A bill for an act

relating to education finance; increasing the referendum allowance limit for certain school districts; amending Minnesota Statutes 2008, section 126C.17, subdivision 2.

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

Section 1. Minnesota Statutes 2008, section 126C.17, subdivision 2, is amended to read:

Subd. 2. **Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal year 2007 and later, a district's referendum allowance must not exceed the greater of:

(1) the sum of: (i) a district's referendum allowance for fiscal year 1994 times 1.177 times the annual inflationary increase as calculated under paragraph (b) plus (ii) its referendum conversion allowance for fiscal year 2003, minus (iii) $215;

(2) the greater of (i): 26 percent of the formula allowance or (ii) $1,294 times the annual inflationary increase as calculated under paragraph (b); or

(3) for a newly reorganized district created after July 1, 2006, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost pupil units for the year preceding reorganization.

(b) For purposes of this subdivision, for fiscal year 2005 and later, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor Standards, for the current fiscal year to fiscal year 2004. For fiscal years 2009 ~~and later~~ to 2011, for purposes of paragraph (a), clause (1), the inflationary increase equals the inflationary increase for fiscal year 2008 plus ~~one-fourth of~~ the percentage increase in the formula allowance for that year compared with the formula allowance for fiscal year 2008. For fiscal year 2011 and later, for purposes of paragraph (a), clause (1), the inflationary increase equals the inflationary

increase for fiscal year 2011 plus the percentage increase in the formula allowance for that year compared with the formula allowance for fiscal year 2011.