.5 (f) A district's local optional aid equals its local optional revenue minus its local optional
 2.6 levy. If a district's actual levy for first or second tier local optional revenue is less than its
 2.7 maximum levy limit for that tier, its aid must be proportionately reduced.

2.8 (g) A school board's authority to exercise local optional revenue under this section is
 2.9 subject to a referendum to revoke or reduce the school district's local optional revenue. A
 2.10 school district that receives a qualifying petition to revoke or reduce its local optional revenue
 2.11 must hold an election to revoke or reduce its local optional revenue. A petition to revoke
 2.12 local optional revenue is effective if signed by a number of qualified voters in excess of 15
 2.13 percent of the registered voters of the district on the day the petition is filed with the board.
 2.14 The petition must state the per pupil unit amount of local optional revenue that is intended
 2.15 to be reduced or revoked. The petition must be submitted to the school board no later than
 2.16 June 1 of the year of the election. The election must be held on the first Tuesday after the
 2.17 first Monday in November if signed by a number of qualified voters in excess of 15 percent
 2.18 of the registered voters of the district on the day the petition is filed with the board. The
 2.19 ballot must contain a textual portion stating substantially the following:

2.20 "Shall the local optional revenue of, School District No. ..., be reduced to not more
 2.21 than \$..... per pupil?"

2.22 (h) A school board's local optional revenue that is revoked or reduced under paragraph
 2.23 (g) remains canceled for ten years following its reduction or revocation unless a successful
 2.24 referendum is conducted under section 126C.17 in which case the authority approved under
 2.25 that question is restored.

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

2.27 Sec. 2. Minnesota Statutes 2022, section 126C.17, subdivision 9, is amended to read:

2.28 Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10,
 2.29 subdivision 1, may be increased in the amount approved by the voters of the district at a
 2.30 referendum called for the purpose. The referendum may be called by the board. The
 2.31 referendum must be conducted one or two calendar years before the increased levy authority,
 2.32 if approved, first becomes payable. Only one election to approve an increase may be held
 2.33 in a calendar year. Unless the referendum is conducted by mail under subdivision 11,

3.1 paragraph (a), the referendum must be held on the first Tuesday after the first Monday in
 3.2 November. The ballot must state the maximum amount of the increased revenue per adjusted
 3.3 pupil unit. The ballot may state a schedule, determined by the board, of increased revenue
 3.4 per adjusted pupil unit that differs from year to year over the number of years for which the
 3.5 increased revenue is authorized or may state that the amount shall increase annually by the
 3.6 rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase
 3.7 calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum
 3.8 levy authority is expiring. In this case, the ballot may also compare the proposed levy
 3.9 authority to the existing expiring levy authority, and express the proposed increase as the
 3.10 amount, if any, over the expiring referendum levy authority. The ballot must designate the
 3.11 specific number of years, not to exceed ten, for which the referendum authorization applies.
 3.12 The ballot, including a ballot on the question to revoke or reduce the increased revenue
 3.13 amount under paragraph (c), must abbreviate the term "per adjusted pupil unit" as "per
 3.14 pupil." The notice required under section 275.60 may be modified to read, in cases of
 3.15 renewing existing levies at the same amount per pupil as in the previous year:

3.16 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO
 3.17 EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED
 3.18 TO EXPIRE."

3.19 The ballot may contain a textual portion with the information required in this subdivision
 3.20 and a question stating substantially the following:

3.21 "Shall the increase in the revenue proposed by (petition to) the board of, School
 3.22 District No. ..., be approved?"

3.23 If approved, an amount equal to the approved revenue per adjusted pupil unit times the
 3.24 adjusted pupil units for the school year beginning in the year after the levy is certified shall
 3.25 be authorized for certification for the number of years approved, if applicable, or until
 3.26 revoked or reduced by the voters of the district at a subsequent referendum.

3.27 (b) The board must deliver by mail at least 15 days but no more than 45 days before the
 3.28 day of the referendum to each taxpayer a notice of the referendum and the proposed revenue
 3.29 increase. The board need not mail more than one notice to any taxpayer. For the purpose
 3.30 of giving mailed notice under this subdivision, owners must be those shown to be owners
 3.31 on the records of the county auditor or, in any county where tax statements are mailed by
 3.32 the county treasurer, on the records of the county treasurer. Every property owner whose
 3.33 name does not appear on the records of the county auditor or the county treasurer is deemed
 3.34 to have waived this mailed notice unless the owner has requested in writing that the county

4.1 auditor or county treasurer, as the case may be, include the name on the records for this
 4.2 purpose. The notice must project the anticipated amount of tax increase in annual dollars
 4.3 for typical residential homesteads, agricultural homesteads, apartments, and
 4.4 commercial-industrial property within the school district.

4.5 The notice for a referendum may state that an existing referendum levy is expiring and
 4.6 project the anticipated amount of increase over the existing referendum levy in the first
 4.7 year, if any, in annual dollars for typical residential homesteads, agricultural homesteads,
 4.8 apartments, and commercial-industrial property within the district.

4.9 The notice must include the following statement: "Passage of this referendum will result
 4.10 in an increase in your property taxes." However, in cases of renewing existing levies, the
 4.11 notice may include the following statement: "Passage of this referendum extends an existing
 4.12 operating referendum at the same amount per pupil as in the previous year."

4.13 (c) A referendum on the question of revoking or reducing the increased revenue amount
 4.14 authorized pursuant to paragraph (a) may be called by the board. A referendum to revoke
 4.15 or reduce the revenue amount must state the amount per adjusted pupil unit by which the
 4.16 authority is to be reduced. Revenue authority approved by the voters of the district pursuant
 4.17 to paragraph (a) must be available to the school district at least once before it is subject to
 4.18 a referendum on its revocation or reduction for subsequent years. Only one revocation or
 4.19 reduction referendum may be held to revoke or reduce referendum revenue for any specific
 4.20 year and for years thereafter.

4.21 (d) A district may include another question on the same ballot, in the order determined
 4.22 by the district, to restore local optional revenue that was revoked under section 126C.10,
 4.23 subdivision 2e, paragraph (g). The question must be stated substantially as follows:

4.24 "Shall the restoration of the school district's local optional revenue of \$..... per pupil
 4.25 be approved?"

4.26 ~~(d)~~ (e) The approval of 50 percent plus one of those voting on the question is required
 4.27 to pass a referendum authorized by this subdivision.

4.28 ~~(e)~~ (f) At least 15 days before the day of the referendum, the district must submit a copy
 4.29 of the notice required under paragraph (b) to the commissioner and to the county auditor
 4.30 of each county in which the district is located. Within 15 days after the results of the
 4.31 referendum have been certified by the board, or in the case of a recount, the certification of
 4.32 the results of the recount by the canvassing board, the district must notify the commissioner
 4.33 of the results of the referendum.

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