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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2715

03/08/2016 Authored by Davnie, Carlson, Newton, Freiberg, Bernardy and others
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 funding for school districts; indexing
1.3 the general education basic formula allowance and local optional revenue to the
1.4 annual increase in the rate of inflation; appropriating money; amending Minnesota
1.5 Statutes 2014, sections 126C.01, by adding a subdivision; 126C.10, subdivision
1.6 2e; Minnesota Statutes 2015 Supplement, section 126C.10, subdivision 2.

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

1.8 Section 1. Minnesota Statutes 2014, section 126C.01, is amended by adding a
1.9 subdivision to read:

1.10 Subd. 12. **Basic revenue growth factor.** The basic revenue growth factor equals
1.11 one plus the percentage change in the Consumer Price Index for urban consumers, as
1.12 prepared by the United States Bureau of Labor Standards, for the current fiscal year to
1.13 fiscal year 2017.

1.14 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2018
1.15 and later.

1.16 Sec. 2. Minnesota Statutes 2015 Supplement, section 126C.10, subdivision 2, is
1.17 amended to read:

1.18 Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula
1.19 allowance times the adjusted pupil units for the school year. ~~The formula allowance for~~
1.20 ~~fiscal year 2015 is \$5,831.~~ The formula allowance for fiscal year 2016 is \$5,948. The
1.21 formula allowance for fiscal year 2017 ~~and later~~ is \$6,067. The formula allowance for
1.22 fiscal year 2018 and later equals the formula allowance for fiscal year 2017 times the basic
1.23 revenue growth factor under section 126C.01, subdivision 12.

2.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2018
2.2 and later.

2.3 Sec. 3. Minnesota Statutes 2014, section 126C.10, subdivision 2e, is amended to read:

2.4 Subd. 2e. **Local optional revenue.** (a) Local optional revenue for a school district
2.5 equals the product of:

2.6 (1) the basic revenue growth factor under section 126C.01, subdivision 12;

2.7 (2) \$424 times; and

2.8 (3) the adjusted pupil units of the district for that school year.

2.9 (b) A district's local optional levy equals its local optional revenue times the lesser
2.10 of one or the ratio of its referendum market value per resident pupil unit to \$510,000.

2.11 The local optional revenue levy must be spread on referendum market value. A district
2.12 may levy less than the permitted amount.

2.13 (c) A district's local optional aid equals its local optional revenue less its local
2.14 optional levy, times the ratio of the actual amount levied to the permitted levy.

2.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2018
2.16 and later.