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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 3048

02/26/2018 Authored by Fischer
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; increasing equalization levels for school district
1.3 referendum levies, local optional levies, and debt service levies; amending
1.4 Minnesota Statutes 2016, sections 123B.53, subdivision 5; 126C.10, subdivision
1.5 2e; 126C.17, subdivision 6.

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

1.7 Section 1. Minnesota Statutes 2016, section 123B.53, subdivision 5, is amended to read:

1.8 Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a district
1.9 equals the sum of the first tier equalized debt service levy and the second tier equalized debt
1.10 service levy.

1.11 (b) A district's first tier equalized debt service levy equals the district's first tier debt
1.12 service equalization revenue times the lesser of one or the ratio of:

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

1.16 (2) ~~\$3,400 in fiscal year 2016, \$4,430 in fiscal year 2017, and the greater of \$4,430 or~~
1.17 ~~55.33 percent of the initial equalizing factor in fiscal year~~ years 2018 and 2019, and ...
1.18 percent of the initial equalizing factor in fiscal year 2020 and later.

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

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

2.1 (2) ~~\$8,000 in fiscal years 2016 and 2017~~, and the greater of \$8,000 or 100 percent of
 2.2 the initial equalizing factor in fiscal ~~year~~ years 2018 and 2019, and ... percent of the initial
 2.3 equalizing factor in fiscal year 2020 and later.

2.4 (d) For the purposes of this subdivision, the initial equalizing factor equals the quotient
 2.5 derived by dividing the total adjusted net tax capacity of all school districts in the state for
 2.6 the year before the year the levy is certified by the total number of adjusted pupil units in
 2.7 all school districts in the state in the year before the year the levy is certified.

2.8 **EFFECTIVE DATE.** This section is effective for levies payable in 2019 and later.

2.9 Sec. 2. Minnesota Statutes 2016, section 126C.10, subdivision 2e, is amended to read:

2.10 Subd. 2e. **Local optional revenue.** (a) Local optional revenue for a school district equals
 2.11 \$424 times the adjusted pupil units of the district for that school year.

2.12 (b) A district's local optional levy equals its local optional revenue times the lesser of
 2.13 one or the ratio of its referendum market value per resident pupil unit to ~~\$510,000~~ \$.....
 2.14 The local optional revenue levy must be spread on referendum market value. A district may
 2.15 levy less than the permitted amount.

2.16 (c) A district's local optional aid equals its local optional revenue less its local optional
 2.17 levy, times the ratio of the actual amount levied to the permitted levy.

2.18 **EFFECTIVE DATE.** This section is effective for levies payable in 2019 and later.

2.19 Sec. 3. Minnesota Statutes 2016, section 126C.17, subdivision 6, is amended to read:

2.20 Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy
 2.21 equals the sum of the first tier referendum equalization levy, the second tier referendum
 2.22 equalization levy, and the third tier referendum equalization levy.

2.23 (b) A district's first tier referendum equalization levy equals the district's first tier
 2.24 referendum equalization revenue times the lesser of one or the ratio of the district's
 2.25 referendum market value per resident pupil unit to ~~\$880,000~~ \$.....

2.26 (c) A district's second tier referendum equalization levy equals the district's second tier
 2.27 referendum equalization revenue times the lesser of one or the ratio of the district's
 2.28 referendum market value per resident pupil unit to ~~\$510,000~~ \$.....

2.29 (d) A district's third tier referendum equalization levy equals the district's third tier
 2.30 referendum equalization revenue times the lesser of one or the ratio of the district's
 2.31 referendum market value per resident pupil unit to ~~\$290,000~~ \$.....

3.1 **EFFECTIVE DATE.** This section is effective for levies payable in 2019 and later.