

**127A.49 AID ADJUSTMENTS.**

Subdivision 1. **Omissions.** No adjustments to any aid payments made pursuant to this chapter or chapters 120B, 122A, 123A, 123B, 124D, 124E, 125A, and 126C resulting from omissions in district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 of the next school year, unless otherwise specifically provided by law.

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86, 375.192, or otherwise, the net tax capacity or referendum market value of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor must, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner must pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount must be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

- (1) the net revenue loss as certified by the county auditor, times
- (2) the ratio of:
  - (i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:
    - (A) section 123B.595, if the district received long-term facilities maintenance aid according to that section for the second preceding year;
    - (B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;
    - (C) section 142D.11, subdivision 3, if the district received early childhood family education aid according to section 142D.11 for the second preceding year;
    - (D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;
    - (E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;
    - (F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;
    - (G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;
    - (H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;
    - (I) section 123B.535, subdivision 4, if the district received natural disaster debt service equalization aid according to section 123B.535, subdivision 5, in the second preceding year;
    - (J) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(K) section 126C.10, subdivision 2e, paragraph (b), if the district received local optional aid according to section 126C.10, subdivision 2e, paragraph (c), in the second preceding year; and

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

(ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

**Subd. 3. Excess tax increment.** (a) The county auditor must, prior to February 1 of each year, certify to the commissioner of education the amount of any excess tax increment that accrued to the district during the preceding year. If a return of excess tax increment is made to a district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

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

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

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section 123B.595, if the district received long-term facilities maintenance aid according to that section for the second preceding year;

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

(C) section 142D.11, subdivision 3, if the district received early childhood family education aid according to section 142D.11 for the second preceding year;

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

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

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

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

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

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

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

(K) section 126C.10, subdivision 2e, if the district received local optional aid according to section 126C.10, subdivision 2e, in the second preceding year; and

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

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

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

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

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

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

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

***[See Note.]***

**History:** 1977 c 447 art 6 s 2; 1978 c 764 s 54; 1980 c 609 art 4 s 7; 1981 c 358 art 1 s 30; 1983 c 314 art 1 s 22; art 6 s 11; 1984 c 463 art 6 s 1; art 7 s 12; 1986 c 465 art 2 s 1; 1987 c 291 s 202; 1988 c 718 art 6 s 7,8; 1988 c 719 art 5 s 84; 1989 c 222 s 12,13; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11; 1991 c 130 s 16,17,37; 1992 c 499 art 12 s 11,12,29; 1994 c 465 art 2 s 1; 1994 c 647 art 8 s 5; 1Sp1995 c 3 art 8 s 2,3; art 16 s 13; 1998 c 397 art 4 s 48,51; art 11 s 3; 1999 c 241 art 1 s 51,52; 1Sp2003 c 9 art 5 s 24,25; 1Sp2005 c 5 art 1 s 41,42; 2007 c 146 art 1 s 17,18; 2008 c 363 art 2 s 32,33; 2014 c 312 art 18 s 15,16; 2015 c 21 art 1 s 24,25; 1Sp2015 c 3 art 4 s 10; art 7 s 5; 2019 c 50 art 1 s 35; 1Sp2019 c 11 art 1 s 23; 1Sp2021 c 13 art 1 s 7; 2024 c 80 art 4 s 26; 2024 c 115 art 16 s 42; 1Sp2025 c 10 art 12 s 4

**NOTE:** Subdivision 3, as amended by Laws 2025, First Special Session chapter 10, article 12, section 4, is effective for revenue in fiscal year 2027 and later, except that the changes to paragraph (a) are effective July 1, 2025. Laws 2025, First Special Session chapter 10, article 12, section 4, the effective date.