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123A.001 MS 2006 [Renumbered 15.001]

123A.01 DEFINITIONS.

Subdivision 1. **Definitions.** For purposes of this chapter, the words defined in section 120A.05, have the same meanings.

Subd. 2. **Teacher.** For purposes of this chapter, "teacher" means a teacher as defined in section 122A.40, subdivision 1.

History: *Ex1959 c 71 art 3 s 1; 1998 c 397 art 5 s 2; art 11 s 3*

STATE-APPROVED ALTERNATIVE PROGRAMS

123A.05 STATE-APPROVED ALTERNATIVE PROGRAM ORGANIZATION.

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.

(b) An area learning center is encouraged to cooperate with a service cooperative, an intermediate school district, a local education and employment transitions partnership, public and private secondary and postsecondary institutions, public agencies, businesses, and foundations. Except for a district located in a city of the first class, an area learning center must be established in cooperation with other districts and must serve the geographic area of at least two districts. An area learning center must provide comprehensive educational services to enrolled secondary students throughout the year, including a daytime school within a school or separate site for both high school and middle school level students.

(c) An alternative learning program may serve the students of one or more districts, may designate which grades are served, and may make program hours and a calendar optional.

(d) A contract alternative is an alternative learning program operated by a private organization that has contracted with a school district to provide educational services for students under section 124D.68, subdivision 2.

Subd. 2. **Reserve revenue.** Each district that is a member of an area learning center or alternative learning program must reserve revenue in an amount equal to the sum of (1) at least 90 and no more than 100 percent of the district average general education revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending an area learning center or alternative learning program under this section, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center or alternative learning program. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center or alternative learning program.

Subd. 3. **Access to services.** A state-approved alternative program shall have access to the district's regular education programs, special education programs, technology facilities, and staff. It may contract

with individuals or postsecondary institutions. It shall seek the involvement of community education programs, postsecondary institutions, interagency collaboratives, culturally based organizations, mutual assistance associations, and other community resources, businesses, and other federal, state, and local public agencies.

Subd. 4. **Nonresident pupils.** A pupil who does not reside in the district may attend a state-approved alternative program without consent of the school board of the district of residence.

History: *1987 c 398 art 8 s 34; 1Sp1995 c 3 art 4 s 20; 1996 c 305 art 1 s 138; 1996 c 412 art 4 s 12; 1Sp1997 c 4 art 2 s 32; 1998 c 397 art 5 s 100,101,104; art 11 s 3; 1998 c 398 art 2 s 33; 1999 c 241 art 2 s 4,5; 1Sp2005 c 5 art 1 s 2; 2009 c 96 art 2 s 29; 2014 c 312 art 15 s 1*

123A.06 STATE-APPROVED ALTERNATIVE PROGRAMS AND SERVICES.

Subdivision 1. **Program focus.** (a) The programs and services of a state-approved alternative program must focus on academic and learning skills, applied learning opportunities, trade and vocational skills, work-based learning opportunities, work experience, youth service to the community, transition services, and English language and literacy programs for children whose primary language is a language other than English. Applied learning, work-based learning, and service learning may best be developed in collaboration with a local education and transitions partnership, culturally based organizations, mutual assistance associations, or other community resources. In addition to offering programs, the state-approved alternative program shall coordinate the use of other available educational services, special education services, social services, health services, and postsecondary institutions in the community and services area.

(b) Consistent with the requirements of sections 121A.40 to 121A.56, a school district may provide an alternative education program for a student who is within the compulsory attendance age under section 120A.20, and who is involved in severe or repeated disciplinary action.

Subd. 2. **People to be served.** A state-approved alternative program shall provide programs for secondary pupils. A center may also provide programs and services for elementary and secondary pupils who are not attending the state-approved alternative program to assist them in being successful in school. A center shall use research-based best practices for serving English learners and their parents, taking into account the variations in students' backgrounds and needs and the amount of time and the staff resources necessary for students to overcome gaps in their education and to develop English proficiency and work-related skills. An individualized education program team may identify a state-approved alternative program as an appropriate placement to the extent a state-approved alternative program can provide the student with the appropriate special education services described in the student's plan. Pupils eligible to be served are those who qualify under the graduation incentives program in section 124D.68, subdivision 2, those enrolled under section 124D.02, subdivision 2, or those pupils who are eligible to receive special education services under sections 125A.03 to 125A.24, and 125A.65.

Subd. 3. **Hours of instruction exemption.** Notwithstanding any law to the contrary, the area learning center programs must be available throughout the entire year.

Subd. 4. **Granting a diploma.** Upon successful completion of the area learning center program, a pupil is entitled to receive a high school diploma. The pupil may elect to receive a diploma from either the district of residence or the district in which the area learning center is located or the intermediate district or educational cooperative responsible for the area learning center program.

History: *1987 c 398 art 8 s 35; 1988 c 718 art 6 s 15; 1993 c 146 art 5 s 16; 1Sp1995 c 3 art 4 s 21; 1Sp1997 c 4 art 3 s 17; art 6 s 14; 1998 c 397 art 5 s 104; art 11 s 3; 1998 c 398 art 2 s 34,35; 1998 c 398*

art 5 s 55; 1999 c 241 art 2 s 6,7; 1Sp2003 c 9 art 1 s 1; 2006 c 263 art 1 s 2; 2009 c 96 art 2 s 30; 1Sp2011 c 11 art 3 s 12; 2012 c 239 art 1 s 33; 2014 c 272 art 1 s 28; art 3 s 22; art 6 s 1

123A.07 RESOURCE CENTER FOR OTHER PROGRAMS.

An area learning center must serve as a resource for other districts, educational, community, and business organizations. The center may charge a fee for these services. The following services shall be provided for a region or the state:

(1) information and research for alternative programs;

(2) regional or state workshops on awareness, identification, programs, and support for these pupils;

(3) recommendations for staff qualifications to ensure the most qualified staff can be selected for the programs; and

(4) recommendations for successful learning programs for special education students placed in an alternative setting.

History: *1987 c 398 art 8 s 36; 1998 c 397 art 5 s 104; 1998 c 398 art 2 s 36*

123A.08 STATE-APPROVED ALTERNATIVE PROGRAM FUNDING.

Subdivision 1. **Outside sources for resources and services.** A state-approved alternative program may accept:

(1) resources and services from postsecondary institutions serving state-approved alternative program pupils;

(2) resources from Workforce Investment Act of 1998, Public Law 105-220 programs, including funding for jobs skills training for various groups and the percentage reserved for education;

(3) resources from the Department of Human Services and county welfare funding;

(4) resources from a local education and employment transitions partnership; or

(5) private resources, foundation grants, gifts, corporate contributions, and other grants.

Subd. 2. **General education aid.** Payment of general education aid for nonresident pupils enrolled in area learning centers and alternative learning programs must be made according to section 127A.47, subdivision 7.

Subd. 3. **Special education revenue.** Payment of special education revenue for nonresident pupils enrolled in the state-approved alternative program must be made according to section 127A.47, subdivision 7.

History: *1987 c 398 art 8 s 37; 1988 c 486 s 78; 1Sp1995 c 3 art 4 s 22; 1998 c 397 art 5 s 104; art 11 s 3; 1998 c 398 art 2 s 37; 2009 c 78 art 2 s 30; 2009 c 96 art 2 s 31*

123A.09 DESIGNATING AND APPROVING A CENTER.

The commissioner shall establish a process for state designation and approval of area learning centers that meet the provisions of sections 123A.05 to 123A.08. Any process for designating and approving an area learning center must emphasize the importance of having the area learning center serve students who

have dropped out of school, are homeless, are eligible to receive free or reduced- priced meals, have been suspended or expelled, have been declared truant or are pregnant or parents.

History: *1988 c 718 art 7 s 52; 1991 c 130 s 25; 1994 c 647 art 4 s 27; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 102,104; art 11 s 3; 1998 c 398 art 5 s 55; 2023 c 55 art 9 s 19*

ADMINISTRATIVE SERVICE AGREEMENTS

123A.12 AGREEMENT REGARDING ADMINISTRATIVE SERVICES.

Subdivision 1. **Agreement.** (a) Two or more school districts may enter into an agreement pursuant to section 471.59 to increase efficiency in the delivery of administrative services and to reduce costs by the provision of an administrative service by a district or an entity created by or specified in the agreement and the purchase of that service by one or more other districts that are a party to that agreement.

(b) Administrative services include, but are not limited to:

(1) a superintendent, deputy superintendent, or assistant superintendent;

(2) a principal, assistant principal, or vice principal; or

(3) a director, manager, coordinator, supervisor, dean, or other administrative position regardless of title.

(c) A person providing administrative services to another district pursuant to the agreement shall remain an employee of the employing district or the entity created by or specified in the agreement for all purposes.

Subd. 2. **Levy.** If an administrative position is discontinued in a district as a result of the purchase of administrative services under the agreement in subdivision 1, the district may levy over a period of up to three years for costs approved by the commissioner for retirement incentives or severance pay or other costs related to the discontinuance of that position.

History: *1Sp2005 c 5 art 2 s 49*

EDUCATION DISTRICTS

123A.15 ESTABLISHING EDUCATION DISTRICTS.

Subdivision 1. **Purpose.** The purpose of an education district is to increase educational opportunities for learners by increasing cooperation and coordination among school districts, other governmental units, and postsecondary institutions, and to replace other existing cooperative structures.

Subd. 2. **Agreement to establish an education district; special provision.** (a) Boards meeting the requirements of subdivision 3 may enter into a written agreement to establish an education district. Once established, cities, counties, and other governmental units as defined in section 471.59, may become members of the education district. The agreement and subsequent amendments must be adopted by majority vote of the full membership of each board.

(b) The education district agreement may contain a special provision adopted by the vote of a majority of the full membership of each of the boards of the member districts to allow a postsecondary institution or cities, counties, and other governmental units to become a member of the education district.

Subd. 3. **Requirements for formation.** (a) An education district must have one of the following at the time of formation:

(1) at least five districts;

(2) at least four districts with a total of at least 5,000 pupils in average daily membership; or

(3) at least four districts with a total of at least 2,000 square miles.

Members of an education district must be contiguous. Districts with a cooperation agreement according to section 123A.32 may belong to an education district only as a unit.

(b) A noncontiguous district may be a member of an education district if the commissioner of education determines that:

(1) a district between the education district and the noncontiguous district has considered and is unwilling to become a member; or

(2) a noncontiguous configuration of member districts has sufficient technological or other resources to offer effective levels of programs and services.

Subd. 4. **Meeting with teacher representatives.** Before entering into an agreement, the board of each member district must meet and confer with the exclusive representatives of the teachers of each district proposing to enter the education district.

Subd. 5. **Notice and public hearing on proposed agreement.** Before entering into an agreement, the board of each member district must publish a summary of the proposed agreement and its effect upon the district at least once in a newspaper of general circulation in the district. The board must conduct a public hearing on the proposed agreement not more than ten days after the notice and at least 30 days before entering into an agreement.

Subd. 6. **Service cooperatives to assist in establishing education districts.** If requested, service cooperatives must provide assistance to districts in establishing education districts. The assistance may include determination of appropriate boundaries of the education district and development of the agreement. The service cooperatives may provide any other services requested by the education district.

History: *1987 c 398 art 8 s 2; 1988 c 718 art 6 s 3; 1989 c 329 art 6 s 19-23; 1990 c 562 art 6 s 8,9; 1991 c 265 art 6 s 19; 1994 c 647 art 6 s 42; art 13 s 2; 1Sp1995 c 3 art 9 s 13-15; 1996 c 305 art 1 s 138; 1998 c 397 art 5 s 77-81,104; art 11 s 3; 1998 c 398 art 5 s 55; 2003 c 130 s 12*

123A.16 EDUCATION DISTRICT BOARD.

Subdivision 1. **School district representation.** The education district board shall be composed of at least one representative appointed by the school board or governing board of each member. Each representative must be a member of the appointing school or governing board. Each representative shall serve at the pleasure of the appointing board and may be recalled by a majority vote of the appointing board. Each representative shall serve for the term that is specified in the agreement. The board shall select its officers from among its members and shall determine the terms of the officers. The board shall adopt bylaws for the conduct of its business. The board may conduct public meetings via interactive television if the board complies with chapter 13D in each location where board members are present.

Subd. 2. **Postsecondary representation.** The education district board may appoint, with the approval of the member postsecondary institution, a representative from one or more member postsecondary institutions

as a member of the education district board. Each postsecondary representative shall serve at the pleasure of the education district board and may be recalled by a majority vote of the education district board. The education district agreement may specify issues on which a postsecondary representative may vote.

History: *1987 c 398 art 8 s 3; 1989 c 329 art 6 s 24; 1991 c 44 s 1; 1994 c 647 art 6 s 42; 1Sp1995 c 3 art 9 s 16; 1998 c 397 art 5 s 104*

123A.17 POWERS AND DUTIES OF AN EDUCATION DISTRICT BOARD.

Subdivision 1. **Coordination.** An education district board shall coordinate the programs and services of the education district according to the terms of the written agreement. The board shall implement the agreement for delivering educational services defined in section 123A.21, subdivisions 7 and 8, needed in the education district.

Subd. 2. **Personnel.** The board may employ personnel as necessary to provide and support the programs and services of the education district. Education district staff shall participate in retirement programs. Notwithstanding section 123B.143, subdivision 1, a member district of an education district may contract with the education district to obtain the services of a superintendent. The person to provide the services need not be employed by the education district or a member district at the time the contract is entered into.

Subd. 3. **Contracts.** The board may enter into contracts with districts and other public and private agencies to provide services needed in the education district.

Subd. 4. **General law.** The board shall be governed, unless specifically provided otherwise, by laws applicable to independent school districts.

Subd. 5. **Advisory council.** An advisory council, consisting of representatives from the program areas covered by the agreement, shall be appointed by the Education District Board.

Subd. 6. **Report to members.** The board shall submit at least an annual report to the member districts and an annual report to the commissioner of education about the activities of the education district.

Subd. 7. **Discontinuing grades.** The board of a district that is a member of an education district may discontinue any of kindergarten through grade 12 or part of those grades and provide instruction for those grades or parts of grades within the education district.

History: *1987 c 398 art 8 s 4; 1989 c 329 art 6 s 25-27; 1994 c 647 art 6 s 42; 1Sp1995 c 3 art 9 s 17; 1998 c 397 art 5 s 82,83,104; art 11 s 3; 1998 c 398 art 5 s 55; 2003 c 130 s 12*

123A.18 EDUCATION DISTRICT AGREEMENT.

Subdivision 1. **Adoption; content; review.** An education district board shall adopt a comprehensive agreement for continuous learning. The agreement must address methods to improve the educational opportunities available in the education district. The education district board shall review the agreement annually and propose necessary amendments to the member districts.

Subd. 2. **Extended year instruction.** The agreement may provide opportunities for pupils to receive instruction throughout the entire year and for teachers to coordinate educational opportunities and provide instruction throughout the entire year. A teacher who is employed for the extended year may develop, in consultation with pupils and parents, individual educational programs for not more than 125 pupils.

Subd. 3. **Attendance in other districts.** (a) The agreement may provide for a pupil who is a resident of a member district to enroll in programs or courses offered by another member district or transfer to another

member district. A pupil and parent shall consult with a career teacher, counselor, or principal before transferring to another district. The agreement shall specify procedures for reimbursement among the member districts. The district of residence shall count all resident pupils who enroll in programs or courses or transfer to another district as its pupils for the purpose of state aid and levy limitations. The agreement shall determine whether transportation is available for pupils enrolled in programs or courses or transferring to another district.

(b) Paragraph (a) does not limit any rights or duties under section 124D.03.

History: *1987 c 398 art 8 s 5; 1989 c 329 art 6 s 28,29; 1990 c 562 art 6 s 11,12; 1991 c 265 art 3 s 38; art 6 s 20,21; 1994 c 647 art 6 s 42; 1Sp1995 c 3 art 9 s 18; 1998 c 397 art 5 s 104; art 11 s 3; 1998 c 398 art 5 s 55; 1Sp2003 c 9 art 1 s 2*

123A.19 TEACHING POSITIONS.

Subdivision 1. **Teacher defined.** For the purposes of this section, "teacher" does not include a superintendent.

Subd. 2. **Negotiated plan for filling positions.** The boards in all member districts and exclusive bargaining representatives of the teachers in all member districts may negotiate a plan for filling positions resulting from implementation of the education district agreement. If the plan is negotiated among the member districts and the exclusive bargaining representative of each member district and unanimously agreed upon, in writing, the education district must include the plan in the education district agreement. If a plan is not negotiated, the education district is governed by subdivision 3.

Subd. 3. **Filling positions without a negotiated plan.** (a) When an education district board or a member board is filling a position resulting from implementation of the agreement, the board may offer the position to a teacher currently employed by a member district according to the exchange teacher provisions of section 122A.54.

(b) If the position is not filled by a currently employed teacher, the board must offer the position to an available teacher in the order of seniority in fields of licensure on a combined seniority list of all available teachers in the member districts. For the purpose of establishing a combined seniority list, each district must be considered to have started school each year on the same date. An available teacher is a teacher in a member district who:

(1) was placed on unrequested leave of absence by a member district, according to section 122A.40, subdivision 10, not more than one year before the initial formation of an education district as a result of an intention to enter into an education district agreement;

(2) was placed on unrequested leave of absence by a member district, according to section 122A.40, subdivision 10, as a result of implementing the education district agreement, after the formation of the education district; or

(3) is placed on unrequested leave of absence by a member district, according to section 122A.40, subdivision 10, as a result of implementing the education district, in the same year the position is filled.

(c) If no currently employed teacher or available teacher accepts the position, the board may fill the position with any other teacher.

(d) Any teacher who has been placed on unrequested leave of absence or who has been terminated has a right to a position only as long as the teacher has a right to reinstatement in a member district under section 122A.40, subdivision 10.

Subd. 4. **Probation and termination.** Notwithstanding section 122A.40, subdivision 5, a teacher who has acquired continuing contract rights in a member district and who transfers employment from a member district to the education district or to another member district does not have to serve a probationary period. A teacher who is terminated or discharged by a member district according to section 122A.40, subdivision 9 or 13, or 122A.41, subdivision 6, has no right to any position under this section.

Subd. 5. **Determining whether unrequested leave or termination results from implementing agreement.** When a school board that intends to enter into an education district agreement, and at the time a board that has entered into an education district agreement places a teacher on unrequested leave of absence, according to section 122A.40, subdivision 10, the board must make a determination whether the placement or termination is a result of implementing the education district agreement. That determination must be included in the notice of proposed placement or termination, may be reviewed at a hearing upon request of the teacher, and must be included in the notice of final action of the board. If the determination is not disputed by the teacher before June 1 or the final date required for action by the board, the teacher shall be deemed to acquiesce in the board's determination.

History: *1987 c 398 art 8 s 6; 1989 c 329 art 6 s 31,32; 1994 c 647 art 6 s 42; 1998 c 397 art 5 s 84-87,104; art 11 s 3; 2020 c 83 art 1 s 26,27*

SERVICE COOPERATIVES; COOPERATIVE CENTERS; INFORMATION CENTERS; COOPERATIVE UNITS

123A.21 SERVICE COOPERATIVES.

Subdivision 1. **Establishment of service cooperatives.** (a) Ten service cooperatives, hereafter designated as SCs, are established. Geographical boundaries for each SC shall coincide with those identified in governor's executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973, issued pursuant to the Regional Development Act of 1969, sections 462.381 to 462.397, with the following exceptions:

(1) development regions one and two shall be combined to form a single SC;

(2) development regions six east and six west shall be combined to form a single SC; and

(3) development regions seven east and seven west shall be combined to form a single SC.

(b) The SC shall cooperate with the regional development commission for the region with which its boundaries coincide but shall not be responsible to nor governed by that regional development commission.

(c) Two or more identified SCs may, upon approval by a majority of the members in each affected SC, be combined and administered as a single SC.

Subd. 2. **Purpose of SC.** The primary purposes of designation as a SC shall be to perform planning on a regional basis and to assist in meeting specific needs of clients in participating governmental units which could be better provided by a SC than by the members themselves. The SC must provide those programs and services which are determined, pursuant to subdivision 7, to be priority needs of the particular region and must assist in meeting special needs which arise from fundamental constraints upon individual members.

Subd. 3. **Membership and participation.** Full membership in a SC shall be limited to public school districts, cities, counties, and other governmental units as defined in section 471.59, but nonvoting memberships shall be available to nonpublic school administrative units and other partnership agencies or organizations within the SC. A school district, city, county, or other governmental unit or nonprofit organization may belong to one or more SCs. Participation in programs and services provided by the SC shall be discretionary. No school district, city, county, or other governmental unit shall be compelled to participate in these services under authority of this section. Nonpublic school students and personnel are encouraged to participate in programs and services to the extent allowed by law.

Subd. 4. **Governing board.** (a) The care, management, and control of a SC shall be vested in a board of directors composed of not less than six nor more than 15 members. A majority of the members of the SC board of directors shall be current members of school boards of participating public school districts. Election of the school board members to the SC board of directors shall be by vote of all current school board members of participating public school districts with each school board member having one vote. The remaining board members may be representatives at large appointed by the board members or elected as representatives by other participating agencies, such as cities, counties, or other governmental units.

(b) The election timeline shall be compatible with those for school board members and shall be addressed within the bylaws of each SC.

(c) A vacancy on the SC board which results in an unexpired term may be filled by appointment by the SC board of directors until such vacancy can be filled at the next board election.

(d) At the organizational meeting, the SC board shall choose its officers and conduct any other necessary organizational business. The SC board may, at its discretion, appoint up to three members at large to the SC board as ex officio, nonvoting members of the board and shall encourage the advisory participation of a cross-section of school and agency personnel within the SC to the extent allowed by law.

(e) The officers of the SC board shall be a chair, vice-chair, clerk, and treasurer, no two of whom when possible shall be from the same agency.

(f) A member of the SC board shall have the same liability applicable to a member of an independent school board or other elected governmental officials.

Subd. 5. **Duties and powers of SC board of directors.** The board of directors shall have authority to maintain and operate a SC. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit, by June 1 of each year to each participating member, an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the needs of the SC.

(b) The SC board of directors shall provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise.

(c) The SC board of directors shall employ a central administrative staff and other personnel as necessary to provide and support the agreed-upon programs and services. The board may discharge staff and personnel pursuant to applicable provisions of law. SC staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The SC board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents, lay persons, and representatives from cities, counties, and other governmental units.

(e) The SC board of directors may employ service area personnel pursuant to licensure and certification standards developed by the appropriate state agency such as the commissioner and the Professional Educator Licensing and Standards Board.

(f) The SC board of directors may enter into contracts with school boards of local districts including school districts outside the SC area.

(g) The SC board of directors may enter into contracts with other public and private agencies and institutions to provide administrative staff and other personnel as necessary to furnish and support the agreed-upon programs and services.

(h) The SC board of directors shall exercise all powers and carry out all duties delegated to it by members under provisions of the SC bylaws. The SC board of directors shall be governed, when not otherwise provided, by applicable laws of the state.

(i) The SC board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the members by September 1 of each year following the previous June 30 in which the programs and services were provided.

(j) The SC board is encouraged to establish cooperative, working relationships and partnerships with postsecondary educational institutions, other public agencies, business, and industry.

Subd. 6. **Appointment of advisory council.** There may be advisory councils selected to give advice and counsel to the SC board of directors. The councils may be composed of representatives from public and nonpublic schools, cities, counties, and other governmental units.

Subd. 7. **Educational programs and services.** (a) The board of directors of each SC shall submit annually a plan to the members. The plan shall identify the programs and services which are suggested for implementation by the SC during the following year and shall contain components of long-range planning determined by the SC. These programs and services may include, but are not limited to, the following areas:

(1) administrative services;

(2) curriculum development;

(3) data processing;

(4) distance learning and other telecommunication services;

(5) evaluation and research;

(6) staff development;

(7) media and technology centers;

(8) publication and dissemination of materials;

(9) pupil personnel services;

(10) planning;

(11) secondary, postsecondary, community, adult, and adult vocational education;

(12) teaching and learning services, including services for students with special talents and special needs;

(13) employee personnel services;

(14) vocational rehabilitation;

(15) health, diagnostic, and child development services and centers;

(16) leadership or direction in early childhood and family education;

(17) community services;

(18) shared time programs;

(19) fiscal services and risk management programs, including health insurance programs providing reinsurance or stop loss coverage;

(20) technology planning, training, and support services;

(21) health and safety services;

(22) student academic challenges; and

(23) cooperative purchasing services.

An SC is subject to regulation and oversight by the commissioner of commerce under the insurance laws of this state when operating a health reinsurance program pursuant to clause (19) providing reinsurance or stop loss coverage.

(b) A group health, dental, or long-term disability coverage program provided by one or more service cooperatives may provide coverage to nursing homes licensed under chapter 144A and to boarding care homes licensed under sections 144.50 to 144.56 and certified for participation in the medical assistance program located in this state.

(c) A group health, dental, or long-term disability coverage program provided by one or more service cooperatives:

(1) must rebid contracts for insurance and third-party administration at least every four years. The contracts may be regional or statewide in the discretion of the SC; and

(2) may determine premiums for its health, dental, or long-term disability coverage individually for specific employers or may determine them on a pooled or other basis established by the SC.

Subd. 8. **Technical assistance.** Service cooperatives shall, to the extent possible, make technical assistance for long-range planning available to school districts upon request and shall establish a common database for local and regional decision making.

Subd. 9. **Financial support for the service cooperatives.** (a) Financial support for SC programs and services shall be provided by participating members with private, state, and federal financial support supplementing as available. The SC board of directors may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district, nonpublic school administrative unit, city, county, and other governmental unit its proportionate share of all expenses. This share shall be based upon the extent of participation by each

school district, nonpublic school administrative unit, city, county, or other governmental unit and shall be in the form of a service fee. Each participating school district, nonpublic school administrative unit, city, county, or other governmental unit shall remit its assessment to the SC board as provided in the SC bylaws. The assessments shall be paid within the maximum levy limitations of each participating member. No participating member shall have any additional liability for the debts or obligations of the SC except that assessment which has been certified as its proportionate share and any other liability the member assumes under section 123A.24, subdivisions 1 and 2.

(b) Any property acquired by the SC board is public property to be used for essential public and governmental purposes which shall be exempt from all taxes and special assessments levied by a city, county, state, or political subdivision thereof. If the SC is dissolved, its property must be distributed to the members at the time of the dissolution.

(c) A member may elect to withdraw participation in the SC by a majority vote of its full board membership and upon compliance with the applicable withdrawal provisions of the SC organizational agreement. The withdrawal shall be effective on the June 30 following receipt by the board of directors of written notification of the withdrawal by February 1 of the same year. Notwithstanding the withdrawal, the proportionate share of any expenses already certified to the withdrawing member for the SC shall be paid to the SC board.

(d) The SC is a public corporation and agency and its board of directors may make application for, accept, and expend private, state, and federal funds that are available for programs of the members.

(e) The SC is a public corporation and agency and as such, no earnings or interests of the SC may inure to the benefit of an individual or private entity.

Subd. 10. **Annual meeting.** Each SC shall conduct a meeting at least annually for its members.

Subd. 11. **Joint Powers Act.** Nothing in this section shall restrict the authority granted to school district boards of education by section 471.59.

Subd. 12. **Health coverage pool comparison shopping.** (a) Service cooperatives must permit school districts and other political subdivisions participating in a service cooperative health coverage pool to solicit bids and other information from competing sources of health coverage at any time other than within five months prior to the end of a master agreement.

(b) A service cooperative must not impose a fine or other penalty against an enrolled entity for soliciting a bid or other information during the allowed period. The service cooperative may prohibit the entity from participating in service cooperative coverage for a period of up to one year, if the entity leaves the service cooperative pool and obtains other health coverage.

(c) A service cooperative must provide each enrolled entity with the entity's monthly claims data. This paragraph applies notwithstanding section 13.203.

History: *1Sp1995 c 3 art 9 s 25; 1998 c 397 art 5 s 97,104; art 11 s 3; 1998 c 398 art 5 s 55; 2006 c 255 s 72,73; 1Sp2017 c 5 art 12 s 22*

123A.215 INNOVATIVE TECHNOLOGY COOPERATIVE.

Subdivision 1. **Establishment and organization.** (a) Two or more independent school districts may enter into an agreement to establish an innovative cooperative center to provide for technology and other educational services upon the vote of a majority of the full membership of each of the boards of the districts

entering into the agreement. The agreement may also provide for membership by a Minnesota state college or university under section 136F.01. When a resolution approving this action has been adopted by the board of a district, the resolution shall be published once in a newspaper of general circulation in the district.

(b) The agreement may provide for the center to be organized into up to four regions. A region may consist of only school districts, only higher education institutions, or a combination of both.

Subd. 2. **Name.** A public corporation so created shall be known as ....(insert name).... Cooperative Center No. ..... and shall have an identification number assigned according to section 123A.56.

Subd. 3. **Governing board.** (a) The center must be operated by a center board consisting of 12 members. Membership on the center board must be established according to the bylaws and approved by every member of the cooperative.

(b) The terms of office of the first members of the center board must be determined by lot as follows: one-third of the members for one year, one-third of the members for two years, and the remainder of the members for three years, all terms to expire on June 30 of the appropriate year. Thereafter the terms shall be for three years commencing on July 1 of each year. If a vacancy occurs on the center board, it must be filled by the district, by the members of the appropriate region, or by the higher education members, within 90 days. A person appointed to the center board shall qualify as a center board member by filing with the chair a written certificate of appointment from the appointing school board.

(c) The first meeting of a center board must be at a time mutually agreed upon by center board members. At this meeting, the center board must choose its officers and conduct any other necessary organizational business. Thereafter, the center board must meet on July 1 of each year or as soon thereafter as practicable pursuant to notice sent to all center board members by the chief executive officer of the center.

(d) The officers of the center board shall be a chair, vice-chair, clerk, and treasurer, no two of whom when possible shall be from the same school district. The chair shall preside at all meetings of the center board, except that in the chair's absence the vice-chair shall preside. The clerk shall keep a complete record of the minutes of each meeting and the treasurer shall be the custodian of the funds of the center. Insofar as applicable, sections 123B.09, 123B.14, 123B.143, and 123B.147, shall apply to the board and officers of the center.

(e) A majority of the center board shall be a quorum. Any motion other than adjournment shall pass only upon receiving a majority of the votes of the entire center board.

Subd. 4. **Center powers and duties.** (a) The center board shall have the general charge of the business of the center. Where applicable, sections 123B.51 and 123B.52, subdivision 4, shall apply. The center board may not issue bonds on its behalf.

(b) The center board may furnish technology offerings to any eligible person residing in any participating district and may provide any other educational programs or services agreed upon by the participating members. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

(c) The center board must employ an executive director, contract with necessary qualified teachers and administrators, and may discharge the same for cause pursuant to section 122A.40. The authority for selection and employment of a director shall be vested in the center board. Notwithstanding the provisions of section 122A.40, subdivision 10 or 11, no individual shall have a right to employment as a director based on seniority or order of employment by the center. The center board may employ and discharge other necessary employees and may contract for other services deemed necessary.

(d) The center board may prescribe rates of tuition for services provided to nonmember students.

Subd. 5. **Finances.** (a) The center board established under this section is a public corporation and agency and may receive and disburse federal, state, and local funds made available to it. A participating school district or member must not have any additional individual liability for the debts or obligations of the center except that assessment which has been certified as its proportionate share in accordance with paragraph (b) and subdivision 4. A member of the center board shall have the liability that is applicable to a member of an independent school district board. Any property, real or personal, acquired or owned by the center board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

(b) The center board may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district its proportionate share of any and all expenses. This share must be based upon an equitable distribution formula agreed upon by the participating districts. Each participating district shall remit its assessment to the center board within 30 days after receipt.

Subd. 6. **Laws governing independent school districts apply.** As of the effective date of the creation of any center as contained in the agreement establishing the center, the organization, operation, maintenance, and conduct of the affairs of the center shall be governed by the general laws relating to independent school districts of the state unless provided otherwise in statute. The center does not have the authority to issue bonds or impose a property tax levy.

Subd. 7. **Addition and withdrawal of districts.** Upon approval by majority vote of a school board and of the center board, an adjoining district may become a member in the center and be governed by the provisions of this section and the agreement in effect. Any participating district may withdraw from the center and from the agreement in effect by a majority vote of the full board membership of the participating district desiring withdrawal and upon compliance with provisions in the agreement establishing the center. Upon receipt of the withdrawal resolution reciting the necessary facts, the center board must file a certified copy with the county auditors of the counties affected. The withdrawal shall become effective at the end of the next following school year, but the withdrawal shall not affect the continued liability of the withdrawing district for liabilities incurred prior to the effective withdrawal date.

Subd. 8. **Dissolution.** The boards of each participating district may agree to dissolve the center effective at the end of any school year or at an earlier time as they may mutually agree. A dissolution must be accomplished in accordance with any applicable provisions of the agreement establishing the center. Upon receipt of the dissolution resolutions from the boards of the participating districts, the center board shall file a certified copy with the county auditors of the counties affected. The dissolution must not affect the continuing liability of the previously participating districts for any continuing obligations, including unemployment benefits.

History: *2014 c 272 art 3 s 23*

123A.22 COOPERATIVE CENTERS FOR VOCATIONAL EDUCATION.

Subdivision 1. **Establishment.** Two or more independent school districts may enter into an agreement to establish a cooperative center to provide for vocational education and other educational services upon the vote of a majority of the full membership of each of the boards of the districts entering into the agreement. The agreement may also provide for membership by cities, counties, and other governmental units as defined in section 471.59. When a resolution approving this action has been adopted by the board of a district, the resolution shall be published once in a newspaper of general circulation in the district. If a petition for referendum on the question of the district entering into the agreement, containing signatures of qualified

voters of the district equal to five percent of the number of voters at the last school district general election, is filed with the clerk of the board within 60 days after publication of the resolution, the board must not enter into the agreement until the question has been submitted to the voters of the district at a special election. This election must be conducted and canvassed in the same manner as school district general elections. If a majority of the total number of votes cast on the question within the district is in favor of the proposition, the board may enter into an agreement to establish the center for purposes described in this section.

Subd. 2. **Name.** A public corporation so created shall be known as ....(insert name).... Cooperative Center No. ..... and shall have an identification number assigned pursuant to section 123A.56.

Subd. 3. **Governing board.** (a) The center must be operated by a center board of not less than five members which shall consist of members from boards of each of the participating districts within the center and member cities, counties, and other governmental units, appointed by their respective boards. Each participating district must have at least one member on the center board. The center board must choose an administrative officer to administer center board policy and directives who shall serve as an ex officio member of the board but shall not have a vote.

(b) The terms of office of the first members of the center board must be determined by lot as follows: one-third of the members for one year, one-third for two years, and the remainder for three years, all terms to expire on June 30 of the appropriate year; provided that if the number of members is not evenly divisible by three, the membership will be as evenly distributed as possible among one, two and three-year terms with the remaining members serving the three-year term. Thereafter the terms shall be for three years commencing on July 1 of each year. If a vacancy occurs on the center board, it must be filled by the appropriate school board within 90 days. A person appointed to the center board shall qualify as a center board member by filing with the chair a written certificate of appointment from the appointing school board.

(c) The first meeting of a center board must be at a time mutually agreed upon by center board members. At this meeting, the center board must choose its officers and conduct any other necessary organizational business. Thereafter the center board must meet on July 1 of each year or as soon thereafter as practicable pursuant to notice sent to all center board members by the chief executive officer of the center.

(d) The officers of the center board shall be a chair, vice-chair, clerk and treasurer, no two of whom when possible shall be from the same school district. The chair shall preside at all meetings of the center board except in the chair's absence the vice-chair shall preside. The clerk shall keep a complete record of the minutes of each meeting and the treasurer shall be the custodian of the funds of the center. Insofar as applicable, sections 123B.09, 123B.14, 123B.143, and 123B.147, shall apply to the board and officers of the center.

(e) Each participating district must have equal voting power with at least one vote. A majority of the center board shall be a quorum. Any motion other than adjournment shall pass only upon receiving a majority of the votes of the entire center board.

Subd. 4. **Center board powers and duties.** (a) The center board shall have the general charge of the business of the center and the ownership of facilities. Where applicable, sections 123B.51 and 123B.52, subdivision 4, shall apply. The center board may not issue bonds in its behalf. Each participating district may issue its bonds for the purpose of acquisition and betterment of center facilities in the amount certified by the center board to such participating district in accordance with chapter 475.

(b) The center board (1) may furnish vocational offerings to any eligible person residing in any participating district; (2) may provide special education for the disabled and disadvantaged; and (3) may provide any other educational programs or services defined in section 123A.21, subdivisions 7 and 8, agreed

upon by the participating members. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

(c) In accordance with subdivision 5, paragraph (b), the center board shall certify to each participating district the amount of funds assessed to the district as its proportionate share required for the conduct of the educational programs, payment of indebtedness, and all other proper expenses of the center.

(d) The center board must employ and contract with necessary qualified teachers and administrators and may discharge the same for cause pursuant to section 122A.40. The authority for selection and employment of a director shall be vested in the center board. Notwithstanding the provisions of section 122A.40, subdivision 10 or 11, no individual shall have a right to employment as a director based on seniority or order of employment by the center. The center board may employ and discharge other necessary employees and may contract for other services deemed necessary.

(e) The center board may provide an educational program for secondary and adult vocational phases of instruction. The high school phase of its educational program must be offered as a component of the comprehensive curriculum offered by each of the participating school districts. Graduation must be from the student's resident high school district. Insofar as applicable, sections 120A.22, subdivision 1a, 120B.14, 120B.35, 121A.21, 122A.44, 122A.69, 123A.22, 123A.24, 123B.02, subdivisions 1 to 15 and 17 to 20, 123B.49, 123B.51, 123B.52, 123B.88, 124D.02, 124D.09, and 124D.51, shall apply.

(f) The center board may prescribe rates of tuition for attendance in its programs by adults and nonmember district secondary students.

Subd. 5. **Financing.** (a) Any center board established pursuant to this section is a public corporation and agency and may receive and disburse federal, state, and local funds made available to it. A participating school district or member must not have any additional individual liability for the debts or obligations of the center except that assessment which has been certified as its proportionate share in accordance with paragraph (b) and subdivision 4, paragraphs (a) and (c). A member of the center board shall have such liability as is applicable to a member of an independent school district board. Any property, real or personal, acquired or owned by the center board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

(b) The center board may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district its proportionate share of any and all expenses. This share must be based upon an equitable distribution formula agreed upon by the participating districts. Each participating district shall remit its assessment to the center board within 30 days after receipt. The assessments shall be paid within the maximum levy limitations of each participating district.

Subd. 6. **Commissioner approval.** Before a center begins operation, the commissioner must approve the agreement establishing the center entered into by participating districts.

Subd. 7. **Laws governing independent school districts apply.** As of the effective date of the creation of any center as contained in the agreement establishing the center, the organization, operation, maintenance, and conduct of the affairs of the center shall be governed by the general laws relating to independent school districts of the state unless provided otherwise in statute.

Subd. 8. **Addition and withdrawal of districts.** Upon approval by majority vote of a board and of the center board, an adjoining district may become a member in the center and be governed by the provisions of this section and the agreement in effect.

Any participating district may withdraw from the center and from the agreement in effect by a majority vote of the full board membership of the participating district desiring withdrawal and upon compliance with provisions in the agreement establishing the center. Upon receipt of the withdrawal resolution reciting the necessary facts, the center board must file a certified copy with the county auditors of the counties affected. The withdrawal shall become effective at the end of the next following school year but the withdrawal shall not affect the continued liability of the withdrawing district for bonded indebtedness it incurred prior to the effective withdrawal date.

Subd. 9. **Dissolution.** The boards of each participating district may agree to dissolve a center effective at the end of any school year or at an earlier time as they may mutually agree. A dissolution must be accomplished in accordance with any applicable provisions of the agreement establishing the center. Upon receipt of the dissolution resolutions from the boards of the participating districts, the center board shall file a certified copy with the county auditors of the counties affected. The dissolution must not affect the continuing liability of the previously participating districts for bonded indebtedness incurred prior to the dissolution, or for other continuing obligations, including unemployment benefits.

Subd. 10. **Existing centers.** Centers operating pursuant to section 471.59 which have been approved by the State Board of Education prior to August 1, 1974, shall be subject to its provisions except subdivision 1. Any changes in center agreements necessary to comply with this section shall be completed within 12 months after August 1, 1974, and filed with the commissioner by the administrator of each center. Centers operating pursuant to Laws 1967, chapter 822, as amended, Laws 1969, chapter 775, as amended, and Laws 1969, chapter 1060, as amended, shall not be subject to the provisions of this section.

Subd. 11. MS 2006 [Repealed, 2007 c 146 art 11 s 19]

History: *1974 c 252 s 1; 1977 c 447 art 5 s 1,2; 1982 c 548 art 5 s 2; 1983 c 314 art 7 s 19; 1986 c 444; 1987 c 266 art 2 s 10; 1988 c 718 art 6 s 4; 1991 c 265 art 6 s 23; 1992 c 499 art 6 s 39; 1993 c 224 art 13 s 18-20; 1994 c 488 s 8; 1994 c 647 art 6 s 14,42; 1Sp1995 c 3 art 9 s 21-24; 1996 c 412 art 13 s 12; 1998 c 397 art 5 s 91-96,104; art 11 s 3; 1999 c 107 s 66; 2000 c 254 s 4,5; 2000 c 343 s 4; 2000 c 489 art 10 s 21; 2005 c 56 s 1*

123A.23 REGIONAL MANAGEMENT INFORMATION CENTERS.

Subdivision 1. **Creation.** Any group of two or more independent, special or common school districts may create a regional management information center pursuant to section 123A.21 or 471.59 to provide computer services to school districts.

Subd. 2. **Center for districts with alternative systems.** Districts that operate alternative systems approved by the commissioner according to section 125B.07, subdivision 4, may create one regional management information center under section 471.59. The center shall have all of the powers authorized under section 471.59.

The center board may purchase or lease equipment. It may not employ any staff but may enter into a term contract for services. A person providing services according to a contract with the center board is not a state employee.

The department shall provide the center all services that are provided to regional centers formed under subdivision 1, including transferring software and providing accounting assistance.

Subd. 3. **Fees.** Regional management information centers may charge fees to affiliated districts for the cost of services provided to the district.

Subd. 4. **Financial management information services.** Regional management information centers may provide financial management information services to cities, counties, towns, or other governmental units at mutually negotiated prices.

History: *1980 c 609 art 7 s 14; 1981 c 358 art 5 s 4,5; 1984 c 463 art 7 s 5,6; 1987 c 258 s 12; 1987 c 398 art 7 s 11; 1989 c 329 art 11 s 6; 1990 c 562 art 8 s 11-13; 1991 c 265 art 6 s 4,5; art 9 s 23-26; 1992 c 499 art 6 s 3,4; art 8 s 3; 1993 c 224 art 13 s 10,11; art 14 s 16; 1994 c 465 art 2 s 1; 1994 c 647 art 6 s 2,42; 1Sp1995 c 3 art 9 s 12; art 13 s 3; 1996 c 412 art 13 s 8; 1997 c 397 art 5 s 104; art 11 s 3*

123A.24 WITHDRAWING FROM COOPERATIVE UNIT; APPEALING DENIAL OF MEMBERSHIP.

Subdivision 1. **Distribution of assets and liabilities.** (a) If a district withdraws from a cooperative unit defined in subdivision 2, the distribution of assets and assignment of liabilities to the withdrawing district shall be determined according to this subdivision.

(b) The withdrawing district remains responsible for its share of debt incurred by the cooperative unit according to section 123B.02, subdivision 3. The district and cooperative unit may mutually agree, through a board resolution by each, to terms and conditions of the distribution of assets and the assignment of liabilities.

(c) If the cooperative unit and the district cannot agree on the terms and conditions, the commissioner shall resolve the dispute by determining the district's proportionate share of assets and liabilities based on the district's enrollment, financial contribution, usage, or other factor or combination of factors determined appropriate by the commissioner. If the dispute requires the commissioner to involve an administrative law judge, any fees due to the Court of Administrative Hearings must be equally split between the district and cooperative unit. The assets must be disbursed to the withdrawing district in a manner that minimizes financial disruption to the cooperative unit.

(d) Assets related to an insurance pool shall not be disbursed to a member district under paragraph (c).

Subd. 2. **Cooperative unit defined.** For the purposes of this section, a cooperative unit is:

(1) an education district organized under sections 123A.15 to 123A.19;

(2) a cooperative vocational center organized under section 123A.22;

(3) an intermediate district organized under chapter 136D;

(4) a service cooperative organized under section 123A.21;

(5) a regional management information center organized under section 123A.23 or as a joint powers district according to section 471.59; or

(6) a special education cooperative organized under section 471.59.

Subd. 3. **Appealing denial of membership to commissioner.** If a cooperative unit as defined in subdivision 2, denies membership in the unit to a district, the district may appeal to the commissioner. The commissioner may require the cooperative unit to grant the district membership.

History: *Ex1959 c 71 art 4 s 17; 1961 c 225 s 1; 1967 c 173 s 2; 1969 c 21 s 1; 1969 c 104 s 1; 1973 c 491 s 1; 1975 c 359 s 23; 1978 c 616 s 5; 1979 c 334 art 6 s 9; 1980 c 609 art 6 s 16; 1981 c 194 s 1; 1981 c 358 art 7 s 22; 1982 c 548 art 6 s 4; 1986 c 444; 1987 c 309 s 24; 1987 c 398 art 7 s 20; 1988 c 626*

s 1; 1988 c 668 s 2; 1988 c 718 art 7 s 21; 1991 c 265 art 6 s 22; art 9 s 36; 1992 c 499 art 12 s 8; 1993 c 224 art 12 s 16; art 13 s 17; 1994 c 647 art 6 s 11-13; 1Sp1995 c 3 art 9 s 20; art 16 s 13; 1996 c 412 art 3 s 10; art 6 s 1; 1Sp1997 c 4 art 6 s 7; art 7 s 4; 1998 c 397 art 1 s 54; art 3 s 53; art 5 s 88-90,104; art 6 s 62-68; art 8 s 1,2; art 11 s 3; 1998 c 398 art 6 s 17; 1Sp2015 c 3 art 7 s 1; 2016 c 189 art 27 s 2; 2025 c 39 art 2 s 68

123A.245 COOPERATIVE UNITS; ELIGIBILITY FOR GRANTS.

A cooperative unit, through its governing board, may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources.

History: *1999 c 241 art 9 s 18*

123A.25 COOPERATIVE UNIT; INSURANCE POOLS.

Any cooperative unit defined in section 123A.24, subdivision 2, that directly manages a health insurance pool or provides health insurance coverage through an insurance pool as a service to members must create a labor-management committee representative of the groups covered by the pool to advise the governmental unit on management matters of the coverage.

History: *1994 c 647 art 6 s 10; 1998 c 397 art 5 s 104; art 11 s 3*

123A.26 COOPERATIVE UNITS; PROHIBITED AID AND LEVIES.

Subdivision 1. **General prohibition.** Unless specifically permitted in the provision authorizing an aid or a levy, cooperative units of government defined in section 123A.24, subdivision 2, are prohibited from making a property tax levy or qualifying for or receiving any form of state aid except as provided in subdivision 2.

Subd. 2. **Grants.** A cooperative unit may apply for and receive a grant on behalf of its members.

Subd. 3. MS 2018 [Repealed, 1Sp2019 c 11 art 1 s 26]

History: *1994 c 647 art 6 s 22; 1Sp1995 c 3 art 9 s 27; 1Sp1997 c 4 art 3 s 11; 1998 c 397 art 5 s 104; art 11 s 3; 2025 c 20 s 92*

123A.27 RESERVED REVENUE FOR DISTRICT COOPERATION.

A district that was a member of an intermediate school district organized pursuant to chapter 136D on July 1, 1996, must place a portion of its general education revenue in a reserved account for instructional services from entities formed for cooperative services for special education programs and secondary vocational programs. The amount reserved is equal to the levy made according to Minnesota Statutes 1993 Supplement, section 124.2727, subdivision 6, for taxes payable in 1994 divided by the actual pupil units in the intermediate school district for fiscal year 1995 times the number of actual pupil units in the school district in 1995. The district must use 5/11 of the revenue for special education and 6/11 of the revenue for secondary vocational education. The district must demonstrate that the revenue is being used to provide the full range of special education and secondary vocational programs and services available to each child served by the intermediate. The secondary vocational programs and services must meet the requirements established in an articulation agreement developed between the commissioner of education and the Board of Trustees of the Minnesota State Colleges and Universities.

A district that was a member of an education district organized pursuant to section 123A.15 on July 1, 1999, must place a portion of its general education revenue in a reserve account for instructional services

from entities formed for cooperative services. Services may include secondary vocational programs, special education programs, staff development, and gifted and talented instruction. The amount reserved is equal to $50 per pupil unit times the actual number of pupil units in the district.

History: *1998 c 397 art 11 s 3; 1998 c 398 art 1 s 32; art 5 s 55; 2000 c 254 s 6; 2003 c 130 s 12*

COOPERATION AND COMBINATION

123A.30 AGREEMENTS FOR SECONDARY EDUCATION.

Subdivision 1. **Applicability.** The provisions of this section shall apply to a district with fewer than 375 pupils enrolled in grades 7 to 12.

Subd. 2. **Agreement.** The board may enter into one or more agreements providing for instruction of its secondary pupils in one or more districts. The agreement must be effective on July 1 and shall be for a specified or indefinite number of years. The agreement must set forth the obligations of transportation, the tuition to be paid to the providing district, and all additional charges and fees to be paid to the providing district. The amount of tuition shall not be subject to the provisions of section 123A.488, subdivision 2. The agreement may provide for negotiation of a plan for the assignment or employment in a providing district as an exchange teacher according to section 122A.54, or placement on unrequested leave of absence of teachers whose positions are discontinued as a result of the agreement.

Subd. 3. **Public hearing.** Before entering into agreements permitted by subdivision 2, the board must hold a public hearing. The board must publish notice of the hearing in the newspaper with the largest circulation in the district. If the board proposes to enter into agreements with two or more districts, the board may conduct separate or consolidated hearings.

Subd. 4. **Review and comment.** After the hearing required by subdivision 3 and before entering into an agreement, the board must submit the agreement to the commissioner for review and comment.

Subd. 5. **Aid payments.** A district entering into an agreement permitted in subdivision 2 must continue to count its resident pupils who are educated in other districts as resident pupils in the calculation of pupil units for the purposes of state aids, levy limitations, and any other purpose. A district may continue to provide transportation and collect transportation aid for its resident pupils. For purposes of aid calculations, the commissioner may adjust the cost per eligible pupil transported to reflect changes in cost resulting from the agreement, if any.

Subd. 6. **Severance pay.** A district must pay severance pay to a teacher who is placed on unrequested leave of absence by the district as a result of the agreement. A teacher is eligible under this subdivision if the teacher:

(1) is a teacher, but not a superintendent;

(2) has a continuing contract with the district according to section 122A.40, subdivision 7.

The amount of severance pay must be equal to the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by statute or rule must possess a valid Minnesota teaching license, and minus the amount a teacher receives as severance or other similar pay according to a contract with the district or district policy. These entities requiring a valid Minnesota teaching license include, but are not limited to, the district that placed the teacher on unrequested leave of absence, another district in Minnesota, an education district, an intermediate school district, a service

cooperative, a board formed under section 471.59, a state residential academy, the Perpich Center for Arts Education, a vocational center, or a special education cooperative. These entities do not include a district in another state, a Minnesota public postsecondary institution, or a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license shall be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

To determine the amount of severance pay that is due for the first six months following termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district must pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose. To determine the amount of severance pay that is due for the second six months of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district must pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose.

A teacher who receives severance pay under this subdivision waives all further reinstatement rights under section 122A.40, subdivision 10 or 11. If the teacher receives severance pay, the teacher shall not receive credit for any years of service in the district paying severance pay prior to the year in which the teacher becomes eligible to receive severance pay.

The severance pay is subject to section 465.72. The district may levy annually according to section 126C.43, for the severance pay.

History: *1983 c 314 art 8 s 8; 1990 c 562 art 6 s 6; 1991 c 130 s 37; 1991 c 265 art 6 s 18; 1992 c 499 art 12 s 29; 1Sp1995 c 3 art 16 s 13; 1996 c 305 art 1 s 138; 1996 c 412 art 9 s 19; art 13 s 10; 1998 c 397 art 5 s 65-69,104; art 11 s 3; 1999 c 241 art 10 s 8*

123A.32 INTERDISTRICT COOPERATION.

Subdivision 1. **District requirements.** The boards of two or more districts may, after consultation with the department, enter into an agreement providing for:

(1) discontinuance by all districts except one of at least the 10th, 11th, and 12th grades; and

(2) instruction of the pupils in the discontinued grades in one of the cooperating districts. Each district must continue to operate a school with at least three grades. Before entering into a final agreement, the boards must provide a copy of this agreement to the commissioner.

Subd. 2. **Aid; transportation.** (a) Each district must continue to count its resident pupils who are educated in a cooperating district as resident pupils in the calculation of pupil units for all purposes. The agreement must provide for tuition payments between or among the districts.

(b) Each district must continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123B.88 and 123B.92. A district may provide some or all transportation to its resident pupils by contracting with a cooperating district. For purposes of section 123B.92, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from the agreement.

Subd. 3. **Negotiated plan for teachers whose positions are discontinued.** The board and exclusive bargaining representative of the teachers in each district discontinuing grades may negotiate a plan to assign or employ in a cooperating district or to place on unrequested leave of absence all teachers whose positions are discontinued as a result of the agreement. The board and exclusive bargaining representative of the teachers in each district providing instruction to nonresident pupils may negotiate a plan to employ teachers

from a cooperating district whose positions are discontinued as a result of the agreement. If plans are negotiated and if the boards determine the plans are compatible, the boards shall include the plans in their agreement.

Subd. 4. **Combined teacher seniority list.** If compatible plans are not negotiated before the March 1 preceding any year of the agreement, the cooperating districts shall be governed by this subdivision. Insofar as possible, teachers who have acquired continuing contract rights and whose positions are discontinued as a result of the agreement shall be employed by a cooperating district or assigned to teach in a cooperating district as exchange teachers pursuant to section 122A.54. If necessary, teachers whose positions are discontinued as a result of the agreement and who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed in the inverse order in which they were employed by a cooperating district, according to a combined seniority list of teachers in the cooperating districts. For the purpose of establishing a combined seniority list, each district must be considered to have started school each year on the same date.

Subd. 5. **Notice; informational meeting.** Prior to entering into an agreement, the board shall consult with the community at an informational meeting. The board must publish notice of the meeting in the official newspaper of the district and may send written notice of the meeting to parents of pupils who would be affected.

Subd. 6. **Meeting location.** Notwithstanding any law to the contrary, boards that have an agreement may hold a valid joint meeting at any location that would be permissible for one of the boards participating in the meeting. A board that has an agreement may hold a meeting in any district that is a party to the agreement. The board shall comply with chapter 13D and any other law applicable to a meeting of a board.

History: *1979 c 211 s 4; 1980 c 609 art 6 s 14; 1Sp1985 c 12 art 7 s 12; 1987 c 384 art 2 s 27; 1987 c 398 art 7 s 19; 1989 c 329 art 6 s 18; 1991 c 265 art 9 s 32; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 70-75,104; art 11 s 3*

123A.33 EMPLOYEES OF COOPERATIVE DISTRICTS UPON DISSOLUTION OR WITHDRAWAL.

Subdivision 1. **Definitions.** For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Teacher" means a teacher who is employed by a district or center listed in subdivision 2, except that it does not include a superintendent.

(b) "Cooperative" means any district or center to which this section applies.

(c) "Withdrawal" means a district's removal of its students from a program of instruction, counseling, or evaluation provided by a cooperative in order to provide the same educational services by other means.

(d) "Education support position" means a position not requiring a teaching license in which an employee assists a teacher by providing instructional, counseling, or evaluative support services directly to students.

(e) "Education support employee" means an employee holding an education support position.

Subd. 2. **Applicability.** This section applies to:

(1) an education district organized according to sections 123A.15 to 123A.19;

(2) a cooperative vocational center organized according to section 123A.22;

(3) a joint powers district or board organized according to section 471.59 which employs teachers to provide instruction;

(4) an intermediate district organized according to chapter 136D;

(5) a service cooperative which employs teachers to provide instruction; and

(6) districts participating in an agreement for the cooperative provision of special education services to children with disabilities according to section 125A.11.

Subd. 3. **Agreements for cooperative special education.** (a) Upon the termination of an agreement according to section 125A.11, a teacher employed to provide special education services by a district participating in the agreement will be afforded rights to employment by other districts according to subdivisions 4, 5, and 6. Nonlicensed employees of a participating district employed to provide special education services will, upon the agreement's termination, be afforded rights to employment by other participating districts according to subdivision 9.

(b) Upon a district's withdrawal from the cooperative provision of special education under an agreement according to section 125A.11, a teacher employed to provide special education services by a participating district will be afforded rights to employment by other districts according to subdivisions 4, 7, and 8. Nonlicensed employees of a participating district employed to provide special education services will be afforded rights to employment by the withdrawing district according to subdivision 10.

Subd. 4. **Notification of teachers.** In any year in which a cooperative dissolves or a member withdraws from a cooperative, the governing board of a cooperative must provide all teachers employed by the cooperative written notification by March 10 of:

(1) the dissolution of the cooperative and the effective date of dissolution; or

(2) the withdrawal of a member of the cooperative and the effective date of withdrawal.

Subd. 5. **Rights of a teacher with a continuing contract in a member district upon dissolution.** (a) This subdivision applies to a teacher previously employed in a member district who:

(1) had a continuing contract with that member district;

(2) has been continuously employed immediately after leaving that member district by one or more cooperatives that provided instruction to pupils enrolled in that member district; and

(3) is either a probationary teacher or has a continuing contract with the cooperative that is dissolving.

(b) A teacher may elect to resume the teacher's continuing contract with the member district by which the teacher was previously employed by filing a written notice of the election with the member board on or before March 20. Failure by a teacher to file a written notice by March 20 of the year the teacher receives a notice according to subdivision 4 constitutes a waiver of the teacher's rights under this subdivision.

The member district must make reasonable realignments of positions to accommodate the seniority rights of a teacher electing to resume continuing contract rights in the member district according to this subdivision.

Upon returning the teacher shall receive credit for:

(1) all years of continuous service under contract with the cooperative and the member district for all purposes relating to seniority, compensation, and employment benefits; and

(2) the teacher's current educational attainment on the member district's salary schedule.

(c) A teacher who does not elect to return to the member district according to this subdivision may exercise rights under subdivision 6.

Subd. 6. **Rights of other teachers.** (a) This subdivision applies to a teacher who:

(1) has a continuing contract with the cooperative; and

(2) either did not have a continuing contract with any member district or does not return to a member district according to the procedures set forth in subdivision 5, paragraph (b).

(b) By May 10 of the school year in which the cooperative provides the notice required by subdivision 4, clause (1), the cooperative must provide to each teacher described in subdivision 5 and this subdivision a written notice of available teaching positions in any member district to which the cooperative was providing services at the time of dissolution. Available teaching positions are all teaching positions that, during the school year following dissolution:

(1) are positions for which the teacher is licensed; and

(2) are not assigned to a continuing contract teacher employed by a member district after any reasonable realignments which may be necessary under the applicable provisions of section 122A.40, subdivision 10 or 11, to accommodate the seniority rights of teachers employed by the member district.

(c) On or before June 1 of the school year in which the cooperative provides the notice required by subdivision 4, clause (1), any teacher wishing to do so must file with the board a written notice of the teacher's intention to exercise the teacher's rights to an available teaching position. Available teaching positions must be offered to teachers in order of their seniority within the dissolved cooperative.

(d) Paragraph (e) applies to:

(1) a district that was a member of a dissolved cooperative; or

(2) any other district that, except as a result of open enrollment according to section 124D.03, provides essentially the same instruction provided by the dissolved cooperative to pupils enrolled in a former member district.

(e) For five years following dissolution of a cooperative, a district to which this paragraph applies may not appoint a new teacher or assign a probationary or provisionally licensed teacher to any position requiring licensure in a field in which the dissolved cooperative provided instruction until the following conditions are met:

(1) a district to which this paragraph applies has provided each teacher formerly employed by the dissolved cooperative, who holds the requisite license, written notice of the position; and

(2) no teacher holding the requisite license has filed a written request to be appointed to the position with the board within 30 days of receiving the notice.

If no teacher files a request according to clause (2), the district may fill the position as it sees fit. During any part of the school year in which dissolution occurs and the first school year following dissolution, a teacher may file a request for an appointment according to this paragraph regardless of prior contractual commitments with other member districts. Available teaching positions must be offered to teachers in order

of their seniority on a combined seniority list of the teachers employed by the cooperative and the appointing district.

(f) A teacher appointed according to this subdivision is not required to serve a probationary period. The teacher shall receive credit on the appointing district's salary schedule for the teacher's years of continuous service under contract with the cooperative and the member district and the teacher's educational attainment at the time of appointment or shall receive a comparable salary, whichever is less. The teacher shall receive credit for accumulations of sick leave and rights to severance benefits as if the teacher had been employed by the member district during the teacher's years of employment by the cooperative.

Subd. 7. **Rights of a teacher with a continuing contract in a member district upon withdrawal of the district.** (a) This subdivision applies to a teacher previously employed by a member district who:

(1) had a continuing contract with the member district which withdraws from a cooperative;

(2) has been continuously employed immediately after leaving that member district by one or more cooperatives that provided instruction to pupils enrolled in that member district; and

(3) is either a probationary teacher or has a continuing contract with the cooperative from which the member district is withdrawing.

(b) A teacher may elect to resume the teacher's continuing contract with the withdrawing district by which the teacher was previously employed by filing a written notice of the election with the withdrawing school board on or before March 20. Failure by a teacher to file written notice by March 20 of the year the teacher receives a notice according to subdivision 4 constitutes a waiver of a teacher's rights under this subdivision.

The member district must make reasonable realignments of positions to accommodate the seniority rights of a teacher electing to resume continuing contract rights in the member district according to this subdivision.

Upon returning, the teacher shall receive credit for:

(1) all years of continuous service under contract with the cooperative and the member district for all purposes relating to seniority, compensation, and employment benefits; and

(2) the teacher's current educational attainment on the member district's salary schedule.

Subd. 8. **Rights of a teacher placed on unrequested leave upon withdrawal.** (a) This subdivision applies to a teacher who is placed on unrequested leave of absence, according to section 122A.40, subdivision 10 or 11, in the year in which the cooperative provides the notice required by subdivision 4, clause (2), by a cooperative from which a member district is withdrawing.

This subdivision applies to a district that, except as a result of open enrollment according to section 124D.03, provides essentially the same instruction provided by the cooperative to pupils enrolled in the withdrawing district.

(b) A teacher shall be appointed by a district to which this subdivision applies to an available teaching position which:

(1) is in a field of licensure in which pupils enrolled in the withdrawing district received instruction from the cooperative; and

(2) is within the teacher's field of licensure.

For the purpose of this paragraph, an available teaching position means any position that is vacant or would otherwise be occupied by a probationary or provisionally licensed teacher.

(c) A board may not appoint a new teacher to an available teaching position unless no teacher holding the requisite license on unrequested leave from the cooperative has filed a written request for appointment. The request must be filed with the board of the appointing district within 30 days of receiving written notice from the appointing board that it has an available teaching position. If no teacher holding the requisite license files a request according to this paragraph, the district may fill the position as it sees fit. Available teaching positions must be offered to teachers in order of their seniority on a combined seniority list of the teachers employed by the cooperative and the withdrawing member district.

(d) A teacher appointed according to this subdivision is not required to serve a probationary period. The teacher shall receive credit on the appointing district's salary schedule for the teacher's years of continuous service under contract with the cooperative and the member district and the teacher's educational attainment at the time of appointment or shall receive a comparable salary, whichever is less. The teacher shall receive credit for accumulations of sick leave and rights to severance benefits as if the teacher had been employed by the member district during the teacher's years of employment by the cooperative.

Subd. 9. **Nonlicensed employees upon dissolution.** (a) A nonlicensed employee who is terminated by a cooperative that dissolves shall be appointed by a district that is a member of the dissolved cooperative to a position that is created within 36 months of the dissolution of the cooperative and is created as a result of the dissolution of the cooperative. A position must be offered to a nonlicensed employee, who fulfills the qualifications for that position, in order of the employee's seniority within the dissolved cooperative.

(b) When an education support employee is terminated by a cooperative that dissolves, a district that is a member of the dissolved cooperative must appoint the employee to an education support position if the position is created within 36 months of the dissolution of the cooperative as a result of the dissolution. An education support position must be offered to an education support employee, who fulfills the qualifications for that position, in order of the employee's seniority within the dissolved cooperative.

(c) An employee appointed according to this subdivision shall receive credit for the employee's:

(1) continuous years of service with the cooperative on the appointing district's compensation schedule and seniority list; and

(2) unused sick leave accumulated while employed by the cooperative.

(d) Notwithstanding section 179A.12 or Minnesota Rules, part 5510.0510, subparts 1 to 4, a representation petition seeking the exclusive representation of a unit of education support employees employed by a district formerly a member of a dissolved cooperative may be considered by the commissioner of the bureau of mediation services at any time within 11 months of the dissolution of the cooperative.

Subd. 10. **Nonlicensed employees upon withdrawal.** (a) A nonlicensed employee of a cooperative whose active employment is discontinued or reduced as a result of the withdrawal of a member district from the cooperative shall be appointed by the withdrawing member district to a position that is created within 36 months of the withdrawal and is created as a result of the withdrawal of the member district. A position must be offered to a nonlicensed employee, who fulfills the qualifications for that position, in order of the employee's seniority within the cooperative from which a member district withdraws.

(b) When an education support employee of a cooperative has active employment discontinued or reduced as a result of the withdrawal of a member district from the cooperative, the withdrawing member district must appoint the employee to an education support position if the position is created within 36 months of the withdrawal as a result of the withdrawal of the member district. An education support position must be offered to an education support employee, who meets the qualifications for that position, in order of the employee's seniority within the cooperative from which a member district withdraws.

(c) An employee appointed according to this subdivision shall receive credit for the employee's:

(1) continuous years of service with the cooperative on the appointing district's compensation schedule and seniority list; and

(2) unused sick leave accumulated while employed by the cooperative.

(d) Notwithstanding section 179A.12 or Minnesota Rules, part 5510.0510, subparts 1 to 4, a representation petition seeking the exclusive representation of a unit of education support employees employed by a member district which has withdrawn from a cooperative may be considered by the commissioner of the bureau of mediation services at any time within 11 months of the district's withdrawal from the cooperative.

Subd. 11. **Cooperatives that merge.** (a) Notwithstanding subdivisions 1 to 10, paragraphs (b) and (c) apply to cooperatives that merge.

(b) If a cooperative enters into an agreement to merge with another cooperative, the boards of the cooperatives and the exclusive representatives of the teachers in the cooperatives and the teachers in each member district may negotiate a plan to assign or employ in a member district or to place on unrequested leave of absence all teachers whose positions are discontinued as a result of the agreement. If plans are negotiated and if the boards determine the plans are compatible, the boards must include the plans in their agreement.

(c) If compatible plans are not negotiated under paragraph (b) by the March 1 preceding the effective date of the merger of the cooperatives, subdivisions 2 to 10 apply to teachers and nonlicensed employees whose positions are terminated as a result of an agreement to merge cooperatives.

History: *1991 c 265 art 9 s 33; 1992 c 363 art 2 s 6; 1993 c 224 art 6 s 7; art 9 s 20,21; 1Sp1995 c 3 art 6 s 3-5; 1996 c 412 art 13 s 11; 1998 c 397 art 5 s 76,104; art 11 s 3*

123A.35 COOPERATION AND COMBINATION.

Subdivision 1. **Scope.** Sections 123A.35 to 123A.43 establish procedures for boards that adopt, by resolution, a five-year written agreement:

(1) to provide at least secondary instruction cooperatively for at least one or two years, if the districts cooperate according to subdivision 2; and

(2) to combine into one district.

Subd. 2. **Cooperation requirements.** Cooperating districts must:

(1) implement a written agreement according to section 123A.32 no later than the first year of cooperation;

(2) all be members of one education district, if any one of the districts is a member, no later than the end of the second year of cooperation; and

(3) all be members of one service cooperative, if any one of the districts is a member.

Clause (1) does not apply to a district that implemented an agreement for secondary education, according to Minnesota Statutes 1996, section 122.535, during any year before the 1991-1992 school year. If the districts cooperate for one or more years, the agreement may be continued during those years.

Subd. 3. **Combination requirements.** Combining districts must be contiguous and meet one of the following requirements at the time of combination:

(1) at least two districts with at least 400 resident pupils enrolled in grades 7 through 12 in the combined district and projections, approved by the department, of enrollment at least at that level for five years;

(2) at least two districts if either:

(i) both of the districts qualify for secondary sparsity revenue under section 126C.10, subdivision 7, and have an average isolation index over 23; or

(ii) the combined district qualifies for secondary sparsity revenue;

(3) at least three districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district; or

(4) at least two districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district if either district is located on the border of the state.

A combination under clause (2), (3), or (4) must be approved by the commissioner. The commissioner shall disapprove a combination under clause (2), (3), or (4) if the combination is educationally unsound or would not reasonably enable the districts to fulfill statutory and rule requirements.

History: *1989 c 329 art 6 s 5; 1989 c 356 s 48; 1990 c 562 art 6 s 4; 1991 c 265 art 6 s 10,11; 1992 c 499 art 6 s 8; 1993 c 224 art 13 s 14; 1Sp1995 c 3 art 16 s 13; 1996 c 305 art 1 s 138; 1998 c 397 art 5 s 34,104; art 11 s 3*

123A.36 COOPERATION AND COMBINATION PLAN.

Subdivision 1. **Adoption and commissioner review.** Each board must adopt, by resolution, a plan for cooperation and combination. The plan must address each item in this section. The plan must be specific for any item that will occur within three years and may be general or set forth alternative resolutions for an item that will occur in more than three years. The plan must be submitted to the commissioner of education and the secretary of state for review and comment. Significant modifications and specific resolutions of items must be submitted to the commissioner for review and comment. In the official newspaper of each district proposed for combination, the board must publish at least a summary of the adopted plans, each significant modification and resolution of items, and each commissioner review and comment.

Subd. 2. **Rule exemptions.** The plan must identify the rules of the commissioner of education from which the district intends to request exemption, according to Minnesota Rules, part 3500.1000. The plan may provide information about state laws that deter or impair cooperation or combination.

Subd. 3. **Board formation.** The plan must state:

(1) whether the new district would have one elected board or whether it would have one elected board and one elected board for each elementary school exercising powers and duties delegated to it by the board of the entire district;

(2) how many of the existing members of each district would become members of the board of the combined district and, if so, a method to gradually reduce the membership to six or seven; and

(3) if desired, election districts that include the establishment of separate areas from each of the combining districts from which board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts.

Subd. 4. **Administration.** The plan must provide for:

(1) selection of one superintendent for the combined district at a specified time, according to section 123B.143, subdivision 1; and

(2) alterations, if any, in administrative personnel and duties.

Subd. 5. **Employees.** The plan must state:

(1) procedures needed, at the time of combination, to combine teachers into one bargaining unit, with the exclusive representative determined according to section 123A.75;

(2) procedures needed, at the time of combination, to combine other bargaining units;

(3) procedures to negotiate, with the assistance of the Bureau of Mediation Services, an employment plan for licensed employees affected by the agreement;

(4) procedures to negotiate, with the assistance of the Bureau of Mediation Services, an employment plan for nonlicensed employees affected by the agreement; and

(5) incentives that may be offered to superintendents, principals, teachers, and other licensed and nonlicensed employees, such as early retirement, severance pay, and health insurance benefits.

Subd. 6. **Academic programs.** The plan must set forth:

(1) elementary curriculum and programs;

(2) improvements in secondary course offerings in at least communications, mathematics, science, social studies, foreign languages, physical education, health, and career education;

(3) procedures for involving parents, teachers, and other interested people in developing learner outcomes in curricular areas;

(4) procedures for involving teachers in determining levels of learner outcomes;

(5) implications for special education cooperatives, secondary vocational cooperatives, joint powers agreements, education districts, and other cooperative arrangements if the districts combined and if they did not; and

(6) a description of the long-range educational services of the combined district and of the individual districts if the combination is not achieved.

Subd. 7. **Pupil activities.** The plan must provide for combining extracurricular and cocurricular activities.

Subd. 8. **Referendum.** The plan must set forth:

(1) procedures for a referendum, held prior to the year of the proposed combination, to approve combining the districts; and

(2) whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination would be needed to pass the referendum.

Subd. 9. **Finances.** The plan must state:

(1) whether debt service for the bonds outstanding at the time of combination remains solely with the district that issued the bonds or whether all or a portion of the debt service for the bonds will be assumed by the combined district and paid by the combined district on behalf of the district that issued the bonds;

(2) whether obligations for a capital loan or energy loan made according to section 216C.37 or sections 298.292 to 298.297 outstanding at the time of combination remain solely with the district that obtained the loan, or whether all or a portion of all the loan obligations will be assumed by the combined district and paid by the combined district on behalf of the district that obtained the loan;

(3) the treatment of debt service levies, down payment levies under section 123B.63, and referendum levies;

(4) whether the cooperating or combined district will levy for reorganization operating debt according to section 123B.82, clause (1); and

(5) two- and five-year projections, prepared by the department upon the request of any district, of revenues, expenditures, and property taxes for each district if it cooperated and combined and if it did not.

Subd. 10. **Building sites.** The plan must provide for:

(1) locations for elementary schools which need not be altered and may contain assurances that, to the extent feasible, elementary schools will be retained for at least the number of years specified in the plan; and

(2) one location, if possible, for a secondary school.

Subd. 11. **Timing.** The plan must contain a time schedule for implementation.

History: *1989 c 329 art 6 s 6; 1991 c 265 art 6 s 12; 1992 c 499 art 6 s 9; 1993 c 224 art 6 s 5; 1995 c 8 s 2; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 35-38,104; art 11 s 3; 1998 c 398 art 5 s 55; 2003 c 130 s 12; 2018 c 182 art 1 s 23*

123A.37 COMMISSIONER AND VOTER APPROVAL.

Subdivision 1. **Commissioner approval.** Before submitting the question of combining districts to the voters at a referendum, the cooperating districts must submit the proposed combination to the commissioner. The commissioner shall determine the date for submission and may require any information it determines necessary. The commissioner shall disapprove the proposed combination if it is educationally unsound, will not reasonably enable the combined district to fulfill statutory and rule requirements, or if the plan or modifications are incomplete. If disapproved by the commissioner, the referendum shall be postponed, but not canceled, by the boards.

Subd. 2. **Voter approval.** A referendum on the question of combination must be conducted during the first or second year of cooperation for districts that cooperate according to section 123A.35, or no more than 18 months before the effective date of combination for districts that do not cooperate. The referendum must be on a date called by the boards. The referendum must be conducted by the boards according to the Minnesota Election Law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted. If the referendum fails again, the districts must modify their cooperation and combination

plan. A third referendum may be conducted. If a second or third referendum is conducted after October 1, the newly combined district may not levy under section 123A.39, subdivision 3, until the following year. Referendums shall be conducted on the same date in all districts.

History: *1989 c 329 art 6 s 7; 1990 c 562 art 6 s 5; 1991 c 265 art 6 s 13; 1992 c 499 art 6 s 10; 1993 c 224 art 6 s 6; art 13 s 15; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 39,104; art 11 s 3*

123A.38 EFFECTIVE DATE OF COMBINATION.

The effective date for combination of districts shall be July 1.

History: *1989 c 329 art 6 s 8; 1998 c 397 art 5 s 104*

123A.39 EMPLOYEES OF COOPERATING AND COMBINING DISTRICTS.

Subdivision 1. **Combined seniority list.** During the school year before the cooperation begins and during the school years of cooperation, the districts shall comply with section 123A.32, subdivision 4, unless compatible plans are negotiated according to section 123A.32, subdivision 3. The districts shall comply with section 123A.75.

Subd. 2. **Nonlicensed employees termination.** If compatible plans are not negotiated according to section 123A.36, subdivision 5, the boards shall comply with this subdivision with respect to nonlicensed employees. Nonlicensed employees whose positions are discontinued as a result of cooperation or combination, as applicable, shall be:

(1) employed by a cooperating board or the combined board, if possible;

(2) assigned to work in a cooperating district or the combined district, if possible; or

(3) terminated in the inverse order in which they were employed in a district, according to a combined seniority list of nonlicensed employees in the cooperating or combined district, as applicable.

Subd. 3. **Retirement and severance levy.** A cooperating or combined district that levied under Minnesota Statutes 1996, section 124.2725, subdivision 3, for taxes payable in 1995 may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early as a result of the cooperation or combination.

Subd. 4. **Employment laws.** Unless otherwise explicitly provided, chapter 179A governs the rights and duties of employers and employees. Either party may promptly submit questions of procedure, interpretation, or application to the commissioner of mediation services.

History: *1989 c 329 art 6 s 9,37; 1990 c 562 art 6 s 22-26; 1991 c 130 s 37; 1991 c 265 art 6 s 34-38; 1992 c 499 art 6 s 16,17; art 12 s 29; 1993 c 224 art 6 s 9-15; art 13 s 37,38; 1994 c 647 art 1 s 11; 1Sp1995 c 3 art 6 s 6-9; art 16 s 13; 1997 c 7 art 1 s 53; 1998 c 397 art 5 s 40,98,104; art 11 s 3*

123A.40 COUNTY AUDITOR PLAT.

Upon the request of two or more districts that have adopted a resolution to cooperate and combine, the county auditor shall prepare a plat. If the proposed combined district is located in more than one county, the request must be submitted to the county auditor of the county that has the greatest land area in the proposed district. The plat must show:

(1) the boundaries of each of the present districts;

(2) the boundaries of the proposed district;

(3) the boundaries of proposed election districts, if requested; and

(4) other information deemed pertinent by the boards or the county auditor.

History: *1989 c 329 art 6 s 10; 1998 c 397 art 5 s 41,104*

123A.41 LEVIES FOR DISTRICTS AT TIME OF COMBINATION.

Subdivision 1. **Referendum revenues.** The referendum revenue authorization of the combined district shall be one of the methods set forth in section 123A.73, subdivision 4, 5, or 6, and must be consistent with the plan adopted according to section 123A.36, and any subsequent modifications.

Subd. 2. **Bonded debt.** Debt service for bonds outstanding at the time of the combination may be levied by the combined board consistent with the plan adopted according to section 123A.36, and any subsequent modifications, subject to section 475.61. The primary obligation to pay the bonded indebtedness that is outstanding on the effective date of combination remains with the district that issued the bonds. However, the combined district may make debt service payments on behalf of a preexisting district.

Subd. 3. **Capital loan.** The combined board may levy for the obligations for a capital loan outstanding at the time of combination, consistent with the plan adopted according to section 123A.36 and any subsequent modifications. The primary obligation to levy as required by the capital loan remains with taxable property in the preexisting district that obtained the capital loan. However, the obligation of a capital loan may be extended to all of the taxable property in the combined district.

Subd. 4. **Transitional levy.** The board of the combined district, or the boards of combining districts that have received voter approval for the combination under section 123A.37, subdivision 2, may levy for the expenses of negotiation, administrative expenses directly related to the transition from cooperation to combination, and the cost of necessary new athletic and music uniforms. The board or boards may levy this amount over three or fewer years. All expenses must be approved by the commissioner of education.

History: *1989 c 329 art 6 s 11; 1991 c 265 art 6 s 14,15; 1992 c 499 art 12 s 5; 1993 c 224 art 13 s 16; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 42,43,104; art 11 s 3; 2003 c 130 s 12*

123A.43 REPORTS TO DEPARTMENT OF EDUCATION.

Cooperating districts may submit joint reports and jointly provide information required by the department. The joint reports must allow information to be attributed to each district. A combined district must report and provide information as a single unit.

History: *1989 c 329 art 6 s 12; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 44,104*

COOPERATIVE FACILITIES GRANT ACT

123A.44 CITATION.

Sections 123A.441 to 123A.445 may be cited as the "Cooperative Facilities Grant Act."

History: *1987 c 400 s 33,59; 1989 c 300 art 2 s 13; 1991 c 199 art 2 s 1; 1998 c 397 art 7 s 164; art 11 s 3; 1999 c 241 art 4 s 29; 2000 c 464 art 3 s 9; 2000 c 489 art 5 s 19,27; 2007 c 146 art 4 s 1; 1Sp2017 c 8 art 2 s 34*

123A.441 POLICY AND PURPOSE.

Because of the rates of decline in school-aged population, population shifts and economic changes that the state has experienced in recent years and anticipates in future years, and because in some instances local districts have not, and will not be able to provide the required construction funds through local property taxes, the purpose of the cooperative facilities grant program is to provide an incentive to encourage cooperation in making available to all students those educational programs, services and facilities that are most efficiently and effectively provided by a cooperative effort of school districts. The policy and purpose of sections 123A.442 to 123A.445 is to use the credit of the state, to a limited degree, to provide grants to cooperating groups of districts to improve and expand the educational opportunities and facilities available to their students.

History: *1987 c 400 s 34,59; 1989 c 300 art 2 s 13; 1998 c 397 art 7 s 66,164; art 11 s 3; 1999 c 241 art 4 s 29; 2000 c 464 art 3 s 9; 2000 c 489 art 5 s 19,27; 2007 c 146 art 4 s 2; 1Sp2017 c 8 art 2 s 34*

123A.442 APPROVAL AUTHORITY; APPLICATION FORMS.

Subdivision 1. **Approval by commissioner.** To the extent money is available, the commissioner may approve projects from applications submitted under section 123A.443. The grant money must be used only to acquire, construct, remodel or improve the building or site of a cooperative facility under contracts to be entered into within 15 months after the date on which each grant is awarded.

Subd. 2. **Cooperation and consolidation.** Districts that have not already consolidated and receive a cooperative facilities grant shall:

(1) submit a consolidation plan under section 123A.48 for approval by the Department of Education; and

(2) hold a referendum on the question of consolidation no later than four years after a grant is awarded under subdivision 1.

The districts are eligible for consolidation revenue under section 123A.485.

Subd. 3. **Consolidated districts.** A school district that has consolidated with another school district since July 1, 1980, is eligible for a cooperative facilities grant.

History: *1987 c 400 s 35,59; 1989 c 300 art 2 s 13; 1991 c 265 art 6 s 40; 1992 c 499 art 5 s 8,9; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 7 s 67,164; art 11 s 3; 1999 c 241 art 4 s 29; 2000 c 464 art 3 s 9; 2000 c 489 art 5 s 19,27; 2004 c 294 art 5 s 3; 2007 c 146 art 4 s 3*

123A.443 GRANT APPLICATION PROCESS.

Subdivision 1. **Qualification.** Any group of districts or a consolidated district that meets the criteria required under subdivision 2 may apply for an incentive grant for construction of a new facility or for remodeling and improving an existing facility. A grant for new construction must not exceed the lesser of $20,000,000, or 75 percent of the approved construction costs of a cooperative education facility. A grant for remodeling and improving an existing facility must not exceed the lesser of $10,000,000, or 75 percent of the approved remodeling costs.

Subd. 2. **Review by commissioner.** (a) A group of districts or a consolidated district that submits an application for a grant must submit a proposal to the commissioner for review and comment under section 123B.71. The commissioner shall prepare a review and comment on the proposed facility by July 1 of an odd-numbered year, regardless of the amount of the capital expenditure required to acquire, construct,

remodel or improve the facility. The commissioner shall not approve an application for an incentive grant for any facility unless the facility receives a favorable review and comment under section 123B.71 and the following criteria are met:

(1) the applicant is a consolidated district or a minimum of two or more districts that have entered into a joint powers agreement;

(2) for a group of districts, a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative facility;

(3) for a group of districts, no more than one superintendent is employed by the joint powers board as a result of the cooperative facility agreement;

(4) a statement of need is submitted, that may include reasons why the current facilities are inadequate, unsafe, or inaccessible to persons with disabilities;

(5) an educational plan is prepared, that includes input from both community and professional staff;

(6) for a group of districts, a combined seniority list for all participating districts is developed by the joint powers board;

(7) for a group of districts, an education program is developed that provides for more learning opportunities and course offerings, including the offering of advanced placement courses, for students than is currently available in any single member district;

(8) a plan is developed for providing instruction of any resident students in other districts when distance to the education facility makes attendance at the facility unreasonably difficult or impractical; and

(9) for a secondary facility, the joint powers board established under clause (2) discusses with technical colleges located in the area how vocational education space in the cooperative facility could be jointly used for secondary and postsecondary purposes.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 122A.48, for any teacher or administrator, as defined under section 122A.40, subdivision 1, who is placed on unrequested leave as a result of the cooperative facility agreement.

(c) For the purpose of paragraph (a), clause (6), each district must be considered to have started school each year on the same date.

(d) The districts may develop a plan that provides for the location of social service, health, and other programs serving pupils and community residents within the cooperative facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(e) The districts must schedule and conduct a meeting on library services. The school districts, in cooperation with the regional public library system and its appropriate member libraries, must discuss the possibility of including jointly operated library services at the cooperative facility.

(f) The board of a district that has reorganized under section 123A.37 or 123A.48 and that is applying for a grant for remodeling or improving an existing facility may act in the place of a joint powers board to meet the criteria of this subdivision.

Subd. 3. **Reorganizing districts.** A district that is a member of a joint powers board established under subdivision 2 and that is planning to reorganize under section 123A.45, 123A.46, or 123A.48 must notify

the joint powers board one year in advance of the effective date of the reorganization. Notwithstanding section 471.59 or any other law to the contrary, the board of a district that reorganizes under section 123A.45, 123A.46, or 123A.48 may appoint representatives to the joint powers board who will serve on the joint powers board for two years after the effective date of the reorganization if authorized in the agreement establishing the joint powers board to govern the cooperative facility. These representatives shall have the same powers as representatives of any other school district under the joint powers agreement.

Subd. 4. **District procedures.** A joint powers board of a district established under subdivision 2 or a school board of a reorganized district that intends to apply for a grant must adopt a resolution stating the proposed costs of the project, the purpose for which the costs are to be incurred, and an estimate of the dates when the facilities for which the grant is requested will be contracted for and completed. Applications for the state grants must be accompanied by (a) a copy of the resolution, (b) a certificate by the clerk and treasurer of the joint powers board showing the current outstanding indebtedness of each member district, and (c) a certificate by the county auditor of each county in which a portion of the joint powers district lies showing the information in the auditor's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's certificate must show, as to each outstanding bond issue of each member district, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rates and due dates and amounts of principal thereon. Applications and necessary data must be in the form prescribed by the commissioner. Applications must be received by the commissioner by September 1 of an odd-numbered year. When an application is received, the commissioner shall obtain from the commissioner of revenue, and from the Public Utilities Commission when required, the information in their official records that is required to be used in computing the debt limit of the joint powers district under section 475.53, subdivision 4.

Subd. 5. **Award of grants.** By November 1 of the odd-numbered year, the commissioner shall examine and consider all applications for grants, and if any district is found not qualified, the commissioner shall promptly notify that board.

A grant award is subject to verification by the district as specified in subdivision 8. A grant award for a new facility must not be made until the site of the facility has been determined. A grant award to remodel or improve an existing facility must not be made until the districts have reorganized. If the total amount of the approved applications exceeds the amount that is or can be made available, the commissioner shall first award grants to districts that will close at least one existing school building, and then, to the extent funds remain, allot the available amount equally between any other approved applicant districts. The commissioner shall promptly certify to each qualified district the amount, if any, of the grant awarded to it.

Subd. 6. **Collocation grant.** A group of districts that receives a grant for a new facility under subdivision 4 is also eligible to receive an additional grant in the amount of $1,000,000. To receive the additional grant, the group of districts must develop a plan under subdivision 2, paragraph (d), that provides for the location of a significant number of noneducational student and community service programs within the cooperative facility.

Subd. 7. **Referendum; bond issue.** Within 180 days after being awarded a grant for a new facility under subdivision 5, the joint powers board must submit the question of authorizing the borrowing of funds for the facility to the voters of the joint powers district at a special election, which may be held in conjunction with the general election of the school board members of the member districts. The question submitted must state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the joint powers board to accept the grant and to issue the bonds on public sale according to chapter 475. The clerk of the joint powers board must certify the vote of the bond

election to the commissioner. If the question is approved by the voters, the commissioner shall notify the approved applicant districts that the grant amount certified under subdivision 5 is available and appropriated for payment under this subdivision. If a majority of those voting on the question do not vote in the affirmative, the grant must be canceled.

Subd. 8. **Contract.** Each grant must be evidenced by a contract between the board and the state acting through the commissioner. The contract obligates the state to pay to the board an amount computed according to subdivision 5, and according to a schedule, and terms and conditions acceptable to the commissioner of management and budget.

Subd. 9. **Consolidation.** A group of districts that operates a cooperative facility that was acquired, constructed, remodeled, or improved under this section and implements consolidation proceedings according to section 123A.48, may propose a temporary school board structure in the petition or resolution required under section 123A.48, subdivision 2. The districts may propose the number of existing school board members of each district to become members of the board of the consolidated district and a method to gradually reduce the membership to six or seven. The proposal must be approved, disapproved, or modified by the commissioner. The election requirements of section 123A.48, subdivision 20, do not apply to a proposal approved by the state board. Elections conducted after the effective date of the consolidation are subject to the Minnesota Election Law.

History: *1987 c 400 s 36,59; 1988 c 718 art 8 s 13-15; 1989 c 300 art 2 s 2-4,13; 1989 c 329 art 6 s 38; 1990 c 562 art 6 s 27; 1992 c 409 s 2; 1992 c 499 art 5 s 10-12; 1993 c 224 art 5 s 18-20; 1994 c 643 s 55-61; 1Sp1995 c 2 art 1 s 32-34; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 7 s 68-73,164; art 11 s 3; 1999 c 241 art 4 s 29; 2000 c 464 art 3 s 9; 2000 c 489 art 5 s 19,27; 2004 c 294 art 5 s 4; 2005 c 56 s 1; 2007 c 146 art 4 s 4; 2009 c 101 art 2 s 109*

123A.444 LEVY FOR SEVERANCE PAY.

A joint powers board established under section 123A.443 may make a levy to provide severance pay and early retirement incentives under section 122A.48, for any teacher as defined under section 122A.40, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement. A joint powers board making a levy must certify to each participating district tax levies sufficient to raise the amount necessary to provide the district's portion of severance pay and early retirement incentives. The tax levy certified to each district must be expressed as a local tax rate, that, when applied to the adjusted net tax capacity of all of the participating districts raises the amount necessary to provide severance pay and early retirement incentives. Each participating school district must include the levy in the next tax roll which it shall certify to the county auditor, and must remit the collections of the levy to the joint powers board.

History: *1988 c 718 art 8 s 16; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11; 1998 c 397 art 7 s 74,164; art 11 s 3; 1999 c 241 art 4 s 29; 2000 c 464 art 3 s 9; 2000 c 489 art 5 s 19,27*

123A.445 TRANSPORTATION.

The joint powers board representing the districts that have entered into a joint powers agreement under section 123A.443, subdivision 2, or the boards of the districts that are contiguous to the districts that have entered into a joint powers agreement, may transport nonresident pupils without charge between a school within the district and a point within a district that has entered into a joint powers agreement chosen by the pupil on a route traveled by a bus from the district.

History: *1989 c 329 art 6 s 39; 1998 c 397 art 7 s 164; art 11 s 3; 1999 c 241 art 4 s 29; 2000 c 464 art 3 s 9; 2000 c 489 art 5 s 19,27*

123A.446 MS 2016 [Repealed, 1Sp2017 c 8 art 2 s 35]

REALIGNING DISTRICTS

123A.45 DETACHMENT AND ANNEXATION OF LAND.

Subdivision 1. **Detachment and annexation.** The owner of land which adjoins any independent district, and whose land is not in a special district may petition the county board of the county in which the greater part of the area proposed for detachment and annexation lies to detach all or any part of the land together with the intervening lands as defined in paragraph (b), from the district it now is in, and to attach it, together with such intervening land, to the adjoining district. For purpose of this section, land is adjoining a district if:

(a) The boundary of the area proposed for detachment and annexation is the same as the district boundary to which attachment is sought at any point, including corners, or

(b) The area proposed for detachment and annexation is separated at any point from the district to which annexation is sought by not more than one-half mile and the intervening land is vacant and unoccupied or is owned by one or more of the following: The United States, or the state of Minnesota or any of its political subdivisions, or an owner who is unknown or cannot be found or

(c) The area proposed by a land owner for detachment and annexation is adjoining, as defined in paragraphs (a) and (b), any land proposed for detachment from and annexation to the same district in another pending petition.

Subd. 2. **Petition.** The petition must contain:

(a) A correct description of the area proposed for detachment and annexation, including supporting data regarding location and title to land to establish that the land is adjoining a district.

(b) The reasons for the proposed change with facts showing that the granting of the petition will not reduce the size of any district to less than four sections, unless the district is not operating a school within the district.

(c) Consent to the petition, if, at the time of the filing of the petition, any part of the area proposed for detachment is part of a district which maintains and operates a secondary school within the district. Before the hearing, the consent of the board of the district in which the area proposed for detachment lies must be endorsed on the petition.

(d) An identification of the district to which annexation is sought.

(e) Other information the petitioners may desire to affix.

(f) An acknowledgment by the petitioner.

(g) A description of whether bonded indebtedness will be allocated according to subdivision 6, paragraph (b) or (c).

Subd. 3. **Filing petition.** The petition must be filed with the auditor who shall present it to the county board at its next meeting. At the meeting, the county board must fix a time and place for hearing the petition. The hearing shall be not more than 60 nor less than ten days from the date of the meeting. The auditor shall serve notice of the hearing on each district directly affected by the petition, by mail addressed to the clerk. If any area affected by the petition is in another county, the auditor shall mail a notice of hearing to the

auditor of such county and shall also give one week's published notice of the hearing in the county in which the hearing is to be held, and ten days' posted notice in each school district affected. Such posted and published notice may combine pending petitions. At the hearing on the petition, the county board must receive and hear any evidence for or against the petition. The hearing may be adjourned from time to time.

Subd. 4. **Order.** Within six months of the filing of the petition, the county board must issue its order either granting or denying the petition. If any of the land area described in the petition is included in a plat for consolidation or combination which has been approved by the commissioner, then no order may be issued while consolidation or combination proceedings are pending. No order shall be issued which results in attaching to a district any territory not adjoining that district, as defined in subdivision 1, paragraph (a). No order shall be issued which reduces the size of any district to less than four sections unless the district is not operating a school within the district. The order may have a deferred effective date not later than July 1 immediately following its issuance. If the petition is granted, the auditor shall transmit a certified copy to the commissioner. Failure to issue an order within six months of the filing of the petition or termination of proceedings upon an approved consolidation plat, whichever is later, is a denial of the petition.

Subd. 5. **Modification of records.** Upon receipt of the order, the commissioner shall modify the records and any plats and petitions and proceedings involving districts affected by such order presently before the commissioner for action or record, to conform to the order.

Subd. 6. **Taxable property.** (a) Upon the effective date of the order, the detachment and annexation is effected. The bonded indebtedness must be assigned to the detached and annexed land under either paragraph (b) or (c).

(b) Unless specified separately under paragraph (c), all taxable property in the area so detached and annexed remains taxable for payment of any school purpose obligations already authorized by or outstanding on the effective date of the order against the district from which detached. The order does not relieve such property from the obligation of any bonded debt already incurred to which it was subject prior to the order. All taxable property in the area so detached and annexed is taxable for payment of any district obligations authorized on or subsequent to the effective date of the order by the district to which annexation is made.

(c) Alternatively, if the school board of the district in which the area is proposed for detachment and the school board of the district in which the area is proposed for annexation agree, all taxable property in the area detached and annexed shall be taxable by the school district to which the property is annexed. Detached and annexed property is relieved from the obligation of any bonded debt already incurred by the district in which the area is detached and is obligated for any bonded debt already incurred by the district to which the area is annexed.

History: *Ex1959 c 71 art 3 s 5; 1965 c 225 s 1; 1969 c 364 s 1; 1975 c 162 s 10,41; 1977 c 447 art 7 s 15; 1986 c 444; 1Sp1995 c 3 art 6 s 2; art 16 s 13; 1998 c 397 art 5 s 5,104; 1Sp2001 c 5 art 3 s 5,6*

123A.455 REALIGNING SPLIT RESIDENTIAL PARCELS.

Subdivision 1. **Definitions.** "Split residential property parcel" means a parcel of real estate that is located within the boundaries of more than one school district and that is classified as residential property under:

(1) section 273.13, subdivision 22, paragraph (a) or (b);

(2) section 273.13, subdivision 25, paragraph (b), clause (1); or

(3) section 273.13, subdivision 25, paragraph (c).

Subd. 2. **Petition.** The owner of a split residential property parcel may petition the auditor of the county where the split parcel is located to transfer that part into the adjoining school district so the entire property will be located in the same school district. The petition must contain:

(1) a correct description of the split parcel to be affected by the transfer including supporting data on location and title to the land;

(2) a list of the school districts in which the split parcels currently lie;

(3) the school district into which the petitioner desires to have the whole split parcel transferred; and

(4) the district of attendance of any students currently residing on the property.

Subd. 3. **Auditor's order.** Within 60 days of receipt of the petition, the auditor of the county in which the petition was filed under subdivision 2 shall issue an order to transfer the affected parcel to the district determined by the county board. Orders issued on or before July 1 will be effective for taxes payable in the following year. The auditor must notify the affected school districts and the commissioner of the change in school district boundaries.

Subd. 4. **Commissioner.** The commissioner shall modify the records of school district boundaries to conform to the order.

Subd. 5. **Taxable property.** Upon the effective date of the order, the whole split property parcel is transferred into a single school district. Beginning in the next subsequent taxes payable year, all taxable property in the whole split parcel is:

(1) relieved of all school district taxes from the district in which the parcel is no longer located; and

(2) subject to all school district taxes in the district in which the whole split parcel is now located.

History: *2003 c 127 art 2 s 1; 2013 c 143 art 17 s 1*

123A.46 DISSOLUTION AND ATTACHMENT.

Subdivision 1. **Dissolution.** Any district may be dissolved and the territory attached to other districts by proceeding in accordance with this section.

Subd. 2. **Instituting proceedings.** Proceedings under this section may be instituted by:

(1) resolution of the county board of the county containing the greatest land area of the district proposed for dissolution when the district is dissolved pursuant to sections 123A.60 to 123A.72;

(2) petition executed by a majority of the eligible voters of the district proposed for dissolution and addressed to the county board of the county containing the greatest land area of the district;

(3) certification by the clerk of the district proposed for dissolution to the county board of the county containing the greatest land area of the district to the effect that a majority of votes cast at an election were in favor of dissolving the district.

Subd. 3. **Resolution.** A resolution adopted pursuant to subdivision 2, clause (1), shall contain findings of necessary jurisdictional facts and shall set a date for hearing. The hearing shall be not less than 20 nor more than 60 days from the date of the resolution.

Subd. 4. **Petition.** A petition executed pursuant to subdivision 2, clause (2), shall be filed with the auditor. The petition must contain the following:

(a) A statement that petitioners desire proceedings instituted leading to dissolution of the district and other provisions made for the education of the inhabitants of the territory and that petitioners are eligible voters of the district;

(b) An identification of the district; and

(c) The reasons supporting the petition which may include recommendations as to disposition of territory to be dissolved. The recommendations are advisory in nature only and are not binding on any petitioners or county board for any purpose.

The persons circulating the petition shall attach their affidavit swearing or affirming that the persons executing the petition are eligible voters, as defined in section 201.014, of the district and that they signed in the presence of one of the circulators.

The auditor shall present the petition to the county board at its next meeting. At that meeting, the county board must determine a date for a hearing. The hearing shall be not less than 20 nor more than 60 days from the date of that meeting.

Subd. 5. **Certification.** Certification executed pursuant to subdivision 2, clause (3), must be filed with the auditor. The certification must contain the following:

(a) A copy of the resolution initiating the election;

(b) A copy of the notice of election with an affidavit of publication or posting;

(c) The question voted on;

(d) The results of the election by number of votes cast for and number against the question; and

(e) If an advisory ballot is taken on annexation, the question voted on and number of ballots cast for and against the proposal.

The auditor shall present the certification to the county board at its next meeting. At that meeting, the county board must determine a date for a hearing. The hearing shall be not less than 20 nor more than 60 days from the date of that meeting.

Subd. 6. **Hearing.** When a hearing is ordered under this section, the auditor shall give ten days' posted notice of the hearing in the district proposed for dissolution, one week's published notice in the county, and ten days' mailed notice to the clerk of the district proposed for dissolution and to the clerk of each adjoining district and to the commissioner. If any part of the district proposed for dissolution or any adjoining district lies in another county, the auditor shall mail notice of the hearing to the auditor of each county so situated upon establishment of the hearing date.

Subd. 7. **When no order may be issued.** No order dissolving a district may be issued by the county board if the district to be dissolved is included in a plat for consolidation which has been approved by the commissioner of education and upon which plat final action has not been taken unless all of the district to be dissolved and all of the district or districts to which attachment is proposed are included in the approved plat.

Subd. 8. **Information to county auditor.** (a) Before the day of a hearing ordered pursuant to this section, each district adjoining the district proposed for dissolution must provide the following information and resolution to the county auditor of the county containing the greatest land area of the district proposed for dissolution:

(1) The outstanding bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.297, and the capital loan obligation of the district;

(2) The net tax capacity of the district;

(3) The most current school tax rates for the district, including any referendum, discretionary, or other optional levies being assessed currently and the expected duration of the levies;

(4) A resolution passed by the school board of the district stating that if taxable property of the dissolved district is attached to it, one of the following requirements is imposed:

(i) the taxable property of the dissolving district which is attached to its district shall not be liable for the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.297, or the capital loan obligation of the district which existed as of the time of the attachment;

(ii) the taxable property of the dissolving district which is attached to its district shall be liable for the payment of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.297, or the capital loan obligation of the district which existed as of the time of the attachment in the proportion which the net tax capacity of that part of the dissolving district which is included in the newly enlarged district bears to the net tax capacity of the entire district as of the time of attachment; or

(iii) the taxable property of the dissolving district which is attached to its district shall be liable for some specified portion of the amount that could be requested pursuant to item (ii).

(b) An apportionment pursuant to paragraph (a), clause (4), item (ii) or (iii), shall be made by the county auditor of the county containing the greatest land area of the district proposed for transfer.

(c) An apportionment of bonded indebtedness, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.297, or capital loan obligation pursuant to paragraph (a), clause (4), item (ii) or (iii), shall not relieve any property from any tax liability for payment of any bonded or capital obligation, but taxable property in a district enlarged pursuant to this section becomes primarily liable for the payment of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.297, or capital loan obligation to the extent of the proportion stated.

Subd. 9. **When order may be issued.** Within 90 days of the date set for the original hearing or within 30 days of the termination of a consolidation proceeding which stays the order under subdivision 7, the county board may issue its order:

(1) dismissing the proceedings; or

(2) providing for the dissolution of the district and the annexation of the territory to adjoining districts, or the entire district as a unit may be attached to and become part of a district which maintains a secondary school located within the same high school area if there is no intervening district maintaining a secondary school.

If no order is issued within the limited time, the proceedings are dismissed.

If an order is issued pursuant to clause (2) the order is a final order, unless an election on the order is required pursuant to subdivision 11.

Subd. 10. **Order for dissolution.** (a) An order issued under subdivision 9, clause (2), must contain the following:

(1) A statement that the district is dissolved unless the results of an election held pursuant to subdivision 11 provide otherwise;

(2) A description by words or plat or both showing the disposition of territory in the district to be dissolved;

(3) The outstanding bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.297, and the capital loan obligation of the district to be dissolved;

(4) A statement requiring the fulfillment of the requirements imposed by each adjoining district to which territory in the dissolving district is to be attached regarding the assumption of its outstanding preexisting bonded indebtedness by any territory from the dissolving district which is attached to it;

(5) An effective date for the order. The effective date shall be July 1 of an odd-numbered year unless the school board and the exclusive representative of the teachers in each affected district agree to an effective date of July 1 of an even-numbered year. The agreement must be in writing and submitted to the commissioner; and

(6) Other information the county board may desire to include.

(b) The auditor shall within ten days from its issuance serve a copy of the order by mail upon the clerk of the district to be dissolved and upon the clerk of each district to which the order attaches any territory of the district to be dissolved and upon the auditor of each other county in which any part of the district to be dissolved or any district to which the order attaches territory lies, and upon the commissioner.

Subd. 11. **Voter approval required.** If the proceedings were instituted by petition, under subdivision 2, clause (2), or by election, under subdivision 2, clause (3), and an advisory recommendation was made in the petition or an advisory ballot taken at the election, as to annexation requested, and if the order makes a different provision for annexation than requested, then the order must be approved by a majority of those voting on the question at an election to be called in the district to be dissolved, under subdivision 12. The question voted on shall be:

"Shall the order of the County Board of ..... County, dated ..... providing for the dissolution of this school district be approved?" Yes ..... No .....

Subd. 12. **Election date.** If an election is required under subdivision 11, then before the expiration of a 45 day period after the date of the order for dissolution and attachment, the auditor shall set a date and call the election by filing a written order for the election and serving a copy of the order personally or by mail on the clerk of the district in which the election is to be held. The special election shall be held in the district proposed for dissolution and must be held on a date authorized in section 205A.05, subdivision 1a. The auditor shall post and publish notice of the election according to law. Upon receipt of the notice, the board shall conduct the election.

Subd. 13. **Election results.** The board must certify the results of the election to the auditor. If a majority of all votes cast on the question at the election approve the order, the order becomes final and effective as of the date specified in the order. Each person served with the order shall be so notified. If a majority of all votes cast on the question disapprove the order, the proceedings are dismissed, and the order becomes void.

Subd. 14. **Bonded debt.** The bonded debt of a district dissolved under provisions of this section must be paid according to levies made for that debt under provision of chapter 475. The obligation of the taxable property in the dissolved district with reference to the payment of such bonded debt is not affected by this section.

Subd. 15. **Current assets and liabilities.** If the dissolved district is not divided by the order of dissolution and attachment, all of its current assets and liabilities, real and personal, and all its legally valid and enforceable claims and contract obligations must pass to the district to which it is attached, except as provided in section 123A.75. If the district to be dissolved is divided by the order of dissolution and attachment, the commissioner shall, within 30 days after the order is issued, issue an order for the distribution of its current assets and liabilities, real and personal. If the commissioner's order provides for the transfer of an interest in real estate to a district, this order may also impose a dollar amount as a claim against that district in favor of other districts, and this claim shall be paid and enforced in the manner provided by law for the payment of judgments against a district. The obligations of districts to the teachers employed by the dissolved district shall be governed by the provisions of section 123A.75.

Subd. 16. **Levies.** (a) In the year prior to the effective date of the dissolution of a district, the board of a district to which all of the dissolving district is to be attached may adopt a resolution directing the board of the dissolving district to certify levies for general education, basic transportation, and capital expenditure equipment and facilities in an amount not to exceed the maximum amount authorized for the dissolving district for taxes payable in the year the dissolution is effective. If the dissolving district is to be attached to more than one district, the boards of the districts to which the dissolving district is to be attached may adopt a joint resolution that accomplishes the purpose in this paragraph.

(b) Notwithstanding any other law to the contrary, upon receipt of a resolution under paragraph (a), the board of the dissolving district must certify levies in the amounts specified in the resolution for taxes payable in the year the dissolution is effective.

History: *Ex1959 c 71 art 3 s 6; 1969 c 364 s 2; 1974 c 406 s 12; 1975 c 162 s 41; 1978 c 764 s 15-18; 1980 c 609 art 6 s 9,10; 1981 c 358 art 7 s 12-21; 1987 c 266 art 2 s 2,3; 1988 c 719 art 5 s 84; 1989 c 209 art 2 s 1; 1989 c 329 art 13 s 20; 1991 c 265 art 6 s 6,7; 1992 c 499 art 6 s 5; 1993 c 224 art 6 s 4; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 6-16,104; art 11 s 3; 1998 c 398 art 5 s 55; 2003 c 130 s 12; 2017 c 92 art 2 s 2; 2018 c 182 art 1 s 24,25*

123A.48 CONSOLIDATION.

Subdivision 1. **Proceeding to consolidate.** Common or independent districts or parts thereof, or any combination of the foregoing may consolidate into a single independent district by proceedings taken in accordance with this section. The proposed new district must contain at least 18 sections of land.

Subd. 2. **Resolution.** (a) Upon a resolution of a board in the area proposed for consolidation or upon receipt of a petition therefor executed by 25 percent of the voters resident in the area proposed for consolidation or by 50 such voters, whichever is less, the county auditor of the county which contains the greatest land area of the proposed new district shall prepare a plat. The resolution or petition must show the approximate area proposed for consolidation.

(b) The resolution or petition may propose the following:

(1) that the bonded debt of the component districts will be paid according to the levies previously made for that debt under chapter 475, or that the taxable property in the newly created district will be taxable for the payment of all or a portion of the bonded debt previously incurred by any component district as provided in subdivision 18;

(2) that obligations for a capital loan or an energy loan made according to section 216C.37 or sections 298.292 to 298.297 outstanding in a preexisting district as of the effective date of consolidation remain solely with the preexisting district that obtained the loan, or that all or a portion of the loan obligations will

be assumed by the newly created or enlarged district and paid by the newly created or enlarged district on behalf of the preexisting district that obtained the loan;

(3) that referendum levies previously authorized for the component districts pursuant to section 126C.17, or its predecessor provision, be combined as provided in section 123A.73, subdivision 4 or 5, or that the referendum levies be discontinued;

(4) that capital project referendum revenue previously authorized for the component districts pursuant to section 123B.63 be combined as provided in section 123A.73, subdivision 6a, or that the capital project referendum revenue be discontinued;

(5) that the board of the newly created district consist of the number of members determined by the component districts, which may be six or seven members elected according to subdivision 20, or any number of existing school board members of the component districts, and a method to gradually reduce the membership to six or seven; or

(6) that separate election districts from which board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts be established.

The resolution must provide for election of board members from one of the following options: single-member districts; multimember districts; at large; or a combination of these options. The resolution must include a plan for the orderly transition to the option chosen.

A group of districts that operates a cooperative secondary facility funded under section 123A.443 may also propose a temporary board structure as specified in section 123A.443, subdivision 9.

If a county auditor receives more than one request for a plat and the requests involve parts of identical districts, the auditor shall prepare a plat which in the auditor's opinion best serves the educational interests of the inhabitants of the districts or areas affected.

(c) The plat must show:

(1) Boundaries of the proposed district, as determined by the county auditor, and present district boundaries,

(2) The location of school buildings in the area proposed as a new district and the location of school buildings in adjoining districts,

(3) The boundaries of any proposed separate election districts, and

(4) Other pertinent information as determined by the county auditor.

Subd. 3. **Designated county auditor duties.** The county auditor of the county containing the greatest land area of the area proposed to be consolidated shall perform the duties provided by this section.

Subd. 4. **Orderly reduction plan.** As part of the resolution required by subdivision 2, the board must prepare a plan for the orderly reduction of the membership of the board to six or seven members and a plan for the establishment or dissolution of election districts. The plan may shorten any or all terms of incumbent board members to achieve the orderly reduction. The plan must be submitted to the secretary of state for review and comment.

Subd. 5. **Supporting statement.** The county auditor shall prepare a supporting statement to accompany the plat. The statement must contain:

(a) The adjusted net tax capacity of property in the proposed district,

(b) If a part of any district is included in the proposed new district, the adjusted net tax capacity of the property and the approximate number of pupils residing in the part of the district included shall be shown separately and the adjusted net tax capacity of the property and the approximate number of pupils residing in the part of the district not included shall also be shown,

(c) The reasons for the proposed consolidation, including a statement that at the time the plat is submitted to the commissioner of education, no proceedings are pending to dissolve any district involved in the plat unless all of the district to be dissolved and all of each district to which attachment is proposed is included in the plat,

(d) A statement showing that the jurisdictional fact requirements of subdivision 1 are met by the proposal,

(e) Any proposal contained in the resolution or petition regarding the disposition of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.297, capital loan obligations, capital project referendum revenue, or referendum levies of component districts,

(f) Any other information the county auditor desires to include, and

(g) The signature of the county auditor.

Subd. 6. **County auditor to submit plat.** The county auditor shall submit the plat and supporting statement to the commissioner and a true copy of each to the auditor of each county containing any land area of the proposed new district.

Subd. 7. **County auditor to notify county board; restriction on county board action.** Upon receipt of a plat and the supporting statement, each county's auditor shall immediately notify the county's board. After such notification, and during the pendency of proceedings under the plat and supporting statement or for a period of six months, whichever is shorter, no action may be taken by the county board under any other law to modify the boundary of any district if any part of the district is included in an area proposed for consolidation.

Subd. 8. **Commissioner duties.** The commissioner shall, upon receipt of a plat, examine it and approve, modify or reject it. The commissioner shall also approve or reject any proposal contained in the resolution or petition regarding the disposition of the bonded debt of the component districts. If the plat shows the boundaries of proposed separate election districts and if the commissioner modifies the plat, the commissioner shall also modify the boundaries of the proposed separate election districts. The commissioner shall conduct a public meeting at the nearest county seat in the area upon reasonable notice to the affected districts and county boards if requested within 20 days after submission of the plat. The public meeting may be requested by the board of any affected district, a county board of commissioners, or the petition of 20 resident voters living within the area proposed for consolidation. The commissioner shall endorse on the plat action regarding any proposal for the disposition of the bonded debt of component districts and the reasons for these actions and after a minimum of 20 days, but no more than 60 days of the date of the receipt of the plat, the commissioner shall return it to the county auditor who submitted it. The commissioner shall furnish a copy of that plat, and the supporting statement and its endorsement to the auditor of each county containing any land area of the proposed new district. If land area of a particular county was included in the plat, as submitted by the county auditor, and all of such land area is excluded in the plat as modified and approved, the commissioner shall also furnish a copy of the modified plat, supporting statement, and any endorsement to the auditor of such county.

Subd. 9. **Notice to district board.** Upon receipt of an approved plat, the county auditor shall notify the board of any district, all or part of whose land is included in the proposed new district.

Subd. 10. **District board adoption of proposed plat.** The board of any independent district maintaining a secondary school, the board of any common district maintaining a secondary school, all or part of whose land is included in the proposed new district, must, within 45 days of the approval of the plat by the commissioner, either adopt or reject the plan as proposed in the approved plat. If the board of any such district entitled to act on the petition rejects the proposal, the proceedings are terminated and dismissed. If any board fails to act on the plat within the time allowed, the proceedings are terminated. If any school board is unable to obtain a majority of its members' votes to accept or reject the plat and plan, a petition of residents of the district unable to obtain a majority of votes equal to 20 percent of the votes cast in the last school district general election in that district may be submitted to the county auditor requesting a public vote to accept or reject the plat and plan. The vote shall be scheduled on the next available election date. The county auditor shall notify the commissioner of the scheduled vote, conduct the election in that district and certify the results of the election to the commissioner. Other affected school boards that approve the plat and plan may choose to hold an election. If elections are conducted in each affected school district, results shall be separate and a majority vote to approve the plat and plan must be reached in each of the affected districts. If the plat and plan are rejected by the voters, a new plat and plan cannot be submitted, except by school board resolution in a district where the plat and plan were rejected, until January 1 of the year following the next school district general election.

Subd. 11. **Multiple districts; approval.** If the approved plat contains land area in more than one independent district maintaining a secondary school, or common district maintaining a secondary school, and if each board entitled to act on the plat approves the plat, each board shall publish notice of its action at least once in its official newspaper. If all of the boards entitled to act on the plat call, by resolution, for an election on the question, or if five percent of the eligible voters of any such district petition the clerk of the district, within 30 days after the publication of the notice, for an election on the question, the consolidation shall not become effective until approved by a majority vote in the district at an election held in the manner provided in subdivisions 13, 14, and 15.

Subd. 12. **Approval by residents.** If an approved plat contains land area in any district not entitled to act on approval or rejection of the plat by action of its board, the plat may be approved by the residents of the land area within 60 days of approval of plat by the commissioner in the following manner:

A petition calling upon the county auditor to call and conduct an election on the question of adoption or rejection of the plat may be circulated in the land area by any person residing in the area. Upon the filing of the petition with the county auditor, executed by at least 25 percent of the eligible voters in each district or part of a district contained in the land area, the county auditor shall call and conduct a special election of the electors resident in the whole land area on the question of adoption of the plat. For the purposes of this section, the term "electors resident in the whole land area" means any person residing on any remaining portion of land, a part of which is included in the consolidation plat. Any eligible voter owning land included in the plat who lives upon land adjacent or contiguous to that part of the voter's land included in the plat shall be included and counted in computing the 25 percent of the eligible voters necessary to sign the petition and shall also be qualified to sign the petition. Failure to file the petition within 60 days of approval of the plat by the commissioner terminates the proceedings.

Subd. 13. **Notice of election.** Upon an election becoming callable under provisions of subdivision 11 or 12, the board shall give ten days' posted notice of election in the area in which the election is to be held and also if a newspaper is published in the area, one weeks' published notice shall be given. The notice must specify the time, place and purpose of the election.

Subd. 14. **Election.** The board shall determine the date of the election as authorized by section 205A.05, subdivision 1a, the number of boundaries of voting precincts, and the location of the polling places where voting shall be conducted, and the hours the polls will be open. The board shall also provide official ballots which must be used exclusively and shall be in the following form: "Shall the (name of school district) and the (name of school district) be consolidated as proposed? Yes .... No ...."

The board must appoint election judges who shall act as clerks of election. The ballots and results must be certified to the board who shall canvass and tabulate the total vote cast for and against the proposal.

Subd. 15. **Effective date.** If a majority of the votes cast on the question at the election approve the consolidation, and if the necessary approving resolutions of boards entitled to act on the plat have been adopted, the board must, within ten days of the election, notify the county auditor who shall, within ten days of the notice or of the expiration of the period during which an election can be called, issue an order setting a date for the effective date of the change. The effective date must be July 1 of the year determined by the board in the original resolution adopted under subdivision 2. The auditor shall mail or deliver a copy of such order to each auditor holding a copy of the plat and to the clerk of each district affected by the order and to the commissioner. The board must similarly notify the county auditor if the election fails. The proceedings are then terminated and the county auditor shall so notify the commissioner and the auditors and the clerk of each district affected.

Subd. 16. **Identification number.** Upon receipt of the order creating a new district, the commissioner shall, by order, assign an identification number to the new district and shall mail a copy of the order to the county auditor and to each auditor who holds a copy of the plat. If all of the territory in one and only one independent district maintaining a secondary school is included in the new independent district created pursuant to consolidation, and if the commissioner finds that it is more practical and reasonable and in the interest of efficiency and economy of operation to so do, the commissioner may assign to the new district the same number as previously held by the included independent district.

Subd. 17. **Distribution of district assets and liabilities.** If no district is divided by virtue of the proceedings, all of the assets, real and personal, of the districts involved and all legally valid and enforceable claims and contract obligations of the districts pass to the new district, except as provided in section 123A.75. If a district is divided by virtue of the proceedings, upon receipt of the order of the commissioner, the auditor of the county containing the greatest land area of the new district shall present a copy of the plat and supporting statement and orders issued in the proceedings to the commissioner, together with such information as is available to that auditor concerning the assets and liabilities not secured by bonds of each district, any part of which is included in the newly created district. Thereafter within 30 days the commissioner shall issue an order providing for a division of the assets and liabilities of the districts involved and apportioning and dividing these assets and liabilities according to such terms as the commissioner may deem just and equitable. In making this division of assets and liabilities, the commissioner may consider the amount of bonded debt to be assumed by property in each area under the provisions of this section. If the order of consolidation transfers any real estate interest to the new district or to another district, the order apportioning assets and liabilities may impose a dollar claim on the district receiving the real estate in favor of any other district involved in an amount not exceeding the reasonable value of the real estate interest involved, which claim shall be paid in the manner provided by law for the enforcement of judgments.

Subd. 18. **Bonded debt.** (a) As of the effective date of the consolidation, the bonded debt of all component districts must be paid according to the plan for consolidation proposed in the approved plat and according to this subdivision.

(b) If the plan for consolidation so provides, the bonded debt of all component districts must be paid according to levies previously made for that debt under chapter 475. In this case, the obligation of the taxable property in the component districts with reference to the payment of such bonded debt is not affected by the consolidation.

(c) If the plan for consolidation makes no provision for the disposition of bonded debt, all the taxable property in the newly created district is taxable for the payment of any bonded debt incurred by any component district in the proportion which the net tax capacity of that part of a preexisting district which is included in the newly created district bears to the net tax capacity of the entire preexisting district as of the time of the consolidation.

(d) If the plan for consolidation so provides, all the taxable property in the newly created district will be taxable for a portion of the bonded debt incurred by any component district prior to the consolidation.

(e) The county auditor shall make the apportionment required under paragraphs (c) and (d) and incorporate the apportionment as an annex to the order of the commissioner dividing the assets and liabilities of the component parts. This subdivision shall not relieve any property from any tax liability for payment of any bonded obligation but taxable property in the newly created district becomes primarily liable for the payment of bonded debts to the extent of the proportion stated.

Subd. 19. **Bonds; election.** The board of the newly created district, when constituted as provided in Minnesota Statutes 1990, section 122.23, subdivision 17, may provide for an election of that district on the issuance of bonds. It may issue and sell bonds authorized at the election, or bonds authorized at an election previously held in any preexisting district wholly included within the newly created district, or bonds for a purpose for which an election is not required by law. The actions may be taken at any time after the date of the county auditor's order issued under Minnesota Statutes 1990, section 122.23, subdivision 17, and before or after the date upon which the consolidation becomes effective for other purposes, and taxes for the payment of the bonds shall be levied upon all taxable property in the newly created district. No bonds shall be delivered to purchasers until 30 days after the date of the county auditor's order. If within this period a notice of appeal from the county auditor's order to the district court is filed in accordance with section 123A.49, no bonds shall be delivered by the newly created district to purchasers unless:

(1) the county auditor's order is affirmed by final order of the district court in the special proceeding, and a period of 30 days from the service of the final order expires without an appeal being commenced; or

(2) if an appeal is taken, the order is affirmed and the time for petitioning for further review has expired. Notwithstanding the pendency of the appeal, if all of the territory of one and only one independent district maintaining a secondary school is included in the newly created district, and if the net tax capacity of taxable property in the territory comprises 90 percent or more of the net tax capacity of all taxable property in the newly created district, then the board may issue, sell, and deliver any bonds voted by the preexisting independent district and any bonds voted or otherwise authorized by the newly created district, and the bonds must be paid by the levy of taxes upon the property within the territory of the preexisting independent district and within the other areas, if any, that are finally determined to be properly included within the newly created district. In any election held in the newly created district as authorized in the preceding sentence, all qualified electors residing within the area of that district as defined in the county auditor's order shall be entitled to vote, but the votes cast by residents of former districts or portions of former districts included in the area, other than the independent district maintaining the secondary school, shall be received and counted separately. The bonds must not be issued and sold unless authorized by a majority of the votes cast thereon by electors of the independent district maintaining the secondary school, and also by a majority of the votes cast thereon by electors residing within the entire area of the newly created district.

Subd. 20. **Board election; duties.** (a) The county auditor shall determine a date, not less than 30 nor more than 60 days from the date that the order setting the effective date of the consolidation according to subdivision 15 was issued, to hold a special election in the district for the purpose of electing a board of six members for terms of four years and until a successor is elected and qualifies according to provisions of law governing the election of board members in independent districts. Notwithstanding the foregoing, three members of the first board must be elected to terms that expire on the first Monday in January following the first regularly scheduled school district general election that occurs more than six months after the election of the first board and three members must be elected to terms that expire on the first Monday in January following the second school district general election that occurs more than six months after the election of the first board. If the first board consists of seven members, then four members may be elected at either the first or second regularly scheduled school district general election following the election of the first board. If the resolution or petition for consolidation pursuant to subdivision 2 proposed the establishment of separate election districts, these members shall be elected from separate election districts according to the provisions of that resolution or petition and of chapter 205A.

(b) The county auditor shall give ten days' posted notice of election in the area in which the election is to be held and also if a newspaper is published in the proposed new district, one weeks' published notice shall be given. The notice must specify the time, place, and purpose of the election.

(c) Any person desiring to be a candidate for a school election shall file an application with the county auditor to have the applicant's name placed on the ballot for such office, specifying the term for which the application is made. The application must be filed not less than 21 days before the election.

(d) The county auditor shall prepare, at the expense of the county, necessary ballots for the election of officers, placing thereon the names of the proposed candidates for each office. The ballots must be marked and signed as official ballots and shall be used exclusively at the election. The county auditor shall determine the number of voting precincts and the boundaries of each. The county auditor shall determine the location of polling places and the hours the polls shall be open and shall appoint three election judges for each polling place who shall act as clerks of election. Election judges shall certify ballots and results to the county auditor for tabulation and canvass.

(e) After making a canvass and tabulation, the county auditor shall issue a certificate of election to the candidate for each office who received the largest number of votes cast for the office. The county auditor shall deliver such certificate to the person entitled to a certificate by certified mail, and each person so certified shall file an acceptance and oath of office with the county auditor within 30 days of the date of mailing of the certificate. A person who fails to qualify prior to the time specified shall be deemed to have refused to serve, but such filing may be made at any time before action to fill vacancy has been taken.

(f) The board of each district included in the new enlarged district shall continue to maintain the schools therein until the effective date of the consolidation. Such boards shall have power and authority only to make such contracts, to do such things as are necessary to properly maintain the schools for the period prior to that date, and to certify to the county auditor according to levy limitations applicable to the component districts the taxes collectible in the calendar year when the consolidation becomes effective.

(g) The newly elected board of the enlarged district has the immediate duty, after the members have qualified and the board has been organized, to plan for the maintenance of the school or schools of the new district for the next school year, to enter into the necessary negotiations and contracts for the employment of personnel, purchase of equipment and supplies, and other acquisition and betterment purposes, when authorized by the voters to issue bonds under the provisions of chapter 475. On the effective date of the consolidation, the newly elected board must assume the full duties of the care, management and control of

the new enlarged district. The board of the new enlarged district must give due consideration to the feasibility of maintaining such existing attendance centers and of establishing such other attendance centers, especially in rural areas, as will afford equitable and efficient school administration and assure the convenience and welfare of the pupils residing in the enlarged district. The obligations of the new board to teachers employed by component districts shall be governed by the provisions of section 123A.75. The obligations of the new board to nonlicensed employees employed by component districts is governed by subdivision 21.

Subd. 21. **Nonlicensed employees.** (a) As of the effective date of a consolidation of two or more districts or parts of them, each nonlicensed employee employed by an affected district must be assigned to the newly created district.

(b) As of the effective date of a consolidation, any employee organization may petition the commissioner of the Bureau of Mediation Services for a certification election under chapter 179A. An organization certified as the exclusive representative for nonlicensed employees in a particular preexisting district continues as the exclusive representative for those particular employees for a period of 90 days from the effective date of a consolidation. If a petition for representation of nonlicensed employees is filed within 90 days, an exclusive representative for those particular nonlicensed employees continues as the exclusive representative until the Bureau of Mediation Services certification proceedings are concluded.

(c) The terms and conditions of employment of nonlicensed employees assigned to the newly created district are temporarily governed by contracts executed by an exclusive representative for a period of 90 days from the effective date of the consolidation. If a petition for representation is filed with the Bureau of Mediation Services within the 90 days, the contractual terms and conditions of employment for those nonlicensed employees who were governed by a preexisting contract continue in effect until the Bureau of Mediation Services proceedings are concluded and, if an exclusive representative has been elected, until successor contracts are executed between the board of the newly created district and the new exclusive representative. The terms and conditions of employment of nonlicensed employees assigned to the newly created district who were not governed by a collective bargaining agreement at the time of the consolidation are governed by the policies of the board of the newly created district.

(d) The date of first employment in the newly created district is the date on which services were first performed by the employee in the preexisting district. Any sick leave, vacation time, or severance pay benefits accumulated under policies of the preexisting district or contracts between the exclusive representatives and the board of the preexisting district continue to apply in the newly created district to the employees of the preexisting districts, subject to any maximum accumulation limitations negotiated in a successor contract. Future leaves of absence, vacations, or other benefits to be accumulated in the newly created district are governed by board policy or by contract between the exclusive representative of an appropriate unit of employees and the board of the newly created district. The board of the newly created district must provide, to transferred nonlicensed employees, open enrollment in all insurance plans with no limit on preexisting conditions.

Subd. 22. **Attachment of land to consolidating districts.** In case of the consolidation of two or more districts or parts of districts into a larger district, any portions or parts of divided districts which have less than four sections of land shall be attached to one or more adjoining districts by the board of county commissioners upon due notice and hearing.

The county auditor shall give ten days' posted notice of the hearing in the area to be attached and shall deliver a copy of the notice of hearing to the clerk of each district adjoining the area at least 30 days prior to the date set for the hearing. If any adjoining district by resolution of its board, a copy of which is served on the county board before the hearing, demands that area to be attached assume a proportionate share of

the bonded debt of the demanding district, then if the order of the county board attaches any land area to such district, the taxable property in such area assumes its proportionate share of the authorized and outstanding bonded debt of the district to which it is attached.

Subd. 23. **Retirement incentives.** (a) For consolidations effective July 1, 1994, and thereafter, a board of a district may offer early retirement incentives to licensed and nonlicensed staff. The early retirement incentives that the board may offer are:

(1) the payment of employer pension plan contributions for a specified period of allowable service credit for district employees who have at least ten years of allowable service credit in the applicable pension plan under paragraph (b);

(2) an extended leave of absence for an eligible employee under section 122A.46;

(3) severance payment incentives under paragraph (c); and

(4) the employer payment of the premiums for continued health insurance coverage under paragraph (d).

These incentives may only be offered to employees who terminate active employment with the district or who enter into an extended leave of absence as a result of the consolidation. The board may determine the staff to whom the incentives are offered. Unilateral implementation of this section by a board is not an unfair labor practice under chapter 179A.

(b) An employee with at least ten years of allowable service credit in the applicable pension plan who is offered an early retirement incentive under paragraph (a), clause (1), may purchase up to five additional years of allowable service credit from the applicable pension plan. To do so, the former employee must pay the member contributions to the pension plan annually in a manner and in accord with a schedule specified by the executive director of the applicable fund. If the former employee makes the member contribution, the board must make the applicable employer contribution. The salary used to determine these contributions is the salary of the person in the last year that the former employee was employed by the district. During the period of continuing member and employer contributions, the person is not considered to be an active member of the applicable pension plan, is not eligible for any active member disability or survivorship benefit coverage, and is not included in any postemployment termination benefit plan changes unless the applicable benefit legislation provides otherwise. Continued eligibility to purchase service credit under this paragraph expires if the person is subsequently employed during the service purchase period by a public employer with retirement coverage under a pension plan specified in section 356.30, subdivision 3.

(c) Severance payment incentives must conform with sections 465.72, 465.721, and 465.722.

(d) The board may offer a former employee continued employer-paid health insurance coverage. Coverage may not extend beyond age 65 or the end of the first month in which the employee is eligible for employer-paid health insurance coverage from a new employer. For purposes of this subdivision, "employer-paid health insurance coverage" means medical, hospitalization, or health insurance coverage provided through an insurance company that is licensed to do business in the state and for which the employing unit pays more than one-half of the cost of the insurance premiums.

(e) A board may offer these incentives beginning on the day that the consolidation is approved under subdivision 14 or, if an election is not called under subdivision 11 or 12, on the day that the plat is approved

by the commissioner. A board may offer these incentives until the June 30 following the effective date of the consolidation.

History: *Ex1959 c 71 art 3 s 7; 1963 c 549 s 1; 1965 c 525 s 1; 1967 c 495 s 1; 1969 c 364 s 3-6; 1974 c 406 s 13; 1975 c 162 s 11,41; 1976 c 271 s 35; 1978 c 674 s 60; 1978 c 764 s 19-25; 1980 c 609 art 6 s 11,12; 1983 c 247 s 56; 1983 c 314 art 1 s 22; art 7 s 9,10; 1986 c 444; 1987 c 266 art 2 s 4-6; 1988 c 569 s 1; 1988 c 719 art 5 s 84; 1989 c 209 art 2 s 7; 1989 c 329 art 6 s 4; art 13 s 20; 1990 c 562 art 8 s 16-19; 1991 c 130 s 6; 1991 c 265 art 6 s 8,9; 1992 c 409 s 1; 1992 c 499 art 6 s 6,7; art 12 s 2-4; 1993 c 224 art 9 s 18,19; 1994 c 647 art 6 s 3-7; 1995 c 8 s 1; 1996 c 394 s 1,2; 1998 c 397 art 5 s 17-33,104; art 11 s 3; 1998 c 398 art 5 s 55; art 6 s 14,15; 1999 c 241 art 6 s 2; 2000 c 254 s 7; 2003 c 130 s 12; 2013 c 131 art 2 s 6; 2017 c 92 art 2 s 3; 2018 c 182 art 1 s 26,27; 1Sp2025 c 10 art 8 s 6,7*

123A.482 JOINT POWERS COOPERATIVE FACILITY.

Subdivision 1. **Schools may be jointly operated.** Two or more school districts may agree to jointly operate a secondary facility. The districts may choose to operate the facility according to a joint powers agreement under section 123A.78 or 471.59.

Subd. 2. **Expanded program offerings.** A jointly operated secondary program seeking funding under section 123A.485 must demonstrate to the commissioner's satisfaction that the jointly operated program provides enhanced learning opportunities and broader curriculum offerings to the students attending that program. The commissioner must approve or disapprove a cooperative secondary program within 60 days of receipt of an application.

Subd. 3. **Transfer of employees.** If an employee is transferred between two employer members of the joint powers agreement under this section, the employee's length of service under section 122A.40, subdivision 5, remains uninterrupted. The employee shall receive credit on the receiving district's salary schedule for the employee's educational attainment and years of continuous service in the sending district, or shall receive a comparable salary, whichever is greater. The employee shall receive credit for accrued sick leave and rights to severance benefits as if the employee had been employed by the receiving district during the employee's years of employment in the sending district.

Subd. 4. **Revenue.** An approved program that is jointly operated under this section is eligible for aid under section 123A.485 and qualifies for a facilities grant under sections 123A.44 to 123A.445.

Subd. 5. **Duty to maintain elementary and secondary schools met.** A school district operating a joint facility under this section meets the requirements of section 123A.64.

Subd. 6. **Estimated market value limit exclusion.** Bonds for a cooperative facility operated under this section issued by a member school district are not subject to the net debt limit under section 475.53, subdivision 4.

Subd. 7. **Allocation of levy authority for joint facility.** For purposes of determining each member district's school levy, a jointly operated secondary program may allocate program costs to each member district according to the joint powers agreement and each member district may include those costs in its tax levy. The joint powers agreement may choose to allocate costs on any basis adopted as part of the joint powers agreement.

Subd. 8. **Effect of consolidation.** The joint powers agreement may allow member school districts that choose to consolidate to continue to certify levies separately based on each component district's characteristics.

Subd. 9. **Bonds.** A joint powers district formed under this section may issue bonds according to section 123A.78 or its member districts may issue bonds individually after complying with this subdivision. The joint powers board must submit the project for review and comment under section 123B.71. The joint powers board must hold a hearing on the proposal. If the bonds are not issued under section 123A.78, each member district of the joint powers district must submit the question of authorizing borrowing of funds for the project to the voters of the district at a special election. The question submitted shall state the total amount of funding needed from that district. The member district may issue the bonds according to chapter 475 and certify the levy required by section 475.61 only if a majority of those voting on the question in that district vote in the affirmative and only after the board has adopted a resolution pledging the full faith and credit of that unit. The resolution must irrevocably commit that unit to pay an agreed-upon share of any debt levy shortages that, together with other funds available, would allow the member school board to pay the principal and interest on the obligations. The clerk of the joint powers board must certify the vote of any bond elections to the commissioner. Bonds issued under this section first qualify for debt service equalization aid in fiscal year 2018.

Subd. 10. **Election.** A district entering into a joint powers agreement under this section may conduct a referendum seeking approval for a new facility. This election may be held separately or at the same time as a bond election under subdivision 9. If the election is held at the same time, the questions may be asked separately or as a conjunctive question. The question must be approved by a majority of those voting on the question. If asked separately and the question fails, a district may not proceed with the sale of bonds according to subdivision 9.

History: *2014 c 312 art 18 s 1; 1Sp2017 c 8 art 2 s 34*

123A.485 CONSOLIDATION TRANSITION REVENUE.

Subdivision 1. **Eligibility and use.** A district that has been reorganized after June 30, 1994, under section 123A.48 is eligible for consolidation transition revenue. Revenue is equal to the sum of aid under subdivision 2 and levy under subdivision 3. Consolidation transition revenue may only be used according to this section. Revenue must be used for the following purposes and may be distributed among these purposes at the discretion of the district:

(1) to offer early retirement incentives as provided by section 123A.48, subdivision 23;

(2) to reduce operating debt as defined in section 123B.82;

(3) to enhance learning opportunities for students in the reorganized district; and

(4) for other costs incurred in the reorganization.

Revenue received and utilized under clause (3) or (4) may be expended for operating, facilities, and/or equipment.

Subd. 2. **Aid.** (a) Consolidation transition aid is equal to $424 times the number of resident pupil units in the newly created district in the year of consolidation and $212 times the number of resident pupil units in the first year following the year of consolidation. The number of pupil units used to calculate aid in either year shall not exceed 1,500.

(b) If the total appropriation for consolidation transition aid for any fiscal year, plus any amount transferred under section 127A.41, subdivision 8, is insufficient to pay all districts the full amount of aid earned, the department must first pay the districts in the first year following the year of consolidation the full amount of aid earned and distribute any remaining funds to the newly created districts in the first year of consolidation.

Subd. 3. **Levy.** If the aid available in subdivision 2 is insufficient to cover the costs of the district under section 123A.48, subdivision 23, the district may levy the difference over a period of time not to exceed three years.

Subd. 4. **New districts.** If a district consolidates with another district that has received aid under section 123A.39, subdivision 3, or 123A.485 for a combination or consolidation taking effect within six years of the effective date of the new consolidation, only the pupil units in the district or districts not previously reorganized must be counted for aid purposes under subdivision 2. If two or more districts consolidate and all districts received aid under subdivision 2 for a consolidation taking effect within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district must be used to determine aid under subdivision 2.

History: *1994 c 647 art 6 s 23; 1Sp1995 c 3 art 6 s 10-12; art 16 s 13; 1998 c 397 art 7 s 39-41,164; art 11 s 3; 2000 c 254 s 8; 2000 c 489 art 5 s 1; 1Sp2025 c 10 art 1 s 5*

123A.488 CONSOLIDATION; INSTRUCTION BY NONRESIDENTIAL DISTRICT.

Subdivision 1. **Aid payments in case of alteration of boundaries.** Where two or more districts hereafter unite the state aid shall continue to be paid for the remainder of the school year in which the union was completed as the state aids were paid to the individual districts prior to the union.

Subd. 2. **Tuition.** Except as otherwise provided in law, every district that provides for the instruction of a pupil without a disability in a nonresident district shall pay to the nonresident district the actual cost of the instruction, excluding transportation costs. Tuition for a nonresident pupil with a disability must be determined according to section 125A.11.

The resident district shall also pay to the nonresident district, for capital expenditures and debt service, $10 per resident pupil unit in average daily membership for each nonresident pupil unit. However, a nonresident district may include in its tuition, for capital expenditures and debt service, an amount per resident pupil unit in average daily membership based on the amount that the average expenditure for capital expenditures and debt service determined by dividing such annual expenditure by the total number of pupil units in average daily membership in the district exceeds $10 per resident pupil unit. If the nonresident district has no capital expenditures or debt service, it may use the money for any purpose for which it is authorized to spend money.

Subd. 3. **Tuition as agreed.** Notwithstanding subdivision 2, a resident district may pay a nonresident district the amount for tuition that is agreed upon by the districts.

History: *Ex1959 c 71 art 5 s 18; 1963 c 530 s 1; 1969 c 513 s 1; 1975 c 432 s 23; 1988 c 486 s 26,27; 1988 c 718 art 7 s 28; 1991 c 265 art 3 s 38; 1998 c 397 art 4 s 51; art 11 s 3*

123A.49 APPEALS.

Subdivision 1. **Grounds for appeal from final order.** Any district or any person aggrieved by final order of the county board or final order of the county auditor, made pursuant to the provisions of this code, may appeal from such final order to the district court upon the following grounds:

(1) That the county board or the county auditor had no jurisdiction to act;

(2) That the county board or the county auditor exceeded its jurisdiction;

(3) That the action appealed from is arbitrary, fraudulent, capricious or oppressive or in unreasonable disregard of the best interest of the territory affected;

(4) That the order of action appealed from is based upon an erroneous theory of law.

An appeal from a final order of a county board or the county auditor shall be taken by serving a notice of appeal upon the county auditor. An appeal from a final order of a county board or a county auditor shall be taken to the district court in the county of the board or auditor. Notice of appeal must be served within 30 days of the issuance of the order appealed from and shall be accompanied by a corporate surety bond in the amount of $250, conditioned for the payment of all costs taxed against appellant on such appeal. The notice of appeal shall be filed with the court administrator of the district court and noticed for hearing in the manner provided for the trial of civil actions by Minnesota Rules of Civil Procedure.

In an appeal from an order of a county auditor effecting a consolidation the action of the commissioner approving the plat is reviewable and the commissioner may be called by either party as a witness in such appeal proceedings and may be examined under the Rules of Civil Procedure relating to the cross-examination of adverse parties.

Subd. 2. **Affected school district or person may intervene.** Any school district or any person affected by final order of the county board or final order of the county auditor shall be permitted to intervene in appeals under this section as a party respondent.

Subd. 3. **Appeal.** An appeal lies from the district court in accordance with the Rules of Civil Appellate Procedure.

Subd. 4. **Administrative remedies for aggrieved school district or person.** Unless otherwise provided by law, any school district or any person aggrieved by a final order of the commissioner made pursuant to provisions of this code may proceed under the provisions of sections 14.57 to 14.69.

History: *Ex1959 c 71 art 8 s 25; 1975 c 162 s 37; 1976 c 239 s 36; 1978 c 764 s 90-92; 1982 c 424 s 130; 1983 c 247 s 59; 1Sp1986 c 3 art 1 s 82; 1987 c 384 art 2 s 1; 1998 c 397 art 5 s 104; 1998 c 398 art 5 s 55*

123A.50 PLATS.

The auditor shall keep in the auditor's office books containing a correct plat and description of each district, whether wholly or partly in the auditor's county. The auditor shall submit to the state department a description and the revised plats showing changes made in district boundaries within 60 days of such changes.

History: *Ex1959 c 71 art 4 s 28; 1975 c 162 s 41; 1978 c 616 s 6; 1986 c 444; 1998 c 397 art 6 s 124*

COMMON, INDEPENDENT, AND SPECIAL DISTRICTS

123A.55 CLASSES, NUMBER.

Districts shall be classified as common, independent, special, or charter districts. Each common, independent, and special district is a public corporation. Each district shall be known by its classification and assigned a number by the commissioner so that its title will be ..... School District No. .....

History: *Ex1959 c 71 art 3 s 2; 1974 c 406 s 11; 1998 c 397 art 5 s 3,104; 2004 c 294 art 5 s 5; 1Sp2011 c 11 art 1 s 8*

123A.56 ASSIGNMENT OF IDENTIFICATION NUMBERS.

Subdivision 1. **Assignment.** The commissioner shall, by order, assign an identification number to each district. The assignment shall be made so that each classified district has an exclusive identification number.

Subd. 2. **Notification.** Upon making the assignment of an identification number, the commissioner shall notify the clerk of the district and the county auditors of the counties in which any part of the district lies of the identification number assigned. A certified copy of the order may be recorded in the office of the county recorder to show the new legal name of the district.

Subd. 3. **Legal identification.** The legal identification of the district shall become the assigned identification number. All records, correspondence, reports and references to the district must thereafter refer to the district by its proper title as assigned.

Subd. 4. **Use of numbers.** A number assigned to a district under section 123A.55 or under any prior law, must not be used again to identify any district in the same classification. As the need arises, and as required by law, as new districts are formed, the commissioner shall assign unused numbers as identification. When numbered districts are dissolved, the numbers assigned to them will not be reassigned to any other district.

History: *1957 c 947 art 10 s 1; 1961 c 562 s 1,2; 1976 c 181 s 2; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 4,104; art 11 s 3*

123A.58 COMMON DISTRICT TO INDEPENDENT DISTRICT.

Subdivision 1. **Vote to change organization of district.** If six or more eligible voters of a common district desire to change the organization of their district to an independent district, they may call for a vote upon the question at the next annual meeting by filing a petition therefor with the clerk. In the notice for the meeting, the clerk shall include a statement that the question will be voted upon at the meeting.

Subd. 2. **Board election.** At the annual meeting, if a majority of the votes cast on the question favors the conversion to an independent district, a board of six members shall be elected. Nominations may be made from the floor of the meeting and election shall be by secret ballot. All board members elected at this meeting shall serve for terms expiring on the third Tuesday in the next May following the election on which date a regular annual election shall be held in the manner provided by law. At this first annual election for independent districts, six directors shall be elected, two to hold office until July 1 following the next annual election, two to hold office until the expiration of one year from said July 1 and two to hold office until the expiration of two years from said July 1; the time which each director shall hold office being designated on the ballot.

Subd. 3. **Identification number.** If the organization of the district is changed from common to independent at the meeting, the clerk shall notify the auditor and the commissioner.

Upon receipt of such notification, the commissioner shall assign a new identification number to the district and shall notify the auditor and the clerk of the district thereof.

Subd. 4. **Change in district classification.** As of the date of election, if a majority of votes cast on the question favor the conversion to an independent district, the classification of the district is changed from common to independent. Title to all the property, real and personal, of the common district passes to the independent district and all current outstanding contractual obligations, including the bonded indebtedness, if any, of the common district, together with any legally valid and enforceable claims against the common district are imposed on the independent district.

Subd. 5. **Clerk to record district identification number.** Upon receipt of the identification number from the commissioner, the clerk of the district shall record such change of number with the county recorder in any county in which the common district owns any real estate.

History: *Ex1959 c 71 art 3 s 9; 1976 c 181 s 2; 1980 c 609 art 6 s 13; 1987 c 266 art 2 s 7; 1998 c 397 art 5 s 45,46,104*

123A.60 REMAINING DISTRICTS, ACTION OF COUNTY BOARD; ELECTION.

Subdivision 1. **Dissolution.** Any organized district not maintaining a classified school within the district, except those districts which have a contract with a state university or with the Board of Regents of the University of Minnesota for the education of all the children of the district, shall hereby be dissolved as of the date the district ceases to maintain a classified school. Any such district not maintaining a classified school must be attached by order of the county board to such district maintaining classified elementary or secondary schools upon notice and hearing as provided in section 123A.46 for the attachment of dissolved districts.

Subd. 2. **Special election.** Prior to the order of the county board, the board may direct the county auditor to call a special election in the manner and form in which district elections are held. The purpose of the election shall be to determine to which district or districts the dissolved district shall be attached. The county board after hearing must determine the form of question as it should appear on the ballot. The results of the election shall be advisory in nature only.

Subd. 3. **Order; asset and liability transfer.** The county auditor shall certify the results of the election to the county board. Within 45 days after such election, the county board must issue its order dissolving the district. The order must also attach the dissolved district to a proper district as determined by the county board, and a copy of such order must be filed with the commissioner. Title to all the property, real and personal, of the district dissolved passes to the district to which such dissolved district is attached. If a district is divided by virtue of the proceedings the county board shall issue its order providing for the division of the current assets and liabilities according to such terms as it may deem just and equitable. If the order of the county board attaches any land area to a district with bonded debt, the taxable property in such area assumes its proportionate share of the authorized and outstanding debt of the district to which it is attached.

History: *1963 c 547 s 2; 1965 c 280 s 1; 1975 c 162 s 14; 1975 c 321 s 2; 1Sp1995 c 3 art 16 s 13; 1996 c 412 art 13 s 9; 1998 c 397 art 5 s 47,104; art 11 s 3*

123A.61 PRIVATE SCHOOLS IN NONOPERATING DISTRICTS.

Section 123A.60 shall not apply to any district in which is located any existing private school maintaining elementary and secondary education for 75 percent of eligible pupils within the district and complying with the requirements of section 120A.22.

History: *1963 c 547 s 4; 1978 c 706 s 10; 1989 c 209 art 2 s 1; 1998 c 397 art 5 s 48,104; art 11 s 3*

123A.62 BORDER DISTRICTS; CONTINUED OPERATION; FRANCONIA.

Subdivision 1. **Border districts.** The common school districts situated along the border of the state of Minnesota and the state of Wisconsin which have, for the preceding 25 years, prior to May 26, 1965 been educating pupils of their district in districts in Wisconsin may continue to operate as common school districts notwithstanding that any of such districts do not maintain classified schools. Such districts are not subject to the terms and provisions of sections 123A.60 to 123A.72.

Subd. 2. **Continued operation.** The provisions of subdivision 1 shall remain in effect as long as the district does not discontinue the practice of education for their district as described in subdivision 1.

History: *1965 c 739 s 1; 1969 c 541 s 1; 1975 c 162 s 15; 1976 c 2 s 57; 1998 c 397 art 5 s 49,104; art 11 s 3*

123A.64 DUTY TO MAINTAIN ELEMENTARY AND SECONDARY SCHOOLS.

Each district must maintain classified elementary and secondary schools, grades 1 through 12, unless the district is exempt according to section 123A.61 or 123A.62, has made an agreement with another district or districts as provided in sections 123A.30, 123A.32, or sections 123A.35 to 123A.43, or 123A.17, subdivision 7, has received a grant under sections 123A.441 to 123A.445, or has formed a cooperative under section 123A.482. A district that has an agreement according to sections 123A.35 to 123A.43 or 123A.32 must operate a school with the number of grades required by those sections. A district that has an agreement according to section 123A.30 or 123A.17, subdivision 7, or has received a grant under sections 123A.441 to 123A.445 must operate a school for the grades not included in the agreement, but not fewer than three grades.

History: *1967 c 833 s 1; 1975 c 162 s 16; 1979 c 211 s 1; 1983 c 314 art 8 s 5; 1989 c 329 art 6 s 13; 1991 c 265 art 9 s 31; 1998 c 397 art 5 s 50,104; art 11 s 3; 2014 c 312 art 18 s 2; 1Sp2017 c 8 art 2 s 34*

123A.65 PHASE OUT OF DISSOLVED DISTRICT.

The board of each district so dissolved shall continue to maintain schools until all its territory has been attached to a proper district not later than July 1. Such boards shall only make such contracts and do such things as are necessary to properly maintain schools for the period they may be in session prior to the attachment.

History: *1967 c 833 s 3; 1975 c 162 s 17; 1979 c 211 s 2; 1983 c 314 art 8 s 6; 1989 c 329 art 6 s 14; 1998 c 397 art 5 s 51,104*

123A.66 PROCEDURE FOR ATTACHMENT TO ORGANIZED DISTRICTS.

Upon notice and hearing, as provided in section 123A.46 for the attachment of dissolved districts, all territory of school districts dissolved by sections 123A.64 to 123A.72 and all area of the state not in a district maintaining classified elementary and secondary schools must be attached by order of the county board to organized districts maintaining classified elementary and secondary schools, grades 1 through 12, unless a district has made an agreement with another district or districts as provided in section 123A.30 or 123A.32.

History: *1967 c 833 s 4; 1969 c 364 s 7-9; 1975 c 162 s 18; 1979 c 211 s 3; 1983 c 314 art 8 s 7; 1998 c 397 art 5 s 52,104; art 11 s 3*

123A.67 ALLOCATION OF ASSETS AND LIABILITIES; LEVY.

Subdivision 1. **Title to property.** Title to all the property, real and personal, of any district dissolved under the provisions of sections 123A.64 to 123A.72 and all legally valid and enforceable claims and contract obligations, pass to the district to which such dissolved district is attached. If a district is divided by virtue of the proceedings, the commissioner shall issue a subsequent order providing for the division of the assets and liabilities according to such terms as the commissioner may deem just and equitable.

Subd. 2. **Taxable property.** As of the effective date of the attachment, all the taxable property in the newly enlarged district is taxable for the payment of any bonded debt already incurred by any component district in the proportion which the net tax capacity of that part of a preexisting district which is included in

the newly enlarged district bears to the net tax capacity of the entire preexisting district as of the time of the attachment. The county auditor shall make this apportionment and incorporate the apportionment as an annex to the order of the commissioner dividing the assets and liabilities of the component parts. This subdivision shall not relieve any property from any tax liability for payment of any bonded obligation but taxable property in the newly enlarged district becomes primarily liable for the payment of bonded debts to the extent of the proportion stated.

Subd. 3. **Reimbursement; special levy.** (a) Liabilities of a dissolved district existing at the time of the attachment other than bonded debt within the purview of subdivision 2 must be obligations of the consolidated district after attachment (in the amount and kind determined by the commissioner according to subdivision 1, where a dissolved district is divided), for the payment of which the consolidated district has a right to reimbursement by special levy or levies. The amount of reimbursement will be equal to the liabilities of the dissolved district for which the consolidated district is obligated less the aggregate of the following which has been or will be received by the consolidated district at or after the time of attachment from or as a result of the dissolution and attachment of the dissolved district:

(1) all taxes inuring to the consolidating district upon levies made by the dissolved district;

(2) all cash, bank accounts, investments, and other current assets;

(3) earned state aids of the dissolved districts;

(4) returns from the sale of property of the dissolved district.

(b) The amount of such special levy so computed shall be certified to the county auditor with the other tax requirements of the consolidated district but separately stated and identified. The auditor shall add the amount of special levy so certified to the school rate for the territory in the consolidated district which came from the dissolved district and include it in the levy on the taxable property in that territory. The county auditor shall not spread more of the amount certified for special levy in any year than will amount to 20 percent of the school levy without the special levy, leaving the remaining part of the certified amount for levy in successive years without further certification. Any amount of reimbursement to which it is entitled omitted by the consolidated district from its initial certification for special levy may be certified in a subsequent year for levy in the same manner as the levy upon initial certification.

The levy authorized by this subdivision shall be in addition to those otherwise authorized for a district.

History: *1967 c 833 s 5; Ex1971 c 31 art 20 s 20; 1975 c 162 s 19,41; 1976 c 271 s 36-38; 1983 c 314 art 1 s 22; 1986 c 444; 1988 c 486 s 12; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1998 c 397 art 5 s 53,54,104; art 11 s 3*

123A.68 OFFICERS AND TEACHERS, TRANSITIONAL PROVISIONS.

The board of the district maintaining a secondary school to which district is attached territory of districts discontinued by sections 123A.64 to 123A.72 must assume the duties and responsibilities of the board of the district so enlarged for the balance of the term to which the members were elected. At the next annual school election the successors to the members whose terms then expire shall be elected by the legally qualified voters of the newly enlarged district. Thereafter board members shall be elected according to the election procedure established for the election of board members in independent districts.

History: *1967 c 833 s 6; 1998 c 397 art 5 s 55,104; art 11 s 3*

123A.69 SPECIAL SCHOOL DISTRICTS, APPLICATION; MINNEAPOLIS AND SOUTH ST. PAUL.

When provisions of sections 123A.64 to 123A.72 are made to apply to any special school district, such district shall hereby be converted to an independent school district on the effective date specified in the orders issued under provisions of sections 123A.64 to 123A.72. All applicable provisions of Minnesota Statutes 1965, section 122.26, relating to such conversions shall otherwise be in force. To the extent that any law or charter provision of any special district is inconsistent with the status of an independent school district or the powers common to independent school districts, such law or charter provision is hereby repealed. Provided, however, that nothing in sections 123A.64 to 123A.72 shall in any way invalidate remaining portions of such laws or home rule charters, or the continuance of such special school districts to which no new territory is attached under the provisions of sections 123A.64 to 123A.72.

History: *1967 c 833 s 7; 1998 c 397 art 5 s 56,104; art 11 s 3*

123A.70 PRIVATE SCHOOLS; PRINSBURG.

Sections 123A.64 to 123A.68 shall not apply to any common school district in which is located any existing private school maintaining elementary and secondary education for 50 percent of the eligible pupils within the district and complying with the requirements of section 120A.22.

History: *1967 c 833 s 8; 1975 c 162 s 41; 1989 c 209 art 2 s 1; 1998 c 397 art 5 s 57,104; art 11 s 3; 2005 c 8 s 1*

123A.71 APPEAL.

The appeal provisions of section 123A.49 shall be applicable only after the county board has issued its final order of attachment under section 123A.46.

History: *1967 c 833 s 11; 1975 c 162 s 20; 1998 c 397 art 5 s 104; art 11 s 3*

123A.72 SEVERABILITY.

The provisions of sections 123A.64 to 123A.72 shall be construed to be severable. In the event a particular provision may be determined to be invalid, such determination shall not affect any other provision of sections 123A.64 to 123A.72.

History: *1967 c 833 s 12; 1998 c 397 art 5 s 104; art 11 s 3*

123A.73 LEVY LIMITATIONS OF REORGANIZED DISTRICTS.

Subdivision 1. **Definitions.** The terms defined in chapters 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A, have the same meanings when they are used in this section, unless otherwise clearly indicated.

Subd. 2. **Dissolution; referendum revenue.** As of the effective date of the voluntary or involuntary dissolution of a district and its attachment to one or more existing districts pursuant to sections 123A.60 or 123A.64 to 123A.72, the authorization for any referendum revenue previously authorized for the dissolved district in that district pursuant to section 126C.17, or its predecessor or successor provision, is canceled. The authorization for any referendum revenue previously authorized for a district to which all or part of the dissolved district is attached shall not be affected by the attachment and shall apply to the entire area of the district as enlarged by the attachment.

Subd. 3. MS 2016 [Repealed, 1Sp2017 c 5 art 5 s 15]

Subd. 4. **Consolidation; maximum authorized referendum revenues.** (a) As of the effective date of a consolidation pursuant to section 123A.48, if the plan for consolidation so provides, or if the plan for consolidation makes no provision concerning referendum revenues, the authorization for all referendum revenues previously authorized for all affected districts for those districts pursuant to section 126C.17, or its predecessor provision shall be recalculated as provided in this subdivision. The referendum revenue authorization for the newly created district shall be the revenue per adjusted pupil unit that would raise an amount equal to the combined dollar amount of the referendum revenues authorized by each of the component districts for the year preceding the consolidation, unless the referendum revenue authorization of the newly created district is subsequently modified pursuant to section 126C.17, subdivision 9.

(b) The referendum allowance for a consolidated district in the years following consolidation equals the average of the consolidating districts' existing authorities for those years, weighted by the districts' adjusted pupil units in the year preceding consolidation. For purposes of this calculation, the referendum authorities used for individual districts shall not decrease from year to year until such time as all existing authorities for all the consolidating districts have fully expired, but shall increase if they were originally approved with consumer price index-based or other annual increases.

(c) The referendum revenue authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district. The referendum revenue authorization for the newly created district may be renewed by the school board of the newly created district pursuant to section 126C.17, subdivision 9b, for a term not to exceed the longest period authorized for any component district.

Subd. 5. **Alternative method.** (a) As of the effective date of a consolidation pursuant to section 123A.48, if the plan for consolidation so provides, the authorization for all referendum revenues previously authorized for all affected districts for those districts pursuant to section 126C.17, or its predecessor provision shall be combined as provided in this subdivision. The referendum revenue authorization for the newly created district may be any allowance per adjusted pupil unit provided in the plan for consolidation, but may not exceed the allowance per adjusted pupil unit that would raise an amount equal to the combined dollar amount of the referendum revenues authorized by each of the component districts for the year preceding the consolidation.

(b) The referendum allowance for a consolidated district in the years following consolidation equals the average of the consolidating districts' existing authorities for those years, weighted by the districts' adjusted pupil units in the year preceding consolidation. For purposes of this calculation, the referendum authorities used for individual districts shall not decrease from year to year until such time as all existing authorities for all the consolidating districts have fully expired, but shall increase if they were originally approved with consumer price index-based or other annual increases.

(c) The referendum revenue authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district. The referendum revenue authorization for the newly created district may be modified pursuant to section 126C.17, subdivision 9. The referendum revenue authorization for the newly created district may be renewed by the school board of the newly created district pursuant to section 126C.17, subdivision 9b, for a term not to exceed the longest period authorized for any component district.

Subd. 6. **Discontinued referendum revenue.** If the plan for consolidation provides for discontinuance of referendum revenue previously authorized for the component districts pursuant to section 126C.17, or its predecessor provision, the newly created district must not receive referendum revenue unless the voters of the newly created district authorize referendum revenue pursuant to section 126C.17, subdivision 9.

Subd. 6a. **Consolidation; capital project referendum revenue.** (a) As of the effective date of a consolidation pursuant to section 123A.48, the capital project referendum revenue for the newly created district must be recalculated as provided in this subdivision.

(b) The capital project tax rate for the newly created district may not exceed the rate that would raise an amount equal to the combined dollar amount of the capital project referendum revenues authorized by each of the component districts for the year preceding the consolidation, unless the capital project referendum revenue authorization of the newly created district is subsequently modified pursuant to section 123B.63.

(c) If the plan for consolidation so provides, or if the plan makes no provision concerning capital project referendum revenues, the capital project tax rate equals the maximum rate calculated under paragraph (b).

(d) If the plan for consolidation so provides, the capital project tax rate may be less than the maximum rate calculated under paragraph (b).

(e) If the plan for consolidation provides for discontinuance of capital project referendum revenue previously authorized for the component districts, the newly created district must not receive capital project referendum revenue unless the voters of the newly created district authorize capital project referendum revenue pursuant to section 123B.63.

(f) The capital project referendum authorization for the newly created district as recalculated under this subdivision must continue for a period of time equal to the longest period authorized for any component district.

Subd. 7. MS 2002 [Repealed, 1Sp2003 c 9 art 1 s 54]

Subd. 8. **Taxable property.** As of the effective date of a consolidation of districts or the dissolution of a district and its attachment to one or more existing districts pursuant to chapter 123A, all the taxable property which is in the newly created or enlarged district and which was previously taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was a part prior to the consolidation or dissolution and attachment shall remain taxable for the payment of that debt and shall not become taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was not a part prior to the consolidation or dissolution and attachment. The amount of statutory operating debt attributable to that taxable property and to the newly created or enlarged district in which it is located, and the amount of a preexisting district's reserved fund balance reserve account for purposes of statutory operating debt reduction attributable to the newly created or enlarged district, shall be apportioned according to the proportion which the adjusted net tax capacity of that part of the preexisting district bears to the total adjusted net tax capacity of the entire preexisting district at the time of the consolidation or dissolution and attachment. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the commissioner dividing the assets and liabilities of the component districts. As used in this section, "statutory operating debt" shall have the meaning given it in section 123B.81.

Subd. 9. **Reorganization operating debt levies.** (a) A district that receives revenue under section 123A.39, subdivision 3, for cooperation or has combined according to sections 123A.35 to 123A.43 may levy to eliminate reorganization operating debt as defined in section 123B.82, clause (1). The amount of the debt must be certified over a period of five years. After the effective date of combination according to sections 123A.35 to 123A.43, the levy may be certified and spread either

(1) only on the property in the combined district that would have been taxable in the preexisting district that incurred the debt, or

(2) on all of the taxable property in the combined district.

(b) A district that has reorganized according to section 123A.46 or 123A.48 may levy to eliminate reorganization operating debt as defined in section 123B.82, clause (2). The amount of debt must be certified over a period not to exceed five years and may be spread either

(1) only on the property in the newly created or enlarged district which was taxable in the preexisting district that incurred the debt, or

(2) on all of the taxable property in the newly created or enlarged district.

Subd. 10. MS 2002 [Repealed, 1Sp2003 c 9 art 1 s 54]

Subd. 11. MS 2002 [Repealed, 1Sp2003 c 9 art 1 s 54]

Subd. 12. **Levy for severance pay or early retirement incentives.** The board of a newly created or enlarged district to which part or all of a dissolved district was attached according to section 123A.46 may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who resign or retire early as a result of the dissolution or consolidation, if the commissioner approves the incentives and the amount to be levied. The amount may be levied over a period of up to five years and must be spread in whole or in part on the property of a preexisting district or the newly created or enlarged district, as determined by the board of the newly created or enlarged district.

History: *1978 c 764 s 26; 1979 c 50 s 12; 1980 c 509 s 31; 1980 c 609 art 1 s 1-4; 1981 c 358 art 1 s 3-7; 1983 c 314 art 1 s 22; art 6 s 4; art 7 s 11-14; 1985 c 248 s 31, 32; 1Sp1985 c 12 art 1 s 1,2; 1987 c 398 art 7 s 42; 1988 c 486 s 13,14; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1991 c 130 s 37; 1991 c 265 art 1 s 3; art 6 s 16; 1992 c 499 art 1 s 3-5; art 6 s 11-13; art 12 s 6,7,29; 1994 c 647 art 6 s 8; 1995 c 212 art 4 s 64; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 58-60,104; art 11 s 3; 1Sp2003 c 9 art 1 s 3-5; 2007 c 146 art 11 s 2; 2009 c 96 art 1 s 3,4; 2013 c 116 art 1 s 3-5; 1Sp2017 c 5 art 5 s 2; 1Sp2025 c 10 art 1 s 6-9; art 8 s 8*

123A.74 OBLIGATIONS UPON DISTRICT REORGANIZATION.

Subdivision 1. **Capital loan obligations.** If a district has a capital loan outstanding at the time of reorganization according to section 123A.46, 123A.48, or sections 123A.35 to 123A.43, and if the plan for reorganization provides for payment of all or a portion of the capital loan obligation by the newly created or enlarged district or makes no provision for payment, all of the taxable property in the newly created or enlarged district is taxable for the payment to the extent stated in the plan. Notwithstanding any contract to the contrary, if all of the taxable property in the newly created or enlarged district is taxable for the payment of the capital loan and until the capital loan is retired or canceled, the maximum effort debt service levy must be recalculated annually by the department to be equal to the required debt service levy plus an additional amount. The additional amount must be the greater of:

(i) zero, or

(ii) the maximum effort debt service levy of the preexisting district minus the required debt service levy of the preexisting district that received the capital loan.

For the purpose of the recalculation, additional bond issues after the date of the reorganization shall not impact the maximum effort debt service levy or the required debt service levy.

Notwithstanding any contract to the contrary, the plan for reorganization may specify that the obligation for a capital loan remains solely with the preexisting district that incurred the obligation. This subdivision does not relieve any property from any tax liability for payment of any capital loan obligation.

Subd. 2. **Energy loan obligations.** If a district has an energy loan outstanding at the time of reorganization according to section 123A.46, 123A.48, or sections 123A.35 to 123A.43, and if the plan for reorganization provides for payment of all or a portion of the energy loan obligation by the newly created or enlarged district or makes no provision for payment, all of the taxable property in the newly created or enlarged district is taxable for the payment.

Notwithstanding any contract to the contrary, the plan for reorganization may specify that the obligation for an energy loan remains solely with the preexisting district that incurred the obligation. This subdivision does not relieve any property from any tax liability for payment of any energy loan obligation.

History: *1991 c 265 art 6 s 17; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 61,104; art 11 s 3*

123A.75 EMPLOYEES OF REORGANIZED DISTRICTS.

Subdivision 1. **Teacher assignment.** (a) As of the effective date of a consolidation in which a district is divided or the dissolution of a district and its attachment to two or more existing districts, each teacher employed by an affected district shall be assigned to the newly created or enlarged district on the basis of a ratio of the pupils assigned to each district according to the new district boundaries. The district receiving the greatest number of pupils must be assigned the teacher with the greatest seniority, and the remaining teachers must be alternately assigned to each district until the district receiving the fewest pupils has received its ratio of teachers who will not be retiring before the effective date of the consolidation or dissolution.

(b) Notwithstanding paragraph (a), the board and the exclusive representative of teachers in each district involved in the consolidation or dissolution and attachment may negotiate a plan for assigning teachers to each newly created or enlarged district.

Subd. 2. **Collective bargaining.** The organization certified as the exclusive bargaining representative for the teachers in the particular preexisting district which employed the largest proportion of the teachers who are assigned to a new employing district according to subdivision 1 shall be certified as the exclusive bargaining representative for the teachers assigned to that new employing district, until that organization is decertified or another organization is certified in its place pursuant to sections 179A.01 to 179A.25. For purposes of negotiation of a new contract with the board of the new employing district and the certification of an exclusive bargaining representative for purposes of that negotiation, the teachers assigned to that district shall be considered an appropriate unit of employees of that district as of the date the county board orders its interlocutory order of dissolution and attachment to be final and effective or as of the date the commissioner assigns an identification number to a new district created by consolidation. During the school year before the consolidation becomes effective, the newly elected board or the board of the district to which a dissolved district is attached, may place teachers assigned to it on unrequested leave of absence as provided in section 122A.40 according to: (a) a plan negotiated in a new master contract between it and the exclusive bargaining representative of the teachers assigned to it, or (b) if no such plan exists, an applicable plan negotiated in the contract which according to this subdivision will temporarily govern the terms and conditions of employment of teachers assigned to it.

Subd. 3. **Interim contractual agreements.** (a) Until a successor contract is executed between the new board and the exclusive representative of the teachers of the new district, the boards of both districts and the exclusive representatives of the teachers of both districts may agree:

(1) to comply with the contract of either district with respect to all of the teachers assigned to the new district; or

(2) that each of the contracts shall apply to the teachers previously subject to the respective contract.

(b) In the absence of an agreement according to paragraph (a), the following shall apply:

(1) if the effective date is July 1 of an even-numbered year, each of the contracts shall apply to the teachers previously subject to the respective contract and shall be binding on the new board; or

(2) if the effective date is July 1 of an odd-numbered year, the contract of the district that previously employed the largest proportion of teachers assigned to the new district applies to all of the teachers assigned to the new district and shall be binding on the new board. The application of this section shall not result in a reduction in a teacher's basic salary, payments for cocurricular or extracurricular assignments, district contributions toward insurance coverages or tax-sheltered annuities, leaves of absence, or severance pay until a successor contract is executed between the new board and the exclusive representative.

Subd. 4. **Contracts; termination; tenure.** Except as provided in this section, the provisions of section 122A.40 or 122A.41 shall apply to the employment of each teacher by the new employing district on the same basis as they would have applied to the employment if the teacher had been employed by that new district before the effective date of the consolidation or dissolution and attachment.

History: *1978 c 764 s 27; 1Sp1981 c 4 art 1 s 46; 1984 c 462 s 27; 1986 c 444; 1989 c 329 art 6 s 15-17; 1992 c 499 art 6 s 14; 1Sp1995 c 3 art 1 s 5; 1998 c 397 art 5 s 62-64,104; art 11 s 3; 2020 c 83 art 1 s 28,29*

123A.76 EXPENSES OF TRANSITION.

The board of a district to which a dissolved district is attached pursuant to section 123A.46, may, for the purpose of paying the expenses of negotiations and other administrative expenses relating to the transition, enter into agreements with banks or any person to take its orders at any rate of interest not to exceed seven percent per annum. These orders shall be paid by the treasurer of the district from district funds after the effective date of the dissolution and attachment. Notwithstanding the provisions of sections 124D.22, 126C.40 to 126C.45, and 126C.48, the district may, in the year the dissolution and attachment becomes effective, levy an amount equal to the amount of the orders issued pursuant to this subdivision and the interest on these orders. No district shall issue orders for funds or make a levy pursuant to this subdivision without the commissioner's approval of the expenses to be paid with the funds from the orders and levy.

History: *1978 c 764 s 28; 1991 c 130 s 37; 1992 c 499 art 12 s 29; 1994 c 647 art 6 s 9; 1995 c 212 art 4 s 64; 1998 c 397 art 5 s 104; art 11 s 3*

123A.77 SURPLUS COUNTY SCHOOL TAX FUNDS; DISTRIBUTION.

When, by reason of reorganization of districts, there is a surplus in the county treasury to the credit of the county school tax fund on account of an excessive tax levy already made, and when there is no need for the surplus, the county treasurer shall pay the surplus to the reorganized district upon the order of the county board.

History: *1973 c 157 s 1; 1998 c 397 art 5 s 99,104*

123A.78 JOINT POWERS AGREEMENTS FOR FACILITIES.

Subdivision 1. **Instructional facilities.** Any group of districts may form a joint powers district under section 471.59 representing all participating districts to build or acquire a facility to be used for instructional purposes. The joint powers board must submit the project for review and comment under section 123B.71. The joint powers board must hold a hearing on the proposal. The joint powers district must submit the question of authorizing the borrowing of funds for the project to the voters of the joint powers district at a special election. The question submitted shall state the total amount of funding needed from all sources. The joint powers board may issue the bonds according to chapter 475 and certify the levy required by section 475.61 only if a majority of those voting on the question vote in the affirmative and only after the school boards of each member district have adopted a resolution pledging the full faith and credit of that district. The resolution shall irrevocably commit that district to pay a proportionate share, based on pupil units, of any debt levy shortages that, together with other funds available, would allow the joint powers board to pay the principal and interest on the obligations. The district's payment of its proportionate share of the shortfall shall be made from the district's capital expenditure fund. The clerk of the joint powers board must certify the vote of the bond election to the commissioner.

Subd. 2. **Shared facilities.** A group of governmental units may form a joint powers district under section 471.59 representing all participating units to build or acquire a facility. The joint powers board must submit the project for review and comment under section 123B.71. The joint powers board must hold a hearing on the proposal. The joint powers district must submit the question of authorizing the borrowing of funds for the project to the voters of the joint powers district at a special election. The question submitted shall state the total amount of funding needed from all sources. The joint powers board may issue the bonds according to chapter 475 and certify the levy required by section 475.61 only if a majority of those voting on the question vote in the affirmative and only after the boards of each member unit have adopted a resolution pledging the full faith and credit of that unit. The resolution must irrevocably commit that unit to pay an agreed-upon share of any debt levy shortages that, together with other funds available, would allow the joint powers board to pay the principal and interest on the obligations. The clerk of the joint powers board must certify the vote of the bond election to the commissioner.

History: *1990 c 562 art 11 s 1; 1991 c 265 art 5 s 4; 1Sp1995 c 3 art 16 s 13; 1998 c 397 art 5 s 1,104; art 11 s 3*

123A.79 MEETINGS OF JOINT POWERS BOARD.

(a) Notwithstanding any law to the contrary, a joint powers board established under section 123A.443 or 123A.78, and the board of each of its member districts may hold meetings at a facility operated by the joint powers board.

(b) The joint powers board shall establish and maintain a schedule of the time and place of its meetings and shall give notice of regular and special meetings as required under chapter 13D.

History: *1990 c 562 art 6 s 7; 1998 c 397 art 5 s 104; art 11 s 3*