

## ARTICLE 1

## GENERAL EDUCATION

Section 1. Minnesota Statutes 2020, section 120A.35, is amended to read:

**120A.35 ABSENCE FROM SCHOOL FOR RELIGIOUS OBSERVANCE.**

Reasonable efforts must be made by a school district to accommodate any pupil who wishes to be excused from a curricular activity for a religious observance. A school board must provide to parents annual notice of the school district's policy relating to a pupil's absence from school for religious observance.

**EFFECTIVE DATE.** This section is effective for the 2021-2022 school year and later.

Sec. 2. Minnesota Statutes 2020, section 120A.40, is amended to read:

**120A.40 SCHOOL CALENDAR.**

(a) Except for learning programs during summer, flexible learning year programs authorized under sections 124D.12 to 124D.127, and learning year programs under section 124D.128, a district must not commence an elementary or secondary school year before Labor Day, except as provided under paragraph (b). Days devoted to teachers' workshops may be held before Labor Day. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

(b) A district may begin the school year on any day before Labor Day:

(1) to accommodate a construction or remodeling project of \$400,000 or more affecting a district school facility;

(2) if the district has an agreement under section 123A.30, 123A.32, or 123A.35 with a district that qualifies under clause (1); or

(3) if the district agrees to the same schedule with a school district in an adjoining state.

(c) A school board may consider the community's religious or cultural observances when adopting an annual school calendar.

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**EFFECTIVE DATE.** This section is effective for the 2021-2022 school year and later.

[NOTE: SENATE LANGUAGE ABOVE FROM ARTICLE 2, SECTION 1]

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(b) A district may begin the school year on any day before Labor Day:

(1) to accommodate a construction or remodeling project of \$400,000 or more affecting a district school facility;

(2) if the district has an agreement under section 123A.30, 123A.32, or 123A.35 with a district that qualifies under clause (1); or

(3) if the district agrees to the same schedule with a school district in an adjoining state.

(c) A school board may consider the community's religious observance when adopting an annual school calendar.

**EFFECTIVE DATE.** This section is effective for the 2021-2022 school year and later.

[NOTE: SENATE LANGUAGE ABOVE FROM ARTICLE 2, SECTION 2]

Section 1. Minnesota Statutes 2020, section 123A.05, subdivision 1, is amended to read:

Subdivision 1. **Governance.** (a) A district may establish an area learning center, alternative learning program, or contract alternative in accordance with sections 124D.68, subdivision 3, paragraph (d), and 124D.69.

- 2.10 (b) An area learning center is encouraged to cooperate with a service cooperative, an  
2.11 intermediate school district, a local education and employment transitions partnership, public  
2.12 and private secondary and postsecondary institutions, public agencies, businesses, and  
2.13 foundations. ~~Except for a district located in a city of the first class, An area learning center~~  
2.14 ~~must~~ is encouraged, but not required, to be established in cooperation with other districts  
2.15 and ~~must~~ may serve the geographic area of at least two districts. An area learning center  
2.16 must provide comprehensive educational services to enrolled secondary students throughout  
2.17 the year, including a daytime school within a school or separate site for both high school  
2.18 and middle school level students.
- 2.19 (c) An alternative learning program may serve the students of one or more districts, may  
2.20 designate which grades are served, and may make program hours and a calendar optional.
- 2.21 (d) A contract alternative is an alternative learning program operated by a private  
2.22 organization that has contracted with a school district to provide educational services for  
2.23 students under section 124D.68, subdivision 2.
- 2.24 Sec. 2. Minnesota Statutes 2020, section 123B.44, subdivision 1, is amended to read:
- 2.25 Subdivision 1. **Provided services.** The commissioner of education shall promulgate  
2.26 rules under the provisions of chapter 14 requiring each district or other intermediary service  
2.27 area: (a) to provide each year upon formal request by a specific date by or on behalf of a  
2.28 nonpublic school pupil enrolled in a nonpublic school located in that district or area, the  
2.29 same specific health services as are provided for public school pupils by the district where  
2.30 the nonpublic school is located; and (b) to provide each year upon formal request by a  
2.31 specific date by or on behalf of a nonpublic school elementary or secondary pupil enrolled  
2.32 in a nonpublic school located in that district or area or an elementary or secondary pupil  
2.33 enrolled in an American Indian-controlled tribal contract or grant school, the same specific  
3.1 guidance and counseling services as are provided for public school secondary pupils by the  
3.2 district where the nonpublic school is located. The district where the nonpublic school is  
3.3 located must provide the necessary transportation within the district boundaries between  
3.4 the nonpublic school and a public school or neutral site for nonpublic school pupils who  
3.5 are provided pupil support services under this section if the district elects to provide pupil  
3.6 support services at a site other than the nonpublic school. Each request for pupil support  
3.7 services must set forth the guidance and counseling or health services requested by or on  
3.8 behalf of all eligible nonpublic school pupils enrolled in a given nonpublic school. No  
3.9 district or intermediary service area must not expend an amount for these pupil support  
3.10 services which exceeds the amount allotted to it under this section.
- 3.11 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2022 and later.
- 3.12 Sec. 3. Minnesota Statutes 2020, section 123B.44, subdivision 5, is amended to read:
- 3.13 Subd. 5. **Guidance and counseling services; allotment.** Each school year the  
3.14 commissioner shall allot to the school districts or intermediary service areas for the provision  
3.15 of guidance and counseling services pursuant to this section the actual cost of the services

3.4       Sec. 3. Minnesota Statutes 2020, section 124D.59, subdivision 2, is amended to read:

3.5           Subd. 2. **English learner.** (a) "English learner" means a pupil in kindergarten through  
3.6 grade 12, an early childhood special education student under Part B, section 619 of IDEA,  
3.7 or a prekindergarten student enrolled in an approved voluntary prekindergarten program  
3.8 under section 124D.151 or a school readiness plus program who meets the requirements  
3.9 under subdivision 2a or the following requirements:

3.10           (1) the pupil, as declared by a parent or guardian first learned a language other than  
3.11 English, comes from a home where the language usually spoken is other than English, or  
3.12 usually speaks a language other than English; and

3.13           (2) the pupil is determined by a valid assessment measuring the pupil's English language  
3.14 proficiency and by developmentally appropriate measures, which might include observations,  
3.15 teacher judgment, parent recommendations, or developmentally appropriate assessment  
3.16 instruments, to lack the necessary English skills to participate fully in academic classes  
3.17 taught in English.

3.18           (b) A pupil enrolled in a Minnesota public school in any grade 4 through 12 who in the  
3.19 previous school year took a commissioner-provided assessment measuring the pupil's  
3.20 emerging academic English, shall be counted as an English learner in calculating English

3.16 provided for the pupils in each respective nonpublic school for that school year. The allotment  
3.17 for guidance and counseling services for the elementary pupils in each nonpublic school  
3.18 must not exceed the average expenditure per public school elementary pupil for these services  
3.19 by those Minnesota public schools that provide these services to their elementary pupils,  
3.20 multiplied by the number of elementary pupils in that particular nonpublic school who  
3.21 request these services and who are enrolled as of September 15 of the current school year.  
3.22 The allotment for guidance and counseling services for the secondary pupils in each  
3.23 nonpublic school must not exceed the average expenditure per public school secondary  
3.24 pupil for these services by those Minnesota public schools ~~which~~ that provide these services  
3.25 to their secondary pupils, multiplied by the number of secondary pupils in that particular  
3.26 nonpublic school who request these services and who are enrolled as of September 15 of  
3.27 the current school year.

3.28           **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2022 and later.

3.29           Sec. 4. Minnesota Statutes 2020, section 123B.44, subdivision 6, is amended to read:

3.30           Subd. 6. **Computation of maximum allotments.** For purposes of computing maximum  
3.31 allotments for each school year pursuant to this section, the average public school expenditure  
3.32 per pupil for health services and the average public school expenditure per elementary and  
3.33 secondary pupil for guidance and counseling services shall be computed and established  
4.1 by the department by February 1 of the preceding school year from the most recent public  
4.2 school year data then available.

4.3           **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2022 and later.

3.21 learner pupil units under section 126C.05, subdivision 17, and shall generate state English  
 3.22 learner aid under section 124D.65, subdivision 5, if the pupil scored below the state cutoff  
 3.23 score or is otherwise counted as a nonproficient participant on the assessment measuring  
 3.24 the pupil's emerging academic English, or, in the judgment of the pupil's classroom teachers,  
 3.25 consistent with section 124D.61, clause (1), the pupil is unable to demonstrate academic  
 3.26 language proficiency in English, including oral academic language, sufficient to successfully  
 3.27 and fully participate in the general core curriculum in the regular classroom.

3.28 (c) Notwithstanding paragraphs (a) and (b), a pupil in early childhood special education  
 3.29 or prekindergarten under section 124D.151, through grade 12 shall not be counted as an  
 3.30 English learner in calculating English learner pupil units under section 126C.05, subdivision  
 3.31 17, and shall not generate state English learner aid under section 124D.65, subdivision 5,  
 3.32 if:

4.1 (1) the pupil is not enrolled during the current fiscal year in an educational program for  
 4.2 English learners under sections 124D.58 to 124D.64; or

4.3 (2) the pupil has generated seven or more years of average daily membership in Minnesota  
 4.4 public schools since July 1, 1996.

4.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

4.6 Sec. 4. Minnesota Statutes 2020, section 124D.65, subdivision 5, is amended to read:

4.7 Subd. 5. **School district EL revenue.** (a) The English learner programs initial allowance  
 4.8 equals \$704 for fiscal year 2021. The English learner programs allowance equals \$755 for  
 4.9 fiscal year 2022. The English learner programs initial allowance for fiscal year 2023 and  
 4.10 later equals the product of \$755 times the ratio of the formula allowance under section  
 4.11 126C.10, subdivision 2, for the current fiscal year to the formula allowance under section  
 4.12 126C.10, subdivision 2, for fiscal year 2022.

4.13 (b) The English learner programs concentration allowance equals \$250 for fiscal year  
 4.14 2021. The English learner programs concentration allowance equals \$536 for fiscal year  
 4.15 2022. The English learner programs concentration allowance for fiscal year 2023 and later  
 4.16 equals the product of \$536 times the ratio of the formula allowance under section 126C.10,  
 4.17 subdivision 2, for the current fiscal year to the formula allowance under section 126C.10,  
 4.18 subdivision 2, for fiscal year 2022.

4.19 ~~(a)~~ (c) A district's English learner programs initial revenue equals the product of (1)  
 4.20 ~~\$704~~ the English learner programs initial allowance times (2) the greater of 20 or the adjusted  
 4.21 average daily membership of eligible English learners enrolled in the district during the  
 4.22 current fiscal year.

4.23 (d) A district's English learner programs concentration revenue equals the product of  
 4.24 the English learner programs concentration allowance times the English learner pupil units  
 4.25 under section 126C.05, subdivision 17.

4.26 (e) A district's English learner programs revenue equals the sum of the initial revenue  
 4.27 under paragraph (c) and the concentration revenue under paragraph (d).

4.28 ~~(b)~~ (f) A pupil ceases to generate state English learner aid in the school year following  
 4.29 the school year in which the pupil attains the state cutoff score on a commissioner-provided  
 4.30 assessment that measures the pupil's emerging academic English.

4.31 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

5.1 Sec. 5. Minnesota Statutes 2020, section 124D.79, subdivision 2, is amended to read:

5.2 Subd. 2. **Technical assistance.** The commissioner shall provide technical assistance,  
 5.3 which includes an annual report of American Indian student data using the state count, to  
 5.4 districts, schools and postsecondary institutions for preservice and in-service training for  
 5.5 teachers, American Indian education teachers and paraprofessionals specifically designed  
 5.6 to implement culturally responsive teaching methods, culturally based curriculum  
 5.7 development, testing and testing mechanisms, and the development of materials for American  
 5.8 Indian education programs.

5.9 Sec. 6. Minnesota Statutes 2020, section 124D.81, subdivision 1, is amended to read:

5.10 Subdivision 1. **Procedures.** A school district, charter school, or American  
 5.11 Indian-controlled Tribal contract or grant school enrolling at least 20 American Indian  
 5.12 students identified by the state count on October 1 of the previous school year and operating  
 5.13 an American Indian education program according to section 124D.74 is eligible for Indian  
 5.14 education aid if it meets the requirements of this section. Programs may provide for contracts  
 5.15 for the provision of program components by nonsectarian nonpublic, community, Tribal,  
 5.16 charter, or alternative schools. The commissioner shall prescribe the form and manner of  
 5.17 application for aids, and no aid shall be made for a program not complying with the  
 5.18 requirements of sections 124D.71 to 124D.82.

4.4 Sec. 5. Minnesota Statutes 2020, section 126C.01, subdivision 8, is amended to read:

4.5 Subd. 8. **Shared time pupils.** "Shared time pupils" means those pupils who:

4.6 (1) attend public school programs for part of the regular school day; or

4.7 (2) attend public school career and technical education programs offered for secondary  
 4.8 credit outside of the regular school day;

4.9 and who otherwise fulfill the requirements of section 120A.22 by attendance at a nonpublic  
 4.10 school.

4.11 **EFFECTIVE DATE.** This section is effective for the 2021-2022 school year and later.

5.19 Sec. 7. Minnesota Statutes 2020, section 126C.05, subdivision 1, is amended to read:

5.20 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age  
 5.21 of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in  
 5.22 average daily membership enrolled in the district of residence, in another district under  
 5.23 sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under  
 5.24 chapter 124E; or for whom the resident district pays tuition under section 123A.18, 123A.22,  
 5.25 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03  
 5.26 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

5.27 (a) A prekindergarten pupil with a disability who is enrolled in a program approved by  
 5.28 the commissioner and has an individualized education program is counted as the ratio of  
 5.29 the number of hours of assessment and education service to 825 times 1.0 with a minimum  
 5.30 average daily membership of 0.28, but not more than 1.0 pupil unit.

5.31 (b) A prekindergarten pupil who is assessed but determined not to be disabled is counted  
 5.32 as the ratio of the number of hours of assessment service to 825 times 1.0.

6.1 (c) A kindergarten pupil with a disability who is enrolled in a program approved by the  
 6.2 commissioner is counted as the ratio of the number of hours of assessment and education  
 6.3 services required in the fiscal year by the pupil's individualized education program to 875,  
 6.4 but not more than one.

6.5 (d) A prekindergarten pupil who is not included in paragraph (a) or (b) and is enrolled  
 6.6 in an approved voluntary prekindergarten program under section 124D.151 is counted as  
 6.7 the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil  
 6.8 units.

6.9 (e) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil  
 6.10 unit if the pupil is enrolled in a free all-day, every day kindergarten program available to  
 6.11 all kindergarten pupils at the pupil's school that meets the minimum hours requirement in  
 6.12 section 120A.41, or is counted as .55 pupil unit, if the pupil is not enrolled in a free all-day,  
 6.13 every day kindergarten program available to all kindergarten pupils at the pupil's school.

6.14 (f) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

6.15 (g) A pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

6.16 (h) A pupil who is in the postsecondary enrollment options program is counted as 1.2  
 6.17 pupil units.

6.18 (i) ~~For fiscal years 2018 through 2021,~~ A prekindergarten pupil who:

6.19 (1) is not included in paragraph (a), (b), or (d);

6.20 (2) is enrolled in a school readiness plus program under Laws 2017, First Special Session  
 6.21 chapter 5, article 8, section 9; and

6.22 (3) has one or more of the risk factors specified by the eligibility requirements for a  
 6.23 school readiness plus program,

6.24 is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more  
 6.25 than 0.6 pupil units. A pupil qualifying under this paragraph must be counted in the same  
 6.26 manner as a voluntary prekindergarten student for all general education and other school  
 6.27 funding formulas.

6.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

6.29 Sec. 8. Minnesota Statutes 2020, section 126C.05, subdivision 3, is amended to read:

6.30 Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units ~~for~~  
 6.31 ~~fiscal year 1998 and thereafter~~ must be computed according to this subdivision.

7.1 (a) The compensation revenue concentration percentage for each building in a district  
 7.2 equals the product of 100 times the ratio of:

7.3 (1) the sum of the number of pupils enrolled in the building eligible to receive free lunch  
 7.4 plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the  
 7.5 previous fiscal year; to

7.6 (2) the number of pupils enrolled in the building on October 1 of the previous fiscal  
 7.7 year.

7.8 (b) The compensation revenue pupil weighting factor for a building equals ~~the lesser of~~  
 7.9 ~~one or~~ the quotient obtained by dividing the building's compensation revenue concentration  
 7.10 percentage by 80.0.

7.11 (c) The compensation revenue pupil units for a building equals the product of:

7.12 (1) the sum of the number of pupils enrolled in the building eligible to receive free lunch  
 7.13 and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the  
 7.14 previous fiscal year; times

7.15 (2) the compensation revenue pupil weighting factor for the building; times

7.16 (3) .60.

7.17 (d) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten programs under  
 7.18 section 124D.151, charter schools, and contracted alternative programs in the first year of  
 7.19 operation, compensation revenue pupil units shall be computed using data for the current  
 7.20 fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative  
 7.21 program begins operation after October 1, compensatory revenue pupil units shall be  
 7.22 computed based on pupils enrolled on an alternate date determined by the commissioner,  
 7.23 and the compensation revenue pupil units shall be prorated based on the ratio of the number  
 7.24 of days of student instruction to 170 days.

7.25 ~~(e) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten seats discontinued~~  
 7.26 ~~in fiscal year 2022 due to the reduction in the participation limit under section 124D.151,~~  
 7.27 ~~subdivision 6, those discontinued seats must not be used to calculate compensation revenue~~  
 7.28 ~~pupil units for fiscal year 2022.~~

7.29 ~~(f)~~ (e) The percentages in this subdivision must be based on the count of individual  
 7.30 pupils and not on a building average or minimum.

7.31 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

8.1 Sec. 9. Minnesota Statutes 2020, section 126C.05, subdivision 17, is amended to read:

8.2 Subd. 17. **English learner pupil units.** (a) English learner pupil units for fiscal year  
 8.3 ~~2004 and thereafter~~ 2022 and later shall be determined according to this subdivision.

8.4 (b) The English learner concentration percentage for a district equals the product of 100  
 8.5 times the ratio of:

8.6 (1) the number of eligible English learners in average daily membership enrolled in the  
 8.7 district during the current fiscal year; to

8.8 (2) the number of pupils in average daily membership enrolled in the district.

8.9 (c) For fiscal year 2021, the English learner pupil units for each eligible English learner  
 8.10 in average daily membership equals the lesser of one or the quotient obtained by dividing  
 8.11 the English learner concentration percentage for the pupil's district of enrollment by 11.5.  
 8.12 For fiscal year 2022 and later, the English learner pupil units for each eligible English learner  
 8.13 in average daily membership equals the lesser of one or the quotient obtained by dividing  
 8.14 the English learner concentration percentage for the pupil's district of enrollment by 16.8.

8.15 (d) English learner pupil units shall be counted by the district of enrollment.

8.16 (e) Notwithstanding paragraph (d), for the purposes of this subdivision, pupils enrolled  
 8.17 in a cooperative or intermediate school district shall be counted by the district of residence.

8.18 (f) For the purposes of this subdivision, the terms defined in section 124D.59 have the  
 8.19 same meaning.

8.20 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

8.21 Sec. 10. Minnesota Statutes 2020, section 126C.10, subdivision 2, is amended to read:

8.22 Subd. 2. **Basic revenue.** (a) The basic revenue for each district equals the formula  
 8.23 allowance times the adjusted pupil units for the school year. ~~The formula allowance for~~  
 8.24 ~~fiscal year 2019 is \$6,312. The formula allowance for fiscal year 2020 is \$6,438. The formula~~  
 8.25 ~~allowance for fiscal year 2021 and later is \$6,567.~~

8.26 (b) The formula allowance for fiscal year 2022 is \$6,698. The formula allowance for  
 8.27 fiscal year 2023 is \$6,832. The formula allowance for fiscal year 2024 is \$6,866. The formula  
 8.28 allowance for fiscal year 2025 is \$6,900.

8.29 (c) For fiscal year 2026 and later, the formula equals the formula allowance for fiscal  
 8.30 year 2025 times the inflationary increase for that year.

9.1 (d) For purposes of this subdivision, "inflationary increase" means one plus the percentage  
 9.2 change in the Consumer Price Index for urban consumers, as prepared by the United States  
 9.3 Bureau of Labor Standards, from the current fiscal year to fiscal year 2025.

9.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

9.5 Sec. 11. Minnesota Statutes 2020, section 126C.10, subdivision 2a, is amended to read:

9.6 Subd. 2a. **Extended time revenue.** (a) The extended time allowance is \$5,117 for fiscal  
 9.7 years 2022 and 2023. For fiscal year 2024 and later, the extended time allowance equals  
 9.8 the product of \$5,117 times the ratio of the formula allowance under subdivision 2 for the  
 9.9 current fiscal year to the formula allowance under subdivision 2 for fiscal year 2023.

9.10 ~~(a)~~ (b) A school district's extended time revenue is equal to the product of ~~\$5,117~~ the  
 9.11 extended time allowance and the sum of the adjusted pupil units of the district for each pupil  
 9.12 in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05,  
 9.13 subdivision 8.

9.14 ~~(b)~~ (c) Extended time revenue for pupils placed in an on-site education program at the  
 9.15 Prairie Lakes Education Center or the Lake Park School, located within the borders of  
 9.16 Independent School District No. 347, Willmar, for instruction provided after the end of the  
 9.17 preceding regular school year and before the beginning of the following regular school year  
 9.18 equals membership hours divided by the minimum annual instructional hours in section  
 9.19 126C.05, subdivision 15, not to exceed 0.20, times the pupil unit weighting in section  
 9.20 126C.05, subdivision 1, times ~~\$5,117~~ the extended time allowance.

9.21 ~~(c)~~ (d) A school district qualifies for extended time revenue for every pupil placed in a  
 9.22 children's residential facility, whether the education services are provided on-site or off-site  
 9.23 for instruction provided after the end of the preceding regular school year and before the  
 9.24 beginning of the following regular school year. Extended time revenue under this paragraph  
 9.25 equals total membership hours in summer instruction divided by the minimum annual  
 9.26 instructional hours in section 126C.05, subdivision 15, not to exceed 0.20, times the pupil  
 9.27 unit weighting in section 126C.05, subdivision 1, times the extended time allowance.

9.28 (e) For purposes of this subdivision, "children's residential facility" means a residential  
 9.29 facility for children, including a psychiatric residential treatment facility, licensed by the  
 9.30 Department of Human Services or the Department of Corrections and subject to Minnesota  
 9.31 Rules, chapter 2960 or an inpatient hospitalization that includes mental health services.

4.12 Sec. 6. Minnesota Statutes 2020, section 126C.10, subdivision 2a, is amended to read:

4.13 Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue is equal  
 4.14 to the product of \$5,117 and the sum of the adjusted pupil units of the district for each pupil  
 4.15 in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05,  
 4.16 subdivision 8.

4.17 (b) Extended time revenue for pupils placed in an on-site education program at the Prairie  
 4.18 Lakes Education Center or the Lake Park School, located within the borders of Independent  
 4.19 School District No. 347, Willmar, for instruction provided after the end of the preceding  
 4.20 regular school year and before the beginning of the following regular school year equals  
 4.21 membership hours divided by the minimum annual instructional hours in section 126C.05,  
 4.22 subdivision 15, not to exceed 0.20, times the pupil unit weighting in section 126C.05,  
 4.23 subdivision 1, times \$5,117.

4.24 (c) A school district qualifies for extended time revenue for every pupil placed in a  
 4.25 children's residential facility, whether the education services are provided on-site or off-site  
 4.26 for instruction provided after the end of the preceding regular school year and before the  
 4.27 beginning of the following regular school year. Extended time revenue under this paragraph  
 4.28 equals total membership hours in summer instruction divided by the minimum annual  
 4.29 instructional hours in section 126C.05, subdivision 15, not to exceed 0.20, times the pupil  
 4.30 unit weighting in section 126C.05, subdivision 1, times \$5,117.

5.1 (d) For purposes of this subdivision, "children's residential facility" means a residential  
 5.2 facility for children, including a psychiatric residential treatment facility (PRTF), licensed  
 5.3 by the Department of Human Services or the Department of Corrections and subject to  
 5.4 Minnesota Rules, chapter 2960, or an inpatient hospitalization that includes mental health  
 5.5 services.

9.32 (f) A school district's extended time revenue may be used for extended day programs,  
 9.33 extended week programs, summer school, vacation break academies such as spring break  
 10.1 academies and summer term academies, and other programming authorized under the  
 10.2 learning year program.

10.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

10.4 Sec. 12. Minnesota Statutes 2020, section 126C.10, subdivision 2e, is amended to read:

10.5 Subd. 2e. **Local optional revenue.** (a) ~~For fiscal year 2020, local optional revenue for~~  
 10.6 ~~a school district equals \$424 times the adjusted pupil units of the district for that school~~  
 10.7 ~~year. For fiscal year 2021 and later, local optional revenue for a school district equals the~~  
 10.8 ~~sum of the district's first tier local optional revenue and second tier local optional revenue.~~  
 10.9 A district's first tier local optional revenue equals \$300 times the adjusted pupil units of the  
 10.10 district for that school year. A district's second tier local optional revenue equals \$424 times  
 10.11 the adjusted pupil units of the district for that school year.

10.12 ~~(b) For fiscal year 2020, a district's local optional levy equals its local optional revenue~~  
 10.13 ~~times the lesser of one or the ratio of its referendum market value per resident pupil unit to~~  
 10.14 ~~\$510,000.~~

10.15 (b) For fiscal year 2021 and later, a district's local optional levy equals the sum of the  
 10.16 first tier local optional levy and the second tier local optional levy.

10.17 (c) A district's first tier local optional levy equals the district's first tier local optional  
 10.18 revenue times the lesser of one or the ratio of the district's referendum market value per  
 10.19 resident pupil unit to \$880,000.

10.20 (d) For fiscal year 2022, a district's second tier local optional levy equals the district's  
 10.21 second tier local optional revenue times the lesser of one or the ratio of the district's  
 10.22 referendum market value per resident pupil unit to \$510,000. For fiscal year 2023, a district's  
 10.23 second tier local optional levy equals the district's second tier local optional revenue times  
 10.24 the lesser of one or the ratio of the district's referendum market value per resident pupil unit  
 10.25 to \$557,256. For fiscal year 2024, a district's second tier local optional levy equals the  
 10.26 district's second tier local optional revenue times the lesser of one or the ratio of the district's  
 10.27 referendum market value per resident pupil unit to \$545,965. For fiscal year 2025 and later,  
 10.28 a district's second tier local optional levy equals the district's second tier local optional  
 10.29 revenue times the lesser of one or the ratio of the district's referendum market value per  
 10.30 resident pupil unit to \$553,650.

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

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

5.6 (e) A school district's extended time revenue may be used for extended day programs,  
 5.7 extended week programs, summer school, vacation break academies such as spring break  
 5.8 academies and summer term academies, and other programming authorized under the  
 5.9 learning year program.

5.10 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

11.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

11.5 Sec. 13. Minnesota Statutes 2020, section 126C.10, subdivision 4, is amended to read:

11.6 Subd. 4. **Basic skills revenue.** A school district's basic skills revenue equals the sum  
11.7 of:

11.8 (1) compensatory revenue under subdivision 3; plus

11.9 (2) English learner revenue under section 124D.65, subdivision 5, ~~plus, paragraph (c).~~

11.10 ~~(3) \$250 times the English learner pupil units under section 126C.05, subdivision 17.~~

11.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

11.12 Sec. 14. Minnesota Statutes 2020, section 126C.10, subdivision 18a, is amended to read:

11.13 Subd. 18a. **Pupil transportation adjustment.** (a) An independent, common, or special  
11.14 school district's transportation sparsity revenue under subdivision 18 is increased by the  
11.15 greater of zero or ~~18.2~~ 30 percent of the difference between:

11.16 (1) the lesser of the district's total cost for regular and excess pupil transportation under  
11.17 section 123B.92, subdivision 1, paragraph (b), including depreciation, for the previous fiscal  
11.18 year or 105 percent of the district's total cost for the second previous fiscal year; and

11.19 (2) the sum of:

11.20 (i) 4.66 percent of the district's basic revenue for the previous fiscal year;

11.21 (ii) transportation sparsity revenue under subdivision 18 for the previous fiscal year;

11.22 (iii) the district's charter school transportation adjustment for the previous fiscal year;

11.23 and

11.24 (iv) the district's reimbursement for transportation provided under section 123B.92,  
11.25 subdivision 1, paragraph (b), clause (1), item (vi).

11.26 (b) A charter school's pupil transportation adjustment equals the school district per pupil  
11.27 adjustment under paragraph (a).

11.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

12.1 Sec. 15. Minnesota Statutes 2020, section 126C.15, subdivision 1, is amended to read:

12.2 Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10,  
12.3 subdivision 4, must be reserved and ~~used~~ must be spent on evidence-based practices to meet  
12.4 the educational needs of pupils who enroll under-prepared to learn and whose progress  
12.5 toward meeting state or local content or performance standards is below the level that is  
12.6 appropriate for learners of their age. Basic skills revenue may also be used for programs  
12.7 designed to prepare children and their families for entry into school whether the student

5.11 Sec. 7. Minnesota Statutes 2020, section 126C.10, subdivision 18a, is amended to read:

5.12 Subd. 18a. **Pupil transportation adjustment.** (a) An independent, common, or special  
5.13 school district's transportation sparsity revenue under subdivision 18 is increased by the  
5.14 greater of zero or ~~18.2~~ 70 percent of the difference between:

5.15 (1) the lesser of the district's total cost for regular and excess pupil transportation under  
5.16 section 123B.92, subdivision 1, paragraph (b), including depreciation, for the previous fiscal  
5.17 year or 105 percent of the district's total cost for the second previous fiscal year; and

5.18 (2) the sum of:

5.19 (i) 4.66 percent of the district's basic revenue for the previous fiscal year;

5.20 (ii) transportation sparsity revenue under subdivision 18 for the previous fiscal year;

5.21 (iii) the district's charter school transportation adjustment for the previous fiscal year;

5.22 and

5.23 (iv) the district's reimbursement for transportation provided under section 123B.92,  
5.24 subdivision 1, paragraph (b), clause (1), item (vi).

5.25 (b) A charter school's pupil transportation adjustment equals the school district per pupil  
5.26 adjustment under paragraph (a).

5.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

5.28 Sec. 8. Minnesota Statutes 2020, section 126C.15, subdivision 1, is amended to read:

5.29 Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10,  
5.30 subdivision 4, must be reserved and used to meet the educational needs of pupils who enroll  
6.1 under-prepared to learn and whose progress toward meeting state or local content or  
6.2 performance standards is below the level that is appropriate for learners of their age. Basic  
6.3 skills revenue may also be used for programs designed to prepare children and their families  
6.4 for entry into school whether the student first enrolls in kindergarten or first grade. Any of  
6.5 the following may be provided to meet these learners' needs:

12.8 first enrolls in kindergarten or first grade. ~~Any of the following may be provided to meet~~  
 12.9 ~~these learners' needs.~~ Evidence-based practices may be provided in the following areas:

12.10 (1) direct instructional services under the assurance of mastery program according to  
 12.11 section 124D.66;

12.12 (2) remedial instruction in reading, language arts, mathematics, other content areas, or  
 12.13 study skills to improve the achievement level of these learners;

12.14 (3) additional teachers and teacher aides to provide more individualized instruction to  
 12.15 these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

12.16 (4) a longer school day or week during the regular school year ~~or through a summer~~  
 12.17 ~~program that may be offered directly by the site or under a performance-based contract with~~  
 12.18 ~~a community-based organization;~~

12.19 (5) comprehensive and ongoing staff development consistent with district and site plans  
 12.20 according to section 122A.60 and to implement plans under section 120B.12, subdivision  
 12.21 4a, for teachers, teacher aides, principals, and other personnel to improve their ability to  
 12.22 identify the needs of these learners and provide appropriate remediation, intervention,  
 12.23 accommodations, or modifications;

12.24 (6) instructional materials, digital learning, and technology appropriate for meeting the  
 12.25 individual needs of these learners;

12.26 (7) programs to reduce truancy, encourage completion of high school, enhance  
 12.27 self-concept, provide health services, provide nutrition services, provide a safe and secure  
 12.28 learning environment, provide coordination for pupils receiving services from other  
 12.29 governmental agencies, provide psychological services to determine the level of social,  
 12.30 emotional, cognitive, and intellectual development, and provide counseling services, guidance  
 12.31 services, and social work services;

12.32 (8) bilingual programs, bicultural programs, and programs for English learners;

12.33 ~~(9) all-day kindergarten;~~

13.1 ~~(10) (9) early education programs, parent-training programs, school readiness programs,~~  
 13.2 ~~kindergarten voluntary prekindergarten and school readiness plus programs for four-year-olds,~~  
 13.3 ~~voluntary home visits under section 124D.13, subdivision 4, and other outreach efforts~~  
 13.4 ~~designed to prepare children for kindergarten;~~

13.5 ~~(11) (10) extended school day and extended school year programs, including summer~~  
 13.6 ~~programs that may be offered directly by the site or under a performance-based contract~~  
 13.7 ~~with a community-based organization; and~~

13.8 ~~(12) (11) substantial parent involvement in developing and implementing remedial~~  
 13.9 ~~education or intervention plans for a learner, including learning contracts between the school,~~

6.6 (1) direct instructional services under the assurance of mastery program according to  
 6.7 section 124D.66;

6.8 (2) remedial instruction in reading, language arts, mathematics, other content areas, or  
 6.9 study skills to improve the achievement level of these learners;

6.10 (3) additional teachers and teacher aides to provide more individualized instruction to  
 6.11 these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

6.12 (4) a longer school day or week during the regular school year ~~or through a summer~~  
 6.13 ~~program that may be offered directly by the site or under a performance-based contract with~~  
 6.14 ~~a community-based organization;~~

6.15 (5) comprehensive and ongoing staff development consistent with district and site plans  
 6.16 according to section 122A.60 and to implement plans under section 120B.12, subdivision  
 6.17 4a, for teachers, teacher aides, principals, and other personnel to improve their ability to  
 6.18 identify the needs of these learners and provide appropriate remediation, intervention,  
 6.19 accommodations, or modifications;

6.20 (6) instructional materials, digital learning, and technology appropriate for meeting the  
 6.21 individual needs of these learners;

6.22 (7) programs to reduce truancy, encourage completion of high school, enhance  
 6.23 self-concept, provide health services, provide nutrition services, provide a safe and secure  
 6.24 learning environment, provide coordination for pupils receiving services from other  
 6.25 governmental agencies, provide psychological services to determine the level of social,  
 6.26 emotional, cognitive, and intellectual development, and provide counseling services, guidance  
 6.27 services, and social work services;

6.28 (8) bilingual programs, bicultural programs, and programs for English learners;

6.29 ~~(9) all-day kindergarten;~~

6.30 ~~(10) (9) early education programs, parent-training programs, school readiness programs,~~  
 6.31 ~~kindergarten voluntary prekindergarten and school readiness plus programs for four-year-olds,~~  
 6.32 ~~voluntary home visits under section 124D.13, subdivision 4, and other outreach efforts~~  
 6.33 ~~designed to prepare children for kindergarten;~~

7.1 ~~(11) (10) extended school day and extended school year programs, including summer~~  
 7.2 ~~programs that may be offered directly by the site or under a performance-based contract~~  
 7.3 ~~with a community-based organization; and~~

7.4 ~~(12) (11) substantial parent involvement in developing and implementing remedial~~  
 7.5 ~~education or intervention plans for a learner, including learning contracts between the school,~~

13.10 the learner, and the parent that establish achievement goals and responsibilities of the learner  
 13.11 and the learner's parent or guardian; and

13.12 (12) for transfer to the school nutrition fund for shortfalls for districts participating in  
 13.13 the Community Eligibility Provision program.

13.14 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

13.15 Sec. 16. Minnesota Statutes 2020, section 126C.15, subdivision 2, is amended to read:

13.16 Subd. 2. **Building allocation.** (a) A district or cooperative must allocate its compensatory  
 13.17 revenue to each school building in the district or cooperative where the children who have  
 13.18 generated the revenue are served unless the school district or cooperative has received  
 13.19 permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate  
 13.20 compensatory revenue according to student performance measures developed by the school  
 13.21 board.

13.22 (b) Notwithstanding paragraph (a), a district or cooperative may allocate up to ~~50~~ 20  
 13.23 percent of the amount of compensatory revenue that the district receives to school sites  
 13.24 according to a plan adopted by the school board. The money reallocated under this paragraph  
 13.25 must be spent for the purposes listed in subdivision 1, but may be spent on students in any  
 13.26 grade, including students attending school readiness or other prekindergarten programs.

13.27 (c) For the purposes of this section and section 126C.05, subdivision 3, "building" means  
 13.28 education site as defined in section 123B.04, subdivision 1.

13.29 (d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated  
 13.30 by students served at a cooperative unit shall be paid to the cooperative unit.

13.31 (e) A district or cooperative with school building openings, school building closings,  
 13.32 changes in attendance area boundaries, or other changes in programs or student demographics  
 14.1 between the prior year and the current year may reallocate compensatory revenue among  
 14.2 sites to reflect these changes. A district or cooperative must report to the department any  
 14.3 adjustments it makes according to this paragraph and the department must use the adjusted  
 14.4 compensatory revenue allocations in preparing the report required under section 123B.76,  
 14.5 subdivision 3, paragraph (c).

14.6 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

14.7 Sec. 17. Minnesota Statutes 2020, section 126C.15, subdivision 5, is amended to read:

14.8 Subd. 5. **Annual expenditure report.** Each year a district that receives basic skills  
 14.9 revenue must submit a report identifying the expenditures it incurred to meet the needs of  
 14.10 eligible learners under subdivision 1. The report must conform to uniform financial and  
 14.11 reporting standards established for this purpose and provide a breakdown by functional  
 14.12 area. Using valid and reliable data and measurement criteria, the report also must determine  
 14.13 whether increased expenditures raised student achievement levels.

7.6 the learner, and the parent that establish achievement goals and responsibilities of the learner  
 7.7 and the learner's parent or guardian.

7.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

7.9 Sec. 9. Minnesota Statutes 2020, section 126C.15, subdivision 5, is amended to read:

7.10 Subd. 5. **Annual expenditure report.** Each year a district that receives basic skills  
 7.11 revenue must submit a report identifying the expenditures it incurred to meet the needs of  
 7.12 eligible learners under subdivision 1. The report must conform to uniform financial and  
 7.13 reporting standards established for this purpose and provide a breakdown by functional  
 7.14 area. Using valid and reliable data and measurement criteria, the report also must determine  
 7.15 whether increased expenditures raised student achievement levels.

14.14 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

14.15 Sec. 18. Minnesota Statutes 2020, section 126C.17, is amended by adding a subdivision  
14.16 to read:

14.17 Subd. 9b. **Renewal by school board.** (a) Notwithstanding the election requirements of  
14.18 subdivision 9, a school board may renew an expiring referendum by board action if:

14.19 (1) the per-pupil amount of the referendum is the same as the amount expiring, or for  
14.20 an expiring referendum that was adjusted annually by the rate of inflation, the same as the  
14.21 per-pupil amount of the expiring referendum, adjusted annually for inflation in the same  
14.22 manner as if the expiring referendum had continued;

14.23 (2) the term of the renewed referendum is no longer than the initial term approved by  
14.24 the voters; and

14.25 (3) the school board has adopted a written resolution authorizing the renewal after holding  
14.26 a meeting and allowing public testimony on the proposed renewal.

14.27 (b) The resolution must be adopted by the school board by June 15 of any calendar year  
14.28 and becomes effective 60 days after its adoption.

7.16 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

7.17 Sec. 10. Minnesota Statutes 2020, section 126C.17, subdivision 6, is amended to read:

7.18 Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy  
7.19 equals the sum of the first tier referendum equalization levy and the second tier referendum  
7.20 equalization levy.

7.21 (b) A district's first tier referendum equalization levy equals the district's first tier  
7.22 referendum equalization revenue times the lesser of one or the ratio of the district's  
7.23 referendum market value per resident pupil unit to \$567,000. For fiscal year 2023 and later,  
7.24 a district's first tier referendum equalization levy must not exceed the amount raised by a  
7.25 tax rate of 0.062 percent times the referendum market value of the district times the ratio  
7.26 of the district's first tier referendum equalization allowance to \$460.

7.27 (c) A district's second tier referendum equalization levy equals the district's second tier  
7.28 referendum equalization revenue times the lesser of one or the ratio of the district's  
7.29 referendum market value per resident pupil unit to \$290,000. For fiscal year 2023 and later,  
7.30 a district's second tier referendum equalization levy must not exceed the amount raised by  
7.31 a tax rate of 0.155 percent times the referendum market value of the district times the ratio  
7.32 of the district's second tier referendum equalization allowance to 25 percent of the formula  
8.1 allowance, minus the sum of \$300 and the district's first tier referendum equalization  
8.2 allowance.

8.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and later.

14.29 (c) A referendum expires in the last fiscal year in which the referendum generates revenue  
 14.30 for the school district. A school board may renew an expiring referendum under this  
 14.31 subdivision not more than two fiscal years before the referendum expires.

15.1 (d) A district renewing an expiring referendum under this subdivision must submit a  
 15.2 copy of the adopted resolution to the commissioner and to the county auditor no later than  
 15.3 September 1 of the calendar year in which the levy is certified.

15.4 **EFFECTIVE DATE.** This section is effective July 1, 2021.

15.5 Sec. 19. Minnesota Statutes 2020, section 127A.49, subdivision 3, is amended to read:

15.6 Subd. 3. **Excess tax increment.** (a) If a return of excess tax increment is made to a  
 15.7 district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon  
 15.8 decertification of a tax increment district, the school district's aid and levy limitations must  
 15.9 be adjusted for the fiscal year in which the excess tax increment is paid under the provisions  
 15.10 of this subdivision.

15.11 (b) An amount must be subtracted from the district's aid for the current fiscal year equal  
 15.12 to the product of:

15.13 (1) the amount of the payment of excess tax increment to the district in the preceding  
 15.14 year, times

15.15 (2) the ratio of:

15.16 (i) the sum of the amounts of the district's certified levy ~~for the fiscal year in which the~~  
 15.17 ~~excess tax increment is paid~~ in the third preceding year according to the following:

15.18 (A) section 123B.57, if the district received health and safety aid according to that section  
 15.19 for the second preceding year;

15.20 (B) section 124D.20, if the district received aid for community education programs  
 15.21 according to that section for the second preceding year;

15.22 (C) section 124D.135, subdivision 3, if the district received early childhood family  
 15.23 education aid according to section 124D.135 for the second preceding year;

15.24 (D) section 126C.17, subdivision 6, if the district received referendum equalization aid  
 15.25 according to that section for the second preceding year;

15.26 (E) section 126C.10, subdivision 13a, if the district received operating capital aid  
 15.27 according to section 126C.10, subdivision 13b, in the second preceding year;

15.28 (F) section 126C.10, subdivision 29, if the district received equity aid according to  
 15.29 section 126C.10, subdivision 30, in the second preceding year;

15.30 (G) section 126C.10, subdivision 32, if the district received transition aid according to  
 15.31 section 126C.10, subdivision 33, in the second preceding year;

8.4 Sec. 11. Minnesota Statutes 2020, section 127A.49, subdivision 3, is amended to read:

8.5 Subd. 3. **Excess tax increment.** (a) If a return of excess tax increment is made to a  
 8.6 district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon  
 8.7 decertification of a tax increment district, the school district's aid and levy limitations must  
 8.8 be adjusted for the fiscal year in which the excess tax increment is paid under the provisions  
 8.9 of this subdivision.

8.10 (b) An amount must be subtracted from the district's aid for the current fiscal year equal  
 8.11 to the product of:

8.12 (1) the amount of the payment of excess tax increment to the district in the preceding  
 8.13 year, times

8.14 (2) the ratio of:

8.15 (i) the sum of the amounts of the district's certified levy ~~for the fiscal year in which the~~  
 8.16 ~~excess tax increment is paid~~ in the third preceding year according to the following:

8.17 (A) section 123B.57, if the district received health and safety aid according to that section  
 8.18 for the second preceding year;

8.19 (B) section 124D.20, if the district received aid for community education programs  
 8.20 according to that section for the second preceding year;

8.21 (C) section 124D.135, subdivision 3, if the district received early childhood family  
 8.22 education aid according to section 124D.135 for the second preceding year;

8.23 (D) section 126C.17, subdivision 6, if the district received referendum equalization aid  
 8.24 according to that section for the second preceding year;

8.25 (E) section 126C.10, subdivision 13a, if the district received operating capital aid  
 8.26 according to section 126C.10, subdivision 13b, in the second preceding year;

8.27 (F) section 126C.10, subdivision 29, if the district received equity aid according to  
 8.28 section 126C.10, subdivision 30, in the second preceding year;

8.29 (G) section 126C.10, subdivision 32, if the district received transition aid according to  
 8.30 section 126C.10, subdivision 33, in the second preceding year;

16.1 (H) section 123B.53, subdivision 5, if the district received debt service equalization aid  
 16.2 according to section 123B.53, subdivision 6, in the second preceding year;

16.3 (I) section 123B.535, subdivision 4, if the district received natural disaster debt service  
 16.4 equalization aid according to section 123B.535, subdivision 5, in the second preceding year;

16.5 (J) section 124D.22, subdivision 3, if the district received school-age care aid according  
 16.6 to section 124D.22, subdivision 4, in the second preceding year; and

16.7 (K) section 122A.415, subdivision 5, if the district received alternative teacher  
 16.8 compensation equalization aid according to section 122A.415, subdivision 6, paragraph (a),  
 16.9 in the second preceding year; to

16.10 (ii) the total amount of the district's certified levy ~~for the fiscal year~~ in the third preceding  
 16.11 year, plus or minus auditor's adjustments.

16.12 (c) An amount must be subtracted from the school district's levy limitation for the next  
 16.13 levy certified equal to the difference between:

16.14 (1) the amount of the distribution of excess increment; and

16.15 (2) the amount subtracted from aid pursuant to clause (a).

16.16 If the aid and levy reductions required by this subdivision cannot be made to the aid for  
 16.17 the fiscal year specified or to the levy specified, the reductions must be made from aid for  
 16.18 subsequent fiscal years, and from subsequent levies. The school district must use the payment  
 16.19 of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

16.20 (d) This subdivision applies only to the total amount of excess increments received by  
 16.21 a district for a calendar year that exceeds \$25,000.

16.22 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

16.23 Sec. 20. Minnesota Statutes 2020, section 290.0679, subdivision 2, is amended to read:

16.24 Subd. 2. **Conditions for assignment.** A qualifying taxpayer may assign all or part of  
 16.25 an anticipated refund for the current and future taxable years to a financial institution or a  
 16.26 qualifying organization. A financial institution or qualifying organization accepting  
 16.27 assignment must pay the amount secured by the assignment to a third-party vendor. The  
 16.28 commissioner of education shall, upon request from a third-party vendor, certify that the  
 16.29 vendor's products and services qualify for the education credit. A denial of a certification  
 16.30 ~~is subject to the contested case procedure under~~ may be appealed to the commissioner of  
 16.31 education notwithstanding chapter 14. A financial institution or qualifying organization that  
 16.32 accepts assignments under this section must verify as part of the assignment documentation  
 17.1 that the product or service to be provided by the third-party vendor has been certified by  
 17.2 the commissioner of education as qualifying for the education credit. The amount assigned  
 17.3 for the current and future taxable years may not exceed the maximum allowable education

9.1 (H) section 123B.53, subdivision 5, if the district received debt service equalization aid  
 9.2 according to section 123B.53, subdivision 6, in the second preceding year;

9.3 (I) section 123B.535, subdivision 4, if the district received natural disaster debt service  
 9.4 equalization aid according to section 123B.535, subdivision 5, in the second preceding year;

9.5 (J) section 124D.22, subdivision 3, if the district received school-age care aid according  
 9.6 to section 124D.22, subdivision 4, in the second preceding year; and

9.7 (K) section 122A.415, subdivision 5, if the district received alternative teacher  
 9.8 compensation equalization aid according to section 122A.415, subdivision 6, paragraph (a),  
 9.9 in the second preceding year; to

9.10 (ii) the total amount of the district's certified levy ~~for the fiscal year~~ in the third preceding  
 9.11 year, plus or minus auditor's adjustments.

9.12 (c) An amount must be subtracted from the school district's levy limitation for the next  
 9.13 levy certified equal to the difference between:

9.14 (1) the amount of the distribution of excess increment; and

9.15 (2) the amount subtracted from aid pursuant to clause (a).

9.16 If the aid and levy reductions required by this subdivision cannot be made to the aid for  
 9.17 the fiscal year specified or to the levy specified, the reductions must be made from aid for  
 9.18 subsequent fiscal years, and from subsequent levies. The school district must use the payment  
 9.19 of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

9.20 (d) This subdivision applies only to the total amount of excess increments received by  
 9.21 a district for a calendar year that exceeds \$25,000.

9.22 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

17.4 credit for the current taxable year. Both the taxpayer and spouse must consent to the  
17.5 assignment of a refund from a joint return.

17.6 Sec. 21. Minnesota Statutes 2020, section 469.176, subdivision 2, is amended to read:

17.7 Subd. 2. **Excess increments.** (a) The authority shall annually determine the amount of  
17.8 excess increments for a district, if any. This determination must be based on the tax increment  
17.9 financing plan in effect on December 31 of the year and the increments and other revenues  
17.10 received as of December 31 of the year. The authority must spend or return the excess  
17.11 increments under paragraph (c) within nine months after the end of the year.

17.12 (b) For purposes of this subdivision, "excess increments" equals the excess of:

17.13 (1) total increments collected from the district since its certification, reduced by any  
17.14 excess increments paid under paragraph (c), clause (4), for a prior year, over

17.15 (2) the total costs authorized by the tax increment financing plan to be paid with  
17.16 increments from the district, reduced, but not below zero, by the sum of:

17.17 (i) the amounts of those authorized costs that have been paid from sources other than  
17.18 tax increments from the district;

17.19 (ii) revenues, other than tax increments from the district, that are dedicated for or  
17.20 otherwise required to be used to pay those authorized costs and that the authority has received  
17.21 and that are not included in item (i);

17.22 (iii) the amount of principal and interest obligations due on outstanding bonds after  
17.23 December 31 of the year and not prepaid under paragraph (c) in a prior year; and

17.24 (iv) increased by the sum of the transfers of increments made under section 469.1763,  
17.25 subdivision 6, to reduce deficits in other districts made by December 31 of the year.

17.26 (c) The authority shall use excess increment only to do one or more of the following:

17.27 (1) prepay any outstanding bonds;

17.28 (2) discharge the pledge of tax increment for any outstanding bonds;

17.29 (3) pay into an escrow account dedicated to the payment of any outstanding bonds; or

18.1 (4) return the excess amount to the county auditor who shall distribute the excess amount  
18.2 to the city or town, county, and school district in which the tax increment financing district  
18.3 is located in direct proportion to their respective local tax rates.

18.4 (d) For purposes of a district for which the request for certification was made prior to  
18.5 August 1, 1979, excess increments equal the amount of increments on hand on December  
18.6 31, less the principal and interest obligations due on outstanding bonds or advances,  
18.7 qualifying under subdivision 1c, clauses (1), (2), (4), and (5), after December 31 of the year  
18.8 and not prepaid under paragraph (c).

9.23 Sec. 12. Minnesota Statutes 2020, section 469.176, subdivision 2, is amended to read:

9.24 Subd. 2. **Excess increments.** (a) The authority shall annually determine the amount of  
9.25 excess increments for a district, if any. This determination must be based on the tax increment  
9.26 financing plan in effect on December 31 of the year and the increments and other revenues  
9.27 received as of December 31 of the year. The authority must spend or return the excess  
9.28 increments under paragraph (c) within nine months after the end of the year.

9.29 (b) For purposes of this subdivision, "excess increments" equals the excess of:

9.30 (1) total increments collected from the district since its certification, reduced by any  
9.31 excess increments paid under paragraph (c), clause (4), for a prior year, over

10.1 (2) the total costs authorized by the tax increment financing plan to be paid with  
10.2 increments from the district, reduced, but not below zero, by the sum of:

10.3 (i) the amounts of those authorized costs that have been paid from sources other than  
10.4 tax increments from the district;

10.5 (ii) revenues, other than tax increments from the district, that are dedicated for or  
10.6 otherwise required to be used to pay those authorized costs and that the authority has received  
10.7 and that are not included in item (i);

10.8 (iii) the amount of principal and interest obligations due on outstanding bonds after  
10.9 December 31 of the year and not prepaid under paragraph (c) in a prior year; and

10.10 (iv) increased by the sum of the transfers of increments made under section 469.1763,  
10.11 subdivision 6, to reduce deficits in other districts made by December 31 of the year.

10.12 (c) The authority shall use excess increment only to do one or more of the following:

10.13 (1) prepay any outstanding bonds;

10.14 (2) discharge the pledge of tax increment for any outstanding bonds;

10.15 (3) pay into an escrow account dedicated to the payment of any outstanding bonds; or

10.16 (4) return the excess amount to the county auditor who shall distribute the excess amount  
10.17 to the city or town, county, and school district in which the tax increment financing district  
10.18 is located in direct proportion to their respective local tax rates.

10.19 (d) For purposes of a district for which the request for certification was made prior to  
10.20 August 1, 1979, excess increments equal the amount of increments on hand on December  
10.21 31, less the principal and interest obligations due on outstanding bonds or advances,  
10.22 qualifying under subdivision 1c, clauses (1), (2), (4), and (5), after December 31 of the year  
10.23 and not prepaid under paragraph (c).

18.9 (e) The county auditor must, prior to February 1 of each year, report to the commissioner  
 18.10 of education the amount of any excess tax increment distributed to a school district ~~within~~  
 18.11 ~~30 days of the distribution~~ for the preceding taxable year.

18.12 (f) For purposes of this subdivision, "outstanding bonds" means bonds which are secured  
 18.13 by increments from the district.

18.14 (g) The state auditor may exempt an authority from reporting the amounts calculated  
 18.15 under this subdivision for a calendar year, if the authority certifies to the auditor in its report  
 18.16 that the total amount authorized by the tax increment plan to be paid with increments from  
 18.17 the district exceeds the sum of the total increments collected for the district for all years by  
 18.18 20 percent.

18.19 Sec. 22. **APPROPRIATIONS.**

18.20 Subdivision 1. **Department of Education.** The sums indicated in this section are  
 18.21 appropriated from the general fund to the Department of Education for the fiscal years  
 18.22 designated.

18.23 Subd. 2. **General education aid.** For general education aid under Minnesota Statutes,  
 18.24 section 126C.13, subdivision 4:

18.25 \$ 7,563,143,000 ..... 2022

18.26 \$ 7,801,734,000 ..... 2023

18.27 The 2022 appropriation includes \$717,326,000 for 2021 and \$6,845,817,000 for 2022.

18.28 The 2023 appropriation includes \$760,646,000 for 2022 and \$7,041,088,000 for 2023.

18.29 Subd. 3. **Enrollment options transportation.** For transportation of pupils attending  
 18.30 postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation  
 18.31 of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

19.1 \$ 12,000 ..... 2022

19.2 \$ 13,000 ..... 2023

19.3 Subd. 4. **Abatement aid.** For abatement aid under Minnesota Statutes, section 127A.49:

19.4 \$ 2,897,000 ..... 2022

19.5 \$ 3,558,000 ..... 2023

19.6 The 2022 appropriation includes \$269,000 for 2021 and \$2,628,000 for 2022.

10.24 (e) The county auditor must, prior to February 1 of each year, report to the commissioner  
 10.25 of education the amount of any excess tax increment distributed to a school district ~~within~~  
 10.26 ~~30 days of the distribution~~ for the preceding taxable year.

10.27 (f) For purposes of this subdivision, "outstanding bonds" means bonds which are secured  
 10.28 by increments from the district.

10.29 (g) The state auditor may exempt an authority from reporting the amounts calculated  
 10.30 under this subdivision for a calendar year, if the authority certifies to the auditor in its report  
 10.31 that the total amount authorized by the tax increment plan to be paid with increments from  
 11.1 the district exceeds the sum of the total increments collected for the district for all years by  
 11.2 20 percent.

11.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

11.4 Sec. 13. **APPROPRIATIONS.**

11.5 Subdivision 1. **Department of Education.** The sums indicated in this section are  
 11.6 appropriated from the general fund to the Department of Education for the fiscal years  
 11.7 designated.

11.8 Subd. 2. **General education aid.** For general education aid under Minnesota Statutes,  
 11.9 section 126C.13, subdivision 4:

11.10 \$ 7,411,499,000 ..... 2022

11.11 \$ 7,443,657,000 ..... 2023

11.12 The 2022 appropriation includes \$717,326,000 for 2021 and \$6,694,173,000 for 2022.

11.13 The 2023 appropriation includes \$717,081,000 for 2022 and \$6,726,576,000 for 2023.

11.14 Subd. 3. **Enrollment options transportation.** For transportation of pupils attending  
 11.15 postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation  
 11.16 of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

11.17 \$ 12,000 ..... 2022

11.18 \$ 13,000 ..... 2023

11.19 Subd. 4. **Abatement aid.** For abatement aid under Minnesota Statutes, section 127A.49:

11.20 \$ 2,897,000 ..... 2022

11.21 \$ 3,558,000 ..... 2023

11.22 The 2022 appropriation includes \$269,000 for 2021 and \$2,628,000 for 2022.

19.7	<u>The 2023 appropriation includes \$291,000 for 2022 and \$3,267,000 for 2023.</u>			
19.8	<u>Subd. 5. <b>Consolidation transition aid.</b> For districts consolidating under Minnesota</u>			
19.9	<u>Statutes, section 123A.485:</u>			
19.10	\$	<u>309,000</u>	<u>.....</u>	<u>2022</u>
19.11	\$	<u>373,000</u>	<u>.....</u>	<u>2023</u>
19.12	<u>The 2022 appropriation includes \$30,000 for 2021 and \$279,000 for 2022.</u>			
19.13	<u>The 2023 appropriation includes \$31,000 for 2022 and \$342,000 for 2023.</u>			
19.14	<u>Subd. 6. <b>Nonpublic pupil education aid.</b> For nonpublic pupil education aid under</u>			
19.15	<u>Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:</u>			
19.16	\$	<u>17,173,000</u>	<u>.....</u>	<u>2022</u>
19.17	\$	<u>17,864,000</u>	<u>.....</u>	<u>2023</u>
19.18	<u>The 2022 appropriation includes \$1,996,000 for 2021 and \$15,177,000 for 2022.</u>			
19.19	<u>The 2023 appropriation includes \$1,686,000 for 2022 and \$16,178,000 for 2023.</u>			
19.20	<u>Subd. 7. <b>Nonpublic pupil transportation.</b> For nonpublic pupil transportation aid under</u>			
19.21	<u>Minnesota Statutes, section 123B.92, subdivision 9:</u>			
19.22	\$	<u>19,692,000</u>	<u>.....</u>	<u>2022</u>
19.23	\$	<u>19,809,000</u>	<u>.....</u>	<u>2023</u>
19.24	<u>The 2022 appropriation includes \$1,964,000 for 2021 and \$17,728,000 for 2022.</u>			
19.25	<u>The 2023 appropriation includes \$1,969,000 for 2022 and \$17,840,000 for 2023.</u>			
19.26	<u>Subd. 8. <b>One-room schoolhouse.</b> For a grant to Independent School District No. 690,</u>			
19.27	<u>Warroad, to operate the Angle Inlet School:</u>			
19.28	\$	<u>65,000</u>	<u>.....</u>	<u>2022</u>
19.29	\$	<u>65,000</u>	<u>.....</u>	<u>2023</u>
20.1	<u>Subd. 9. <b>Career and technical aid</b> For career and technical aid under Minnesota Statutes,</u>			
20.2	<u>section 124D.4531, subdivision 1b:</u>			

11.23	<u>The 2023 appropriation includes \$291,000 for 2022 and \$3,267,000 for 2023.</u>			
11.24	<u>Subd. 5. <b>Consolidation transition aid.</b> For districts consolidating under Minnesota</u>			
11.25	<u>Statutes, section 123A.485:</u>			
11.26	\$	<u>309,000</u>	<u>.....</u>	<u>2022</u>
11.27	\$	<u>373,000</u>	<u>.....</u>	<u>2023</u>
11.28	<u>The 2022 appropriation includes \$30,000 for 2021 and \$279,000 for 2022.</u>			
11.29	<u>The 2023 appropriation includes \$31,000 for 2022 and \$342,000 for 2023.</u>			
12.1	<u>Subd. 6. <b>Nonpublic pupil education aid.</b> For nonpublic pupil education aid under</u>			
12.2	<u>Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:</u>			
12.3	\$	<u>18,460,000</u>	<u>.....</u>	<u>2022</u>
12.4	\$	<u>19,062,000</u>	<u>.....</u>	<u>2023</u>
12.5	<u>The 2022 appropriation includes \$1,903,000 for 2021 and \$16,557,000 for 2022.</u>			
12.6	<u>The 2023 appropriation includes \$1,839,000 for 2022 and \$17,223,000 for 2023.</u>			
12.7	<u>Subd. 7. <b>Nonpublic pupil transportation.</b> For nonpublic pupil transportation aid under</u>			
12.8	<u>Minnesota Statutes, section 123B.92, subdivision 9:</u>			
12.9	\$	<u>19,344,000</u>	<u>.....</u>	<u>2022</u>
12.10	\$	<u>19,084,000</u>	<u>.....</u>	<u>2023</u>
12.11	<u>The 2022 appropriation includes \$1,910,000 for 2021 and \$17,434,000 for 2022.</u>			
12.12	<u>The 2023 appropriation includes \$1,937,000 for 2022 and \$17,147,000 for 2023.</u>			
12.13	<u>Subd. 8. <b>One-room schoolhouse.</b> For a grant to Independent School District No. 690,</u>			
12.14	<u>Warroad, to operate the Angle Inlet School:</u>			
12.15	\$	<u>65,000</u>	<u>.....</u>	<u>2022</u>
12.16	\$	<u>65,000</u>	<u>.....</u>	<u>2023</u>
12.17	<u>Subd. 9. <b>Career and technical aid</b> For career and technical aid under Minnesota Statutes,</u>			
12.18	<u>section 124D.4531, subdivision 1b:</u>			

20.3	\$	<u>2,700,000</u>	<u>.....</u>	<u>2022</u>
20.4	\$	<u>2,307,000</u>	<u>.....</u>	<u>2023</u>
20.5	<u>The 2022 appropriation includes \$323,000 for 2021 and \$2,377,000 for 2022.</u>			
20.6	<u>The 2023 appropriation includes \$264,000 for 2022 and \$2,043,000 for 2023.</u>			
20.7	<u>Subd. 10. <b>Pregnant and parenting pupil transportation reimbursement.</b> (a) To</u>			
20.8	<u>reimburse districts for transporting pregnant or parenting pupils under Minnesota Statutes,</u>			
20.9	<u>section 123B.92, subdivision 1, paragraph (b), clause (1), item (vi):</u>			
20.10	\$	<u>56,000</u>	<u>.....</u>	<u>2022</u>
20.11	\$	<u>55,000</u>	<u>.....</u>	<u>2023</u>
20.12	<u>(b) To receive reimbursement, districts must apply using the form and manner of</u>			
20.13	<u>application prescribed by the commissioner. If the appropriation is insufficient, the</u>			
20.14	<u>commissioner must prorate the amount paid to districts seeking reimbursement.</u>			
20.15	<u>(c) Any balance in the first year does not cancel but is available in the second year.</u>			

12.19	\$	<u>2,668,000</u>	<u>.....</u>	<u>2022</u>
12.20	\$	<u>2,279,000</u>	<u>.....</u>	<u>2023</u>
12.21	<u>The 2022 appropriation includes \$323,000 for 2021 and \$2,345,000 for 2022.</u>			
12.22	<u>The 2023 appropriation includes \$260,000 for 2022 and \$2,019,000 for 2023.</u>			
12.23	<u>Subd. 10. <b>Pregnant and parenting pupil transportation reimbursement.</b> (a) To</u>			
12.24	<u>reimburse districts for transporting pregnant or parenting pupils under Minnesota Statutes,</u>			
12.25	<u>section 123B.92, subdivision 1, paragraph (b), clause (1), item (vi):</u>			
12.26	\$	<u>56,000</u>	<u>.....</u>	<u>2022</u>
12.27	\$	<u>55,000</u>	<u>.....</u>	<u>2023</u>
12.28	<u>(b) To receive reimbursement, districts must apply using the form and manner of</u>			
12.29	<u>application prescribed by the commissioner. If the appropriation is insufficient, the</u>			
12.30	<u>commissioner must prorate the amount paid to districts seeking reimbursement.</u>			
12.31	<u>(c) Any balance in the first year does not cancel but is available in the second year.</u>			
13.1	<u>(d) The base for fiscal year 2024 and later is \$55,000.</u>			
13.2	<u>Subd. 11. <b>Minnesota classroom support aid.</b> (a) For providing onetime aid to school</u>			
13.3	<u>districts, charter schools, intermediate school districts, and the Minnesota State Academies</u>			
13.4	<u>for Minnesota classroom support aid:</u>			
13.5	\$	<u>60,000,000</u>	<u>.....</u>	<u>2022</u>
13.6	\$	<u>0</u>	<u>.....</u>	<u>2023</u>
13.7	<u>(b) Of the amount in paragraph (a), the commissioner must allocate \$2,000,000 to the</u>			
13.8	<u>four intermediate school districts and the Minnesota State Academies. The commissioner</u>			
13.9	<u>must directly distribute \$400,000 to each intermediate school district and \$400,000 to the</u>			
13.10	<u>Minnesota State Academies.</u>			
13.11	<u>(c) Of the amount in paragraph (a), the commissioner must allocate the remainder of the</u>			
13.12	<u>appropriation to school districts and charter schools in an amount equal to \$58,000,000</u>			
13.13	<u>multiplied by the ratio of an eligible school district or charter school's fiscal year 2020</u>			
13.14	<u>average daily membership divided by the total fiscal year 2020 average daily membership</u>			
13.15	<u>of all school districts and charter schools. The aid for a school district or charter school that</u>			
13.16	<u>received \$5,000 per pupil or more of federal COVID-19 revenue must not exceed the lesser</u>			
13.17	<u>of the amount calculated under this paragraph or \$1,000,000. Federal COVID-19 revenue</u>			
13.18	<u>per pupil for each school district or charter school equals:</u>			

- 13.19        (1) the sum of a school district or charter school's Elementary and Secondary School
- 13.20 Emergency Relief formula-based allocation received under:
- 13.21        (i) the Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136;
- 13.22        (ii) the Consolidated Appropriations Act, 2021, division M, Coronavirus Response and
- 13.23 Relief Supplemental Appropriations Act, Public Law 116-260; and
- 13.24        (iii) the American Rescue Plan Act of 2021, Public Law 117-2; and
- 13.25        (2) divided by the school district or charter school's fiscal year 2020 average daily
- 13.26 membership.
- 13.27        (d) One hundred percent of the aid under this section must be paid in the current year.
- 13.28        (e) This appropriation is available until June 30, 2023. This is a onetime appropriation.