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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-NINTH SESSION

**H. F. No. 860**

02/12/2015 Authored by Marquart; Johnson, C.; Metsa and Newton  
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; establishing a long-term facilities maintenance  
1.3 revenue program for school districts and charter schools; equalizing the  
1.4 long-term maintenance levy; eliminating the alternative facilities, deferred  
1.5 maintenance and health and safety revenue programs; appropriating money;  
1.6 amending Minnesota Statutes 2014, section 123B.57; proposing coding for new  
1.7 law in Minnesota Statutes, chapter 123B; repealing Minnesota Statutes 2014,  
1.8 sections 123B.59; 123B.591.

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

1.10 Section 1. Minnesota Statutes 2014, section 123B.57, is amended to read:

1.11 **123B.57 CAPITAL EXPENDITURE; HEALTH AND SAFETY.**

1.12 ~~Subdivision 1. **Health and safety revenue application.** (a) To receive health~~  
1.13 ~~and safety revenue for any fiscal year a district must submit to the commissioner a~~  
1.14 ~~capital expenditure health and safety revenue application by the date determined by the~~  
1.15 ~~commissioner. The application must include a health and safety budget adopted and~~  
1.16 ~~confirmed by the school district board as being consistent with the district's health and~~  
1.17 ~~safety policy under subdivision 2. The budget must include the estimated cost of the~~  
1.18 ~~program per Uniform Financial Accounting and Reporting Standards (UFARS) finance~~  
1.19 ~~code, by fiscal year. Upon approval through the adoption of a resolution by each of an~~  
1.20 ~~intermediate district's member school district boards and the approval of the Department~~  
1.21 ~~of Education, a school district may include its proportionate share of the costs of health~~  
1.22 ~~and safety projects for an intermediate district in its application.~~

1.23 ~~(b) Health and safety projects with an estimated cost of \$500,000 or more per~~  
1.24 ~~site are not eligible for health and safety revenue. Health and safety projects with an~~  
1.25 ~~estimated cost of \$500,000 or more per site that meet all other requirements for health and~~  
1.26 ~~safety funding, are eligible for alternative facilities bonding and levy revenue according~~

2.1 ~~to section 123B.59. A school board shall not separate portions of a single project into~~  
 2.2 ~~components to qualify for health and safety revenue, and shall not combine unrelated~~  
 2.3 ~~projects into a single project to qualify for alternative facilities bonding and levy revenue.~~

2.4 ~~(e) The commissioner of education shall not make eligibility for health and safety~~  
 2.5 ~~revenue contingent on a district's compliance status, level of program development, or~~  
 2.6 ~~training. The commissioner shall not mandate additional performance criteria such as~~  
 2.7 ~~training, certifications, or compliance evaluations as a prerequisite for levy approval.~~

2.8 ~~Subd. 2. **Health and safety policy.** To qualify for health and safety revenue, a~~  
 2.9 ~~school board must adopt a health and safety policy. The policy must include provisions~~  
 2.10 ~~for implementing a health and safety program that complies with health, safety, and~~  
 2.11 ~~environmental regulations and best practices including indoor air quality management.~~

2.12 ~~Subd. 3. **Health and safety revenue.** A district's health and safety revenue~~  
 2.13 ~~for a fiscal year equals the district's alternative facilities levy under section 123B.59,~~  
 2.14 ~~subdivision 5, paragraph (b), plus the greater of zero or:~~

2.15 ~~(1) the sum of (a) the total approved cost of the district's hazardous substance~~  
 2.16 ~~plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's~~  
 2.17 ~~health and safety program for fiscal year 1990 through the fiscal year to which the levy~~  
 2.18 ~~is attributable, excluding expenditures funded with bonds issued under section 123B.59~~  
 2.19 ~~or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section~~  
 2.20 ~~123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or~~  
 2.21 ~~6; and other federal, state, or local revenues, minus~~

2.22 ~~(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years~~  
 2.23 ~~1985 through 1989 under sections 124.245 and 275.125, subdivision 11e, plus (b) the~~  
 2.24 ~~district's health and safety revenue under this subdivision, for years before the fiscal year~~  
 2.25 ~~to which the levy is attributable.~~

2.26 ~~Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district~~  
 2.27 ~~may levy an amount equal to the district's health and safety revenue as defined in~~  
 2.28 ~~subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by~~  
 2.29 ~~dividing the adjusted net tax capacity of the district for the year preceding the year the~~  
 2.30 ~~levy is certified by the adjusted pupil units in the district for the school year to which~~  
 2.31 ~~the levy is attributable, to \$3,165.~~

2.32 ~~Subd. 5. **Health and safety aid.** A district's health and safety aid is the difference~~  
 2.33 ~~between its health and safety revenue and its health and safety levy. If a district does not~~  
 2.34 ~~levy the entire amount permitted, health and safety aid must be reduced in proportion to~~  
 2.35 ~~the actual amount levied. Health and safety aid may not be reduced as a result of reducing~~  
 2.36 ~~a district's health and safety levy according to section 123B.79.~~

3.1 Subd. 6. ~~Uses of Health and safety revenue~~ capital projects. (a) Health and  
3.2 ~~safety revenue may be used only for approved~~ capital projects may include expenditures  
3.3 necessary for the correction of fire and life safety hazards; design, purchase, installation,  
3.4 maintenance, and inspection of fire protection and alarm equipment; purchase or  
3.5 construction of appropriate facilities for the storage of combustible and flammable  
3.6 materials; inventories and facility modifications not related to a remodeling project  
3.7 to comply with lab safety requirements under section 121A.31; inspection, testing,  
3.8 repair, removal or encapsulation, and disposal of asbestos-containing building materials;  
3.9 cleanup and disposal of polychlorinated biphenyls; cleanup and disposal of hazardous and  
3.10 infectious wastes; cleanup, removal, disposal, and repairs related to storing heating fuel or  
3.11 transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section  
3.12 296A.01; correction of occupational safety and health administration regulated hazards;  
3.13 indoor air quality inspections, investigations, and testing; mold abatement; upgrades or  
3.14 replacement of mechanical ventilation systems to meet American Society of Heating,  
3.15 Refrigerating and Air Conditioning Engineers standards and State Mechanical Code;  
3.16 design, materials, and installation of local exhaust ventilation systems, including required  
3.17 make-up air for controlling regulated hazardous substances; correction of Department of  
3.18 Health Food Code violations; correction of swimming pool hazards excluding depth  
3.19 correction; playground safety inspections, repair of unsafe outdoor playground equipment,  
3.20 and the installation of impact surfacing materials; bleacher repair or rebuilding to comply  
3.21 with the order of a building code inspector under section 326B.112; testing and mitigation  
3.22 of elevated radon hazards; lead testing; copper in water testing; cleanup after major  
3.23 weather-related disasters or flooding; reduction of excessive organic and inorganic levels  
3.24 in wells and capping of abandoned wells; installation and testing of boiler backflow valves  
3.25 to prevent contamination of potable water; vaccinations, titers, and preventative supplies  
3.26 for bloodborne pathogen compliance; costs to comply with the Janet B. Johnson Parents'  
3.27 Right to Know Act; automated external defibrillators and other emergency plan equipment  
3.28 and supplies specific to the district's emergency action plan; compliance with the National  
3.29 Emission Standards for Hazardous Air Pollutants for school generators established by the  
3.30 United States Environmental Protection Agency; and health, safety, and environmental  
3.31 management costs associated with implementing the district's health and safety program  
3.32 including costs to establish and operate safety committees, in school buildings or property  
3.33 owned or being acquired by the district. Testing and calibration activities are permitted for  
3.34 existing mechanical ventilation systems at intervals no less than every five years.

3.35 (b) For fiscal years 2014 through 2017, a school district must not include expenses  
3.36 related to emission compliance projects for school generators in its health and safety

4.1 ~~revenue capital projects~~ unless it reduces its approved spending on other qualified health  
4.2 and safety projects by the same amount.

4.3 ~~Subd. 6a. **Restrictions on health and safety revenue.** Notwithstanding subdivision~~  
4.4 ~~6, health and safety revenue must not be used:~~

4.5 ~~(1) to finance a lease purchase agreement, installment purchase agreement, or other~~  
4.6 ~~deferred payments agreement;~~

4.7 ~~(2) for the construction of new facilities, remodeling of existing facilities, or the~~  
4.8 ~~purchase of portable classrooms;~~

4.9 ~~(3) for interest or other financing expenses;~~

4.10 ~~(4) for energy-efficiency projects under section 123B.65, for a building or property~~  
4.11 ~~or part of a building or property used for postsecondary instruction or administration or for~~  
4.12 ~~a purpose unrelated to elementary and secondary education;~~

4.13 ~~(5) for replacement of building materials or facilities including roof, walls, windows,~~  
4.14 ~~internal fixtures and flooring, nonhealth and safety costs associated with demolition of~~  
4.15 ~~facilities, structural repair or replacement of facilities due to unsafe conditions, violence~~  
4.16 ~~prevention and facility security, ergonomics, or public announcement systems and~~  
4.17 ~~emergency communication devices; or~~

4.18 ~~(6) for building and heating, ventilating and air conditioning supplies, maintenance,~~  
4.19 ~~and cleaning activities. All assessments, investigations, inventories, and support~~  
4.20 ~~equipment not leading to the engineering or construction of a project shall be included in~~  
4.21 ~~the health, safety, and environmental management costs in subdivision 8, paragraph (a).~~

4.22 ~~Subd. 6b. **Health and safety projects.** (a) Health and safety revenue applications~~  
4.23 ~~defined in subdivision 1 must be accompanied by a description of each project for which~~  
4.24 ~~funding is being requested. Project descriptions must provide enough detail for an auditor~~  
4.25 ~~to determine if the work qualifies for revenue. For projects other than fire and life~~  
4.26 ~~safety projects, playground projects, and health, safety, and environmental management~~  
4.27 ~~activities, a project description does not need to include itemized details such as material~~  
4.28 ~~types, room locations, square feet, names, or license numbers. The commissioner~~  
4.29 ~~may request supporting information and shall approve only projects that comply with~~  
4.30 ~~subdivisions 6 and 8, as defined by the Department of Education.~~

4.31 ~~(b) Districts may request funding for allowable projects based on self-assessments,~~  
4.32 ~~safety committee recommendations, insurance inspections, management assistance~~  
4.33 ~~reports, fire marshal orders, or other mandates. Notwithstanding subdivision 1, paragraph~~  
4.34 ~~(b), and subdivision 8, paragraph (b), for projects under \$500,000, individual project~~  
4.35 ~~size for projects authorized by this subdivision is not limited and may include related~~

5.1 ~~work in multiple facilities. Health and safety management costs from subdivision 8 may~~  
 5.2 ~~be reported as a single project.~~

5.3 ~~(e) All costs directly related to a project shall be reported in the appropriate Uniform~~  
 5.4 ~~Financial Accounting and Reporting Standards (UFARS) finance code.~~

5.5 ~~(d) For fire and life safety egress and all other projects exceeding \$20,000, cited~~  
 5.6 ~~under the Minnesota Fire Code, a fire marshal plan review is required.~~

5.7 ~~(e) Districts shall update project estimates with actual expenditures for each~~  
 5.8 ~~fiscal year. If a project's final cost is significantly higher than originally approved, the~~  
 5.9 ~~commissioner may request additional supporting information.~~

5.10 ~~Subd. 6c. **Appeals process.** In the event a district is denied funding approval for~~  
 5.11 ~~a project the district believes complies with subdivisions 6 and 8, and is not otherwise~~  
 5.12 ~~excluded, a district may appeal the decision. All such requests must be in writing. The~~  
 5.13 ~~commissioner shall respond in writing. A written request must contain the following:~~  
 5.14 ~~project number; description and amount; reason for denial; unresolved questions for~~  
 5.15 ~~consideration; reasons for reconsideration; and a specific statement of what action the~~  
 5.16 ~~district is requesting.~~

5.17 ~~Subd. 7. **Proration.** In the event that the health and safety aid available for any year~~  
 5.18 ~~is prorated, a district having its aid prorated may levy an additional amount equal to the~~  
 5.19 ~~amount not paid by the state due to proration.~~

5.20 ~~Subd. 8. **Health, safety, and environmental management cost.** (a) "Health, safety,~~  
 5.21 ~~and environmental management" is defined in section 123B.56.~~

5.22 ~~(b) A district's cost for health, safety, and environmental management is limited to~~  
 5.23 ~~the lesser of:~~

5.24 ~~(1) actual cost to implement their plan; or~~

5.25 ~~(2) an amount determined by the commissioner, based on enrollment, building~~  
 5.26 ~~age, and size.~~

5.27 ~~(e) The department may contract with regional service organizations, private~~  
 5.28 ~~contractors, Minnesota Safety Council, or state agencies to provide management~~  
 5.29 ~~assistance to school districts for health and safety capital projects. Management assistance~~  
 5.30 ~~is the development of written programs for the identification, recognition and control of~~  
 5.31 ~~hazards, and prioritization and scheduling of district health and safety capital projects. The~~  
 5.32 ~~commissioner shall not mandate management assistance or exclude private contractors~~  
 5.33 ~~from the opportunity to provide any health and safety services to school districts.~~

5.34 ~~Sec. 2. **[123B.595] LONG-TERM FACILITIES MAINTENANCE REVENUE.**~~

6.1 Subdivision 1. **Long-term facilities maintenance revenue.** (a) For fiscal year 2017  
6.2 only, long-term facilities maintenance revenue equals the greater of (1) \$300 times the  
6.3 district's adjusted pupil units times the lesser of one or the ratio of the district's average  
6.4 building age to 35 years or (2) the sum of the amount the district would have qualified  
6.5 for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section  
6.6 123B.59, and Minnesota Statutes 2014, section 123B.591.

6.7 (b) For fiscal year 2018 only, long-term facilities maintenance revenue equals the  
6.8 greater of (1) \$400 times the district's adjusted pupil units times the lesser of one or the ratio  
6.9 of the district's average building age to 35 years or (2) the sum of the amount the district  
6.10 would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota  
6.11 Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

6.12 (c) For fiscal year 2019 only, long-term facilities maintenance revenue equals the  
6.13 greater of (1) \$500 times the district's adjusted pupil units times the lesser of one or the ratio  
6.14 of the district's average building age to 35 years or (2) the sum of the amount the district  
6.15 would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota  
6.16 Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

6.17 (d) For fiscal year 2020 and later, long-term facilities maintenance revenue equals  
6.18 the amount necessary annually to implement the ten-year plan under subdivision 4.

6.19 Subd. 2. **Long-term facilities maintenance revenue for a charter school.** (a)  
6.20 For fiscal year 2017 only, long-term facilities maintenance revenue for a charter school  
6.21 equals \$59 times the adjusted pupil units.

6.22 (b) For fiscal year 2018 only, long-term facilities maintenance revenue for a charter  
6.23 school equals \$108 times the adjusted pupil units.

6.24 (c) For fiscal year 2019 and later, long-term facilities maintenance revenue for  
6.25 a charter school equals (1) \$163 times (2) one plus the greater of zero or the percentage  
6.26 change in the Consumer Price Index for urban consumers, as prepared by the United States  
6.27 Bureau of Labor Standards, for the current fiscal year to fiscal year 2019.

6.28 Subd. 3. **Intermediate districts and other cooperative units.** Upon approval  
6.29 through the adoption of a resolution by each member district school board of an  
6.30 intermediate district or other cooperative units under section 123A.24, subdivision 2,  
6.31 and the approval of the commissioner of education, a school district may include in its  
6.32 authority under this section a proportionate share of the long-term maintenance costs  
6.33 of the intermediate district or cooperative unit. The cooperative unit may issue bonds  
6.34 to finance the project costs or levy for the costs, using long-term maintenance revenue  
6.35 transferred from member districts to make debt service payments or pay project costs.

7.1 Authority under this subdivision is in addition to the authority for individual district  
7.2 projects under subdivision 1.

7.3 Subd. 4. **Facilities plans.** (a) To qualify for revenue under this section, a school  
7.4 district or intermediate district, not including a charter school, must have a ten-year facility  
7.5 plan adopted by the school board and approved by the commissioner. The plan must include  
7.6 provisions for implementing a health and safety program that complies with health, safety,  
7.7 and environmental regulations and best practices, including indoor air quality management.

7.8 (b) The district must annually update the plan, biennially submit a facility  
7.9 maintenance plan to the commissioner, and indicate whether the district will issue bonds  
7.10 to finance the plan or levy for the costs.

7.11 Subd. 5. **Bond authorization.** (a) A school district may issue general obligation  
7.12 bonds under this section to finance facilities plans approved by its board and the  
7.13 commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with.  
7.14 The authority to issue bonds under this section is in addition to any bonding authority  
7.15 authorized by this chapter or other law. The amount of bonding authority authorized  
7.16 under this section must be disregarded in calculating the bonding or net debt limits of this  
7.17 chapter, or any other law other than section 475.53, subdivision 4.

7.18 (b) At least 20 days before the earliest of solicitation of bids, the issuance of bonds,  
7.19 or the final certification of levies under subdivision 6, the district must publish notice  
7.20 of the intended projects, the amount of the bond issue, and the total amount of district  
7.21 indebtedness.

7.22 (c) The portion of revenue under this section for bonded debt must be recognized  
7.23 in the debt service fund.

7.24 Subd. 6. **Levy authorization.** A district may levy for costs related to an approved  
7.25 plan under subdivision 4 as follows:

7.26 (1) if the district has indicated to the commissioner that bonds will be issued, the  
7.27 district may levy for the principal and interest payments on outstanding bonds issued  
7.28 under subdivision 5 after reduction for any aid receivable under subdivision 9; or

7.29 (2) if the district has indicated to the commissioner that the plan will be funded  
7.30 through levy, the district may levy according to the schedule approved in the plan after  
7.31 reduction for any aid receivable under subdivision 9.

7.32 Subd. 7. **Long-term facilities maintenance equalization revenue.** (a) For fiscal  
7.33 year 2017 only, a district's long-term facilities maintenance equalization revenue equals  
7.34 the lesser of (1) \$300 times the adjusted pupil units or (2) the district's revenue under  
7.35 subdivision 1.

8.1 (b) For fiscal year 2018 only, a district's long-term facilities maintenance  
 8.2 equalization revenue equals the lesser of (1) \$400 times the adjusted pupil units or (2)  
 8.3 the district's revenue under subdivision 1.

8.4 (c) For fiscal year 2019 only, a district's long-term facilities maintenance equalization  
 8.5 revenue equals the lesser of (1) \$500 times the adjusted pupil units or (2) the district's  
 8.6 revenue under subdivision 1.

8.7 (d) For fiscal year 2020 and later, a district's long-term facilities maintenance  
 8.8 equalization revenue equals the district's revenue under subdivision 1.

8.9 Subd. 8. **Long-term facilities maintenance equalization levy.** A district's  
 8.10 long-term facilities maintenance equalization levy equals its long-term facilities  
 8.11 maintenance equalization revenue times the lesser of one or the ratio of its adjusted net  
 8.12 tax capacity per adjusted pupil unit in the year preceding the year the levy is certified to  
 8.13 125 percent of the state average adjusted net tax capacity per adjusted pupil unit in the  
 8.14 year preceding the year the levy is certified.

8.15 Subd. 9. **Long-term facilities maintenance equalization aid.** A district's long-term  
 8.16 facilities maintenance equalization aid equals the difference between its long-term  
 8.17 facilities maintenance equalization revenue and its long-term facilities maintenance  
 8.18 equalization levy.

8.19 Subd. 10. **Long-term facilities maintenance unequalized levy.** Each year, a  
 8.20 district may levy an amount equal to the difference between its total long-term facilities  
 8.21 maintenance revenue under subdivision 1 and its long-term facilities maintenance  
 8.22 equalization revenue.

8.23 Subd. 11. **Allowed uses for long-term facilities maintenance revenue.** (a) A  
 8.24 district may use revenue under this section for any of the following:

8.25 (1) deferred capital expenditures and maintenance projects necessary to prevent  
 8.26 further erosion of facilities;

8.27 (2) increasing accessibility of school facilities; or

8.28 (3) health and safety capital projects under section 123B.57.

8.29 (b) A charter school may use revenue under this section for any purpose related  
 8.30 to the school.

8.31 Subd. 12. **Restrictions on long-term facilities maintenance revenue.**  
 8.32 Notwithstanding subdivision 11, long-term facilities maintenance revenue may not be used:

8.33 (1) for the construction of new facilities, remodeling of existing facilities, or the  
 8.34 purchase of portable classrooms;

8.35 (2) to finance a lease purchase agreement, installment purchase agreement, or other  
 8.36 deferred payments agreement;

9.1           (3) for energy-efficiency projects under section 123B.65, for a building or property  
 9.2 or part of a building or property used for postsecondary instruction or administration or for  
 9.3 a purpose unrelated to elementary and secondary education; or

9.4           (4) for violence prevention and facility security, ergonomics, or public announcement  
 9.5 systems and emergency communication devices.

9.6           Subd. 13. **Reserve account.** The portion of long-term facilities maintenance  
 9.7 revenue not recognized under subdivision 5, paragraph (c), must be maintained in a  
 9.8 reserve account within the general fund.

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

9.11        Sec. 3. **APPROPRIATIONS.**

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

9.15           Subd. 2. **Long-term maintenance equalization aid.** For long-term maintenance  
 9.16 equalization aid under Minnesota Statutes, section 123B.595:

9.17	\$	<u>-0-</u>	<u>.....</u>	<u>2016</u>
9.18	\$	<u>.....</u>	<u>.....</u>	<u>2017</u>

9.19        Sec. 4. **REPEALER.**

9.20           Minnesota Statutes 2014, sections 123B.59; and 123B.591, are repealed.

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

**123B.59 ALTERNATIVE FACILITIES BONDING AND LEVY PROGRAM.**

Subdivision 1. **To qualify.** (a) An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

- (1) more than 66 students per grade;
- (2) over 1,850,000 square feet of space and the average age of building space is 15 years or older or over 1,500,000 square feet and the average age of building space is 35 years or older;
- (3) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and
- (4) a ten-year facility plan approved by the commissioner according to subdivision 2.

(b) An independent or special school district not eligible to participate in the alternative facilities bonding and levy program under paragraph (a) qualifies for limited participation in the program if the district has:

- (1) one or more health and safety projects with an estimated cost of \$500,000 or more per site that would qualify for health and safety revenue except for the project size limitation in section 123B.57, subdivision 1, paragraph (b); and
  - (2) insufficient funds from capital facilities revenue to fund those projects.
- (c) Notwithstanding the square footage limitation in paragraph (a), clause (2), a school district that qualified for eligibility under paragraph (a) as of July 1, 2007, remains eligible for funding under this section as long as the district continues to meet the requirements of paragraph (a), clauses (1), (3), and (4).

Subd. 2. **Facility plan.** (a) A district qualifying under subdivision 1, paragraph (a), must have a ten-year facility plan approved by the commissioner that includes an inventory of projects and costs that would be eligible for:

- (1) health and safety revenue, without restriction as to project size;
- (2) disabled access levy; and
- (3) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.

(b) A district qualifying under subdivision 1, paragraph (b), must have a five-year plan that includes an inventory of projects and costs for health and safety projects with an estimated cost of \$500,000 or more per site that would qualify for health and safety revenue except for the project size limitation in section 123B.57, subdivision 1, paragraph (b).

(c) The school district must:

- (1) annually update the plans;
- (2) biennially submit a facility maintenance plan; and
- (3) indicate whether the district will issue bonds to finance the plan or levy for the costs.

Subd. 3. **Bond authorization.** (a) A school district may issue general obligation bonds under this section to finance facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The district may levy under subdivision 5 for the debt service revenue. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before the earliest of solicitation of bids, the issuance of bonds, or the final certification of levies under subdivision 5, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

Subd. 3a. **Levy authorization.** (a) A school district may levy under this section to finance the portion of facilities plans approved by its board and the commissioner that are not financed through bond issues according to subdivision 3.

(b) At least 20 days before a final district certification of levies under subdivision 5, the district must publish notice of the intended projects, including the total estimated project cost.

Subd. 4. **Levy prohibited for capital projects.** A district that participates in the alternative facilities bonding and levy program is not eligible to levy and cannot receive aid under sections 123B.57 and 123B.58 for any capital projects funded under this section. A district may levy and receive aid for health and safety environmental management costs and health and safety regulatory, hazard assessment, record keeping, and maintenance programs as defined in section 123A.443, subdivision 2, and approved by the commissioner.

Subd. 5. **Levy authorized.** A district may levy for costs related to an approved facility plan as follows:

APPENDIX

Repealed Minnesota Statutes: 15-1163

(a) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued according to subdivision 3 after reduction for any alternative facilities aid receivable under subdivision 6; or

(b) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to the schedule approved in the plan after reduction for any alternative facilities aid receivable under subdivision 6.

Subd. 6. **Alternative facilities aid.** A district's alternative facilities aid is the amount equal to the district's annual debt service costs, provided that the amount does not exceed the amount certified to be levied for those purposes for taxes payable in 1997, or for a district that made a levy under subdivision 5, paragraph (b), the lesser of the district's annual levy amount, or one-sixth of the amount of levy that it certified for that purpose for taxes payable in 1998.

Subd. 7. **Alternative facilities appropriation.** (a) An amount not to exceed \$19,700,000 for fiscal year 2000 and \$20,000,000 for fiscal year 2001 and each year thereafter is appropriated from the general fund to the commissioner of education for payment of alternative facilities aid under subdivision 6.

(b) The appropriation in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Subd. 8. **Separate account.** A district must establish a separate account under the uniform financial accounting and reporting standards (UFARS) for this program. If the district's levy exceeds the necessary interest and principal payments and noncapital health and safety costs, the district must reserve the revenue to replace future bonding authority, prepay bonds authorized under this program, or make payments on principal and interest.

**123B.591 DEFERRED MAINTENANCE REVENUE.**

Subdivision 1. **Eligibility.** An independent or special school district that does not qualify to participate in the alternative facilities bonding and levy under section 123B.59, subdivision 1, paragraph (a), is eligible to receive deferred maintenance revenue.

Subd. 2. **Deferred maintenance revenue.** The deferred maintenance revenue for an eligible school district equals the product of \$64 times the adjusted pupil units for the school year times the lesser of one or the ratio of the district's average age of building space to 35 years.

Subd. 3. **Deferred maintenance levy.** To obtain deferred maintenance revenue, a district may levy an amount not more than the product of its deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to \$5,965.

Subd. 4. **Deferred maintenance aid.** For fiscal year 2008 and later, a district's deferred maintenance aid equals its deferred maintenance revenue minus its deferred maintenance levy times the ratio of the actual amount levied to the permitted levy.

Subd. 5. **Reserve account.** Deferred maintenance revenue must be maintained in a reserve account within the general fund. Deferred maintenance revenue may be used only for expenditures that would be eligible for alternative facilities bonding and levy revenue under section 123B.59, subdivision 2, paragraph (a), if the district qualified for that revenue under section 123B.59, subdivision 1, paragraph (a).