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## State of Minnesota

## HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **786**

02/02/2017 Authored by Davids  
The bill was read for the first time and referred to the Committee on Education Finance  
03/09/2017 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to education finance; authorizing aid payments to certain districts with  
1.3 maximum effort loan interest payments between December 1, 1997, and June 30,  
1.4 2016; proposing coding for new law in Minnesota Statutes, chapter 477A.

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

1.6 Section 1. **[477A.09] MAXIMUM EFFORT LOAN AID.**

1.7 (a) For fiscal years 2018 to 2022, each school district with a maximum effort loan under  
1.8 sections 126C.61 to 126C.72, outstanding as of June 30, 2016, is eligible for an aid payment  
1.9 equal to one-fifth of the amount of interest that was paid on the loan between December 1,  
1.10 1990, and June 30, 2016. A school district with a maximum effort capital loan outstanding  
1.11 as of June 30, 2017, is eligible for an annual aid payment equal to one-fifth of the estimated  
1.12 amount of interest that will be paid by the district on the loan between June 30, 2017, and  
1.13 June 30, 2021. Aid payments under this section must be used to reduce current year property  
1.14 taxes levied on net tax capacity within the district or to reduce future years' tax levies by:

1.15 (1) retaining payments made under this section in the district's debt redemption fund for  
1.16 up to 20 years, notwithstanding the two-year limit under section 475.61, subdivision 3; or

1.17 (2) financing a defeasance of any future payments on outstanding bonded debt.

1.18 (b) Aid under this section must be paid in fiscal years 2018 to 2022. An amount sufficient  
1.19 to make aid payments under this section is annually appropriated from the general fund to  
1.20 the commissioner of education.

1.21 **EFFECTIVE DATE.** This section is effective for fiscal years 2018 to 2022.