A bill for an act
relating to education; changing the calculation of marginal cost pupil units and equalized debt service levy; amending Minnesota Statutes 2006, sections 123B.53, subdivision 5; 126C.05, subdivisions 5, 6.

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

Section 1. Minnesota Statutes 2006, section 123B.53, subdivision 5, is amended to read:

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

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

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

(2) $3,200.

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

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

(2) $8,000.

EFFECTIVE DATE. This section is effective for fiscal year 2008 and later.

Sec. 2. Minnesota Statutes 2006, section 126C.05, subdivision 5, is amended to read:

Subd. 5. **Adjusted pupil units.** (a) Adjusted pupil units for a district or charter school means the sum of:

(1) the number of pupil units served, according to subdivision 7, plus

(2) pupil units according to subdivision 1 for whom the district or charter school pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, minus

(3) pupil units according to subdivision 1 for whom the district or charter school receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

(b) Adjusted marginal cost pupil units means the greater of:

(1) the ~~sum of .77 times the~~ number of adjusted pupil units defined in paragraph (a) for the ~~current~~ 2006-2007 school year ~~and .23 times the pupil units defined in paragraph (a) for the previous school year~~; or

(2) the number of adjusted pupil units defined in paragraph (a) for the current school year.

Sec. 3. Minnesota Statutes 2006, section 126C.05, subdivision 6, is amended to read:

Subd. 6. **Resident pupil units.** (a) Resident pupil units for a district means the number of pupil units according to subdivision 1 residing in the district.

(b) Resident marginal cost pupil units means the greater of:

(1) the ~~sum of .77 times the~~ number of adjusted pupil units defined in paragraph (a) for the ~~current~~ 2006-2007 school year ~~and .23 times the pupil units defined in paragraph (a) for the previous school year~~; or

(2) the number of resident pupil units defined in paragraph (a) for the current school year.