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and

## State of Minnesota

## HOUSE OF REPRESENTATIVES

A bill for an act

relating to education finance; providing enhanced debt service equalization aid

NINETY-FIRST SESSION

н. г. №. 3475

02/18/2020 Authored by Sundin, Ecklund and Lislegard
The bill was read for the first time and referred to the Education Finance Division

for consolidating school districts facing unique circumstances; amending Minnesota Statutes 2018, section 123B.535.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
Section 1. Minnesota Statutes 2018, section 123B.535, is amended to read:
123B.535 NATURAL DISASTER ENHANCED DEBT SERVICE
EQUALIZATION.
Subdivision 1. <b>Definitions</b> ; eligibility. (a) For purposes of this section, the eligible
natural disaster enhanced debt service revenue of a district is defined as the amount needed
to produce between five and six percent in excess of the amount needed to meet when due
the principal and interest payments on the obligations of the district <u>issued under paragraphs</u>
(b) and (c) that would otherwise qualify under section 123B.53 under the following
conditions:
(b) A district that has been negatively affected by a natural disaster qualifies for enhanced
debt service equalization under this section if:
(1) the district was impacted by a natural disaster event or area occurring January 1,
2005, or later, as declared by the President of the United States of America, which is eligible
for Federal Emergency Management Agency payments;
(2) the natural disaster caused \$500,000 or more in damages to school district buildings;

Section 1.

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(3) the repair and replacement costs are not covered by insurance payments or Federal 2.1 Emergency Management Agency payments. 2.2 (c) A district that consolidates on or after July 1, 2021, with an approved consolidation 2.3 plat and plan under section 123A.48, is eligible for enhanced debt service equalization under 2.4 this section if that plan identifies construction projects that have received a positive review 2.5 and comment. 2.6 (b) (d) For purposes of this section, the adjusted net tax capacity equalizing factor equals 2.7 the quotient derived by dividing the total adjusted net tax capacity of all school districts in 2.8 the state for the year before the year the levy is certified by the total number of adjusted 2.9 pupil units in the state for the year prior to the year the levy is certified. 2.10 (e) For purposes of this section, the adjusted net tax capacity determined according 2.11 to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property 2.12 generally exempted from ad valorem taxes under section 272.02, subdivision 64. 2.13 Subd. 2. Notification. A district eligible for natural disaster enhanced debt service 2.14 equalization revenue under subdivision 1 must notify the commissioner of the amount of 2.15 its intended natural disaster enhanced debt service revenue calculated under subdivision 1 2.16 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified, 2.17 or for a district newly consolidated as of July 1 of the calendar year, by September 30 of 2.18 the calendar year the levy is certified. 2.19 Subd. 3. Natural disaster Enhanced debt service equalization revenue. The debt 2.20 service equalization revenue of a district equals the greater of zero or the eligible debt service 2.21 revenue, minus the greater of zero or the difference between: 2.22 (1) the amount raised by a levy of ten percent times the adjusted net tax capacity of the 2.23 district; and 2.24 2.25 (2) the district's eligible debt service revenue under section 123B.53. Subd. 4. Equalized natural disaster enhanced debt service levy. A district's equalized 2.26 2.27 natural disaster enhanced debt service levy equals the district's natural disaster enhanced debt service equalization revenue times the lesser of one or the ratio of: 2.28 (1) the quotient derived by dividing the adjusted net tax capacity of the district for the 2.29 year before the year the levy is certified by the adjusted pupil units in the district for the 2.30 school year ending in the year prior to the year the levy is certified; to 2.31

(2) 300 percent of the statewide adjusted net tax capacity equalizing factor.

Section 1. 2

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Subd. 5. Natural disaster Enhanced debt service equalization aid. A district's natural
disaster enhanced debt service equalization aid equals the difference between the district's
natural disaster enhanced debt service equalization revenue and the district's equalized
natural disaster enhanced debt service levy.

- Subd. 6. Natural disaster Enhanced debt service equalization aid payment schedule. Enhanced debt service equalization aid must be paid according to section 127A.45, subdivision 10.
- 3.8 **EFFECTIVE DATE.** This section is effective July 1, 2020.

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Section 1. 3