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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **784**

02/12/2015 Authored by Norton
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; increasing school district debt service equalization;
1.3 amending Minnesota Statutes 2014, section 123B.53, subdivisions 4, 5, 6.

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

1.5 Section 1. Minnesota Statutes 2014, section 123B.53, subdivision 4, is amended to read:

1.6 Subd. 4. **Debt service equalization revenue.** ~~(a) The debt service equalization~~
1.7 ~~revenue of a district equals the sum of the first tier debt service equalization revenue and~~
1.8 ~~the second tier debt service equalization revenue.~~

1.9 ~~(b) The first tier debt service equalization revenue of a district equals the greater~~
1.10 ~~of zero or the eligible debt service revenue minus the amount raised by a levy of 15.74~~
1.11 ~~percent times the adjusted net tax capacity of the district minus the second tier debt service~~
1.12 ~~equalization revenue of the district.~~

1.13 ~~(c) The second tier debt service equalization revenue of a district equals the greater~~
1.14 ~~of zero or the eligible debt service revenue, excluding alternative facilities levies under~~
1.15 ~~section 123B.59, subdivision 5, minus the amount raised by a levy of 26.24 ten percent~~
1.16 ~~times the adjusted net tax capacity of the district.~~

1.17 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and
1.18 later.

1.19 Sec. 2. Minnesota Statutes 2014, section 123B.53, subdivision 5, is amended to read:

1.20 Subd. 5. **Equalized debt service levy.** ~~(a) The equalized debt service levy of a~~
1.21 ~~district equals the sum of the first tier equalized debt service levy and the second tier~~
1.22 ~~equalized debt service levy.~~

2.1 ~~(b) A district's first tier equalized debt service levy equals the district's first tier debt~~
 2.2 ~~service equalization revenue times the lesser of one or the ratio of:~~

2.3 ~~(1) the quotient derived by dividing the adjusted net tax capacity of the district for~~
 2.4 ~~the year before the year the levy is certified by the adjusted pupil units in the district for~~
 2.5 ~~the school year ending in the year prior to the year the levy is certified; to~~

2.6 ~~(2) \$3,400 in fiscal year 2016 and \$4,430 in fiscal year 2017 and later.~~

2.7 ~~(c) A district's second tier equalized debt service levy equals the district's second tier~~
 2.8 ~~debt service equalization revenue times the lesser of one or the ratio of:~~

2.9 ~~(1) the quotient derived by dividing the adjusted net tax capacity of the district for~~
 2.10 ~~the year before the year the levy is certified by the adjusted pupil units in the district for~~
 2.11 ~~the school year ending in the year prior to the year the levy is certified; to~~

2.12 ~~(2) \$8,000 125 percent of the state average adjusted net tax capacity per adjusted~~
 2.13 ~~pupil unit in the year preceding the year the levy is certified.~~

2.14 ~~EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and~~
 2.15 ~~later.~~

2.16 Sec. 3. Minnesota Statutes 2014, section 123B.53, subdivision 6, is amended to read:

2.17 Subd. 6. **Debt service equalization aid.** ~~(a) A district's debt service equalization~~
 2.18 ~~aid is the sum of the district's first tier debt service equalization aid and the district's~~
 2.19 ~~second tier debt service equalization aid.~~

2.20 ~~(b) A district's first tier debt service equalization aid equals the difference between~~
 2.21 ~~the district's first tier debt service equalization revenue and the district's first tier equalized~~
 2.22 ~~debt service levy.~~

2.23 ~~(c) A district's second tier debt service equalization aid equals the difference between~~
 2.24 ~~the district's second tier debt service equalization revenue and the district's second tier~~
 2.25 ~~equalized debt service levy.~~

2.26 ~~EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and~~
 2.27 ~~later.~~