

126C.71 PAYMENT AND APPLICATIONS OF PAYMENT.

Subdivision 1. **Payment.** (a) On November 20 of each year, each district having an outstanding capital loan or debt service loan shall compute the excess amount in the debt redemption fund. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. A completed copy of this form shall be sent to the commissioner before December 1 of each year. The commissioner may recompute the excess amount and shall promptly notify the district of the recomputed amount.

(b) On December 15 of each year, the district shall remit to the commissioner an amount equal to the greater of:

(i) the excess amount in the debt redemption fund; or

(ii) the amount by which the maximum effort debt service levy exceeds the required debt service levy for that calendar year.

Any late payments shall be assessed an interest charge using the interest rates specified for the debt service notes and capital loan contracts.

(c) If a payment required under the Maximum Effort School Aid Law is not made within 30 days, the commissioner may reduce any subsequent payments due the district under this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, and 127A by the amount due, after providing written notice to the district.

Subd. 2. **Application of payments.** The commissioner shall apply payments received under the Maximum Effort School Aid Law and aids withheld according to subdivision 1, paragraph (b), as follows: First, to payment of interest accrued on its notes, if any; second, to interest on its contracts, if any; third, toward principal of its notes, if any; and last, toward principal of its contracts, if any. While more than one note or more than one contract is held, priority of payment of interest must be given to the one of earliest date, and after interest accrued on all notes is paid, similar priority shall be given in the application of any remaining amount to the payment of principal. In any year when the receipts from a district are not sufficient to pay the interest accrued on any of its notes or contracts, the deficiency must be added to the principal, and the commissioner shall notify the district and each county auditor concerned of the new amount of principal of the note or contract.

History: *Ex1959 c 27 s 10; 1975 c 432 s 62; 1Sp1997 c 4 art 4 s 15; 1998 c 397 art 7 s 64,164; art 11 s 3*