A bill for an act

relating to education finance; indexing all school finance equalizing factors at 150 percent of the state average tax base per pupil; amending Minnesota Statutes 2006, sections 123B.53, subdivision 5; 123B.57, subdivision 4; 123B.591, subdivision 3; 124D.135, subdivision 3; 124D.20, subdivision 5; 124D.22, subdivision 3; 126C.01, by adding subdivisions; 126C.10, subdivisions 13a, 29, 32, 35; 126C.17, subdivision 6; repealing Minnesota Statutes 2006, section 124D.20, subdivision 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 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~~ 150 percent of the statewide adjusted net tax capacity equalizing factor.

(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 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~~ 150 percent of the statewide adjusted net tax capacity equalizing factor.

Sec. 2. Minnesota Statutes 2006, section 123B.57, subdivision 4, is amended to read:

Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the adjusted marginal cost pupil units in the district for the school year to which the levy is attributable, to ~~$2,935~~ 150 percent of the statewide adjusted net tax capacity equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 3. Minnesota Statutes 2006, section 123B.591, subdivision 3, is amended to read:

Subd. 3. **Deferred maintenance levy.** To obtain deferred maintenance revenue for fiscal year 2008 and later, 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 marginal cost pupil unit to ~~$5,900~~ 150 percent of the statewide adjusted net tax capacity equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 4. Minnesota Statutes 2006, section 124D.135, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education levy.** ~~For fiscal year 2001~~ To obtain early childhood family education revenue, a district may levy an amount ~~equal to the tax rate of .5282 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. Beginning with levies for fiscal year 2002, by September 30 of each year, the commissioner shall establish a tax rate for~~ not to exceed the product of its early childhood education revenue ~~that raises $21,027,000 for fiscal year 2002 and $22,135,000 in fiscal year 2003 and each subsequent year. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue~~ for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to 150 percent of the statewide adjusted net tax capacity equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 5. Minnesota Statutes 2006, section 124D.20, subdivision 5, is amended to read:

Subd. 5. **Total community education levy.** To obtain total community education revenue, a district may levy ~~the~~ an amount ~~raised by a maximum tax rate of .9 percent times the adjusted net tax capacity of the district~~ not to exceed the product of its total community education revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to 150 percent of the statewide adjusted net tax capacity equalizing factor. ~~If the amount of the total community education levy would exceed the total community education revenue, the total community education levy shall be determined according to subdivision 6.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 6. Minnesota Statutes 2006, section 124D.22, subdivision 3, is amended to read:

Subd. 3. **School-age care levy.** To obtain school-age care revenue, a school district may levy an amount equal to the district's school-age care revenue as defined in subdivision 2 multiplied by the lesser of one, or the ratio of 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 resident pupil units in the district for the school year to which the levy is attributable, to ~~$2,433~~ 150 percent of the statewide adjusted net tax capacity equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 7. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 2a. **Adjusted net tax capacity equalizing factor.** The adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted marginal cost pupil units in the state for the current school year.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 8. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 3a. **Referendum market value equalizing factor.** The referendum market value equalizing factor equals the quotient derived by dividing the total referendum market value of all school districts in the state for the year before the year the levy is certified by the total number of resident marginal cost pupil units in the state for the current school year.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 9. Minnesota Statutes 2006, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue ~~for fiscal year 2007 and later~~, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to ~~the operating capital~~ 150 percent of the statewide adjusted net tax capacity equalizing factor. ~~The operating capital equalizing factor equals $22,222 for fiscal year 2006, and $10,700 for fiscal year 2007 and later.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 10. Minnesota Statutes 2006, section 126C.10, subdivision 29, is amended to read:

Subd. 29. **Equity levy.** To obtain equity revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its equity revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to ~~$476,000~~ 150 percent of the referendum market value equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 11. Minnesota Statutes 2006, section 126C.10, subdivision 32, is amended to read:

Subd. 32. **Transition levy.** To obtain transition revenue ~~for fiscal year 2005 and later~~, a district may levy an amount not more than the product of its transition revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to ~~$476,000~~ 150 percent of the referendum market value equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 12. Minnesota Statutes 2006, section 126C.10, subdivision 35, is amended to read:

Subd. 35. **Alternative teacher compensation levy.** ~~For fiscal year 2007 and later,~~ The alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per

adjusted pupil unit to ~~$5,913~~ 150 percent of the statewide adjusted net tax capacity equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 13. Minnesota Statutes 2006, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) ~~For fiscal year 2003 and later,~~ A district's referendum equalization levy equals the sum of the first tier referendum equalization levy and the second tier referendum equalization levy.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~$476,000~~ 150 percent of the referendum market value equalizing factor.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~$270,000~~ 150 percent of the referendum market value equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 14. **REPEALER.**

Minnesota Statutes 2006, section 124D.20, subdivision 6, is repealed for taxes payable in 2008.