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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3703

03/30/2016 Authored by Dettmer  
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; modifying the calculation of school district  
1.3 equalized debt service levies; amending Minnesota Statutes 2014, section  
1.4 123B.53, subdivision 5.

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

1.6 Section 1. Minnesota Statutes 2014, section 123B.53, subdivision 5, is amended to read:

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

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

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

1.15 (2) \$3,400 in fiscal year 2016 ~~and~~, \$4,430 in fiscal year 2017, and 54.55 percent of  
1.16 the initial equalizing factor in fiscal year 2018 and later.

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

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

1.22 (2) \$8,000 in fiscal years 2016 and 2017, and 98.51 percent of the initial equalizing  
1.23 factor in fiscal year 2018 and later.

2.1            (d) For the purposes of this subdivision, the initial equalizing factor equals the  
2.2            quotient derived by dividing the total adjusted net tax capacity of all school districts in the  
2.3            state for the year before the year the levy is certified by the total number of adjusted pupil  
2.4            units in all school districts in the state in the year before the year the levy is certified.

2.5            **EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and later.