

CHAPTER 124

SCHOOL TAXES, FUNDS, AIDS

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124.01 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.01 DEFINITIONS. For purposes of this chapter, the words defined in section 120.02 have the same meaning.

[Ex1959 c 71 art 5 s 1]

124.02 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.02 CERTIFICATION OF ANNUAL TAX. On or before October 10 in each year, the clerk of any district being entirely in one county shall certify the tax levied by the board or annual meeting to the county auditor. In school districts lying in more than one county, the clerk shall certify the tax levied to the auditor of the county in which the administrative offices of the school district are located.

[Ex1959 c 71 art 5 s 2]

124.03 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.03 AGRICULTURAL LAND TAX DIFFERENTIAL RATIO. Subdivision 1. The rate of taxation for school maintenance purposes in districts maintaining

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a graded elementary or secondary school and for the unorganized territory of counties is limited as follows:

(a) In counties containing 20 or more common districts the rate on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall not exceed by more than ten percent the average rate for school maintenance purposes on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, in districts not maintaining graded elementary or secondary schools in the same county.

(b) In counties containing less than 20 common districts the rate on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall not exceed one-half the rate for school maintenance purposes on non-agricultural lands in the same district or unorganized territory.

(c) In independent districts organized under the reorganization or consolidation statutes or containing at least 18 sections of land the rate on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, and upon personal property having a taxable situs on farms shall not exceed one-half the rate for school maintenance on other taxable property in the same district.

(d) In independent districts organized under the consolidation or reorganization statutes or which contain at least 18 sections of land, and which district contains a statutory city located entirely within the boundaries of the district, and if the assessed valuation of the statutory city does not exceed ten percent of the total assessed valuation of the property within the district, the rate on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, in the district shall not exceed the average rate for school maintenance on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, in common districts of the county in which the district is located by more than 100 percent.

Subd. 2. The limitation imposed on the tax ratio by this section does not apply to the additional tax levy for maintenance made in excess of either of the following amounts:

(a) In any district formed under the reorganization or consolidation statutes or having an area of at least 18 sections or having acquired the rights and privileges of a consolidated district: The total amount of revenue available to the district, including state aid, that will be raised by a 5.553½ mill levy on all taxable property other than agricultural land, and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, together with the proceeds from the maximum levy on agricultural land and personal property having a taxable situs on farms and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes; and

(b) In any district not included in (a): The total amount of revenue available to the district, including state aid, that will be raised by a 4.44½ mill levy on all taxable property other than agricultural land, and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, together with the proceeds from the maximum levy on agricultural land and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes.

Subd. 3. (a) The county auditor shall compute the tax levy that would be produced by applying a rate of 8.3½ mills to the valuation determined on the January 2, 1971 assessment and 2.76% mills on the January 2, 1972 assessment and subsequent assessments on all the agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, within the several school districts for which the tax levy is required to be certified to him. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue by November 15 of each year for verification.

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(b) If the commissioner of revenue agrees with the computation, he shall deliver to the commissioner of finance his certificate to that effect. In the event that the commissioner deems the computation to be erroneous, he may make the necessary corrections and deliver to the commissioner of finance his certificate reflecting the amounts he deems to be correct. The county auditor or any school district aggrieved thereby may appeal the commissioner's revised certification to the Minnesota tax court in accordance with chapter 271.

(c) On or before May 31, 1972, the commissioner of finance shall issue his warrant upon the state treasurer in favor of the school district in an amount equal to one half the amount certified by the commissioner shown to be due to the district. On or before October 31, 1972, the commissioner of finance shall issue his warrant upon the state treasurer in favor of the school district distributing the remainder of the amount certified by the commissioner shown to be due to the school district for the year 1972. The commissioner of finance in the same manner shall make distribution for the year 1973 in the same manner with respect to amounts shown to be due in accordance with the commissioner's certification. For the year 1974 and subsequent years, the commissioner of finance shall issue his warrant in an amount equal to one-half the amount certified on or before July 15, but no earlier than July 1. The remainder shall be distributed as provided herein.

(d) In the event that a final judicial determination is not in agreement with the amount certified by the commissioner, the commissioner of finance shall either increase or decrease the amount of the following payment required to be made to the school district in accordance with such judicial determination.

(e) There is hereby appropriated to the school districts entitled to such payments from the general fund, an amount sufficient to make the payments.

(f) The county auditor shall reduce the dollars levied for school maintenance by each district by the amount determined in (a) and (b). The amounts paid to the county treasurer pursuant to (c) shall be transmitted by the county treasurer to the school district at the same time the real estate settlement is made.

[*Ex*1959 c 71 art 5 s 3; 1971 c 427 s 14; *Ex*1971 c 31 art 32 s 1; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1973 c 582 s 3; 1973 c 650 art 1 s 1; 1973 c 773 s 1]

124.04 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.04 CAPITAL EXPENDITURE TAXING AUTHORITY. In addition to the tax levy prescribed by law for general and special school purposes, the board of any district may levy annually an amount such that the sum of the levy and attached machinery aid for capital outlay purposes calculated pursuant to section 273.138, subdivision 3, clause (1), shall not exceed \$65 per pupil unit. No levy under this section shall exceed 10 mills on each dollar of assessed valuation of the taxable property in the district as adjusted for the preceding year by the equalization aid review committee notwithstanding the provisions of sections 272.64 and 275.49, provided that said levy may not exceed by more than two mills (three mills if the district adds units pursuant to section 124.17, subdivision 1, clause (7)) the levy under this section in the previous year and provided further that any district which did not levy pursuant to this section in 1972 may certify a maximum levy of 6 mills not to exceed \$65 per pupil unit in 1974. The tax so levied shall be collected in the manner provided by law for the collection of school taxes. The proceeds of the tax may be used only to acquire land, improve and repair school sites and to equip, re-equip, repair and improve buildings and permanent attached fixtures. Subject to the commissioner's approval, the tax proceeds may also be used to rent or lease buildings for school purposes and to acquire or construct buildings. The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

The proceeds of the tax shall not be used for custodial or other maintenance services.

[*Ex*1959 c 71 art 5 s 4; *Ex*1971 c 31 art 20 s 1; 1973 c 683 s 3; 1974 c 257 s 1; 1974 c 521 s 17]

124.05 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.05 DEPOSITORY LAW. Subdivision 1. At the annual organizational meeting in independent districts and at the annual district meeting in common districts or at other times if necessary, the board shall designate one or more national or state banks as official depositories for district money, and thereupon

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shall require the treasurer to deposit all or part of the district money in such bank or banks. Such designation shall be in writing and set forth all the terms and conditions upon which the deposits are made; signed by the chairman and clerk, and made a part of the minutes of the board. Thereupon such bank or banks shall become legal depositories for district money. If the board shall refuse or fail to designate one or more depositories in accordance with this subdivision, the treasurer shall deposit the funds of the district in accordance with the provisions of subdivision 2 of this section, and shall file a statement of his selection of the depository with the clerk of the district. The treasurer shall not thereafter be liable for the loss of any funds through the insolvency or default of such depository in the absence of negligence on his part in the selection of the depository.

Subd. 2. In the event that the bank selected as a depository is a member of the Federal Deposit Insurance Corporation, the district may deposit an amount not to exceed \$10,000 in the depository without the execution of any bond. In the event that it is desired to deposit more than \$10,000 in any bank, prior to such deposit, the board shall require the bank to deposit a sufficient bond to the district, executed by a corporate surety company authorized to do business in the state in a sum at least equal to the estimated sum to be deposited in excess of \$10,000. The bond shall be approved by the board and filed in the office of the auditor of the county wherein the district may be situated. In lieu of such bond, the depository shall assign to the district treasurer collateral security for deposits, in accordance with Minnesota Statutes, Section 118.01.

Subd. 3. When the board, by unanimous resolution, deems it advisable, it may invest such amount of funds as will not in the opinion of the board be currently needed by the district in any of the bonds of any county, city, town, school district, drainage or other district created pursuant to law for public purposes in Minnesota, Iowa, Wisconsin, and North and South Dakota, or in U.S. treasury bonds with maturity date not to exceed five years from the time of purchase, or in securities issued by the following agencies of the United States, maturing not to exceed five years from the time of purchase: Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, and the Federal National Mortgage Association, or in U. S. Treasury Bills, U. S. Certificates of Indebtedness, or U. S. Treasury Notes. The board may also invest such amount of funds as in its opinion may not be currently needed in Certificates of Deposit of any state or national bank, provided the bank shall deposit a bond to the district, executed by a corporate surety company equal to the amount of the Certificate of Deposit or, in lieu of such bond, shall assign to the school district collateral securities for deposits in accordance with Minnesota Statutes 1961, Section 118.01 to the extent such certificates of deposit may not be insured under the provisions of Minnesota Statutes 1961, Section 118.10, and any acts amendatory thereof.

Subd. 4. Any board investing funds in such authorized securities shall deposit such securities for safekeeping with the county treasurer of the county wherein such district is located or with any bank maintaining a safekeeping department. Such county treasurer or bank shall give a receipt for each and all of such securities to the board, and such county treasurer or bank shall keep such securities for safekeeping until such time as the board shall adopt a resolution requesting the county treasurer or bank to turn such securities or any of them over to the treasurer of such district.

[*Ex*1959 c 71 art 5 s 5; 1965 c 126 s 1; 1965 c 300 s 3; 1973 c 123 art 5 s 7]

124.06 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.06 INSUFFICIENT FUNDS TO PAY ORDERS. In the event that a district has insufficient funds to pay its usual lawful current obligations, subject to Minnesota Statutes, Section 471.69, the board may enter into agreements with banks or any person to take its orders at any rate of interest not to exceed six percent per annum. Any order drawn after having been presented to the treasurer for payment and not paid for want of funds shall be endorsed by the treasurer by putting on the back thereof the words "not paid for want of funds," giving the date of endorsement and signed by the treasurer. A record of such presentment, nonpayment and endorsement shall be made by the treasurer. Every such order shall bear interest at the rate of not to exceed six percent per annum from the date of such presentment. The treasurer shall serve a written notice upon the payee or his assignee, personally, or by mail, when he is prepared to pay such orders;

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such notice may be directed to the payee or his assignee at the address given in writing by such payee or assignee to such treasurer, at any time prior to the service of such notice. No order shall draw any interest if such address is not given when the same is unknown to the treasurer, and no order shall draw any interest after the service of such notice.

[*Ex1959 c 71 art 5 s 6; 1965 c 69 s 2; 1967 c 761 s 1*]

124.07 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.07 LAND IN SETTLEMENT OF CLAIM AGAINST SURETY. Subdivision 1. **Power of board to accept.** When any district now has or asserts any claim or judgment against any sureties on the bonds of any depository of its funds for the failure of any such depository to account for or pay over any such funds and the board or other governing body of the district determines that the claim or judgment, or some part thereof, is not collectible in cash, then any such board or governing body may by resolution determine to accept and receive, in complete or partial satisfaction or settlement of any such claim or judgment, lands or interest therein within this state and may acquire the same for and in the name of such district either by deed or deeds of conveyance from the owners, or as purchaser at execution sale or sales under any such judgment.

Subd. 2. **Title to be held by district.** Title to lands or interests so acquired shall be held by the district. Each tract or portion shall be sold by the district as soon as there may be realized the fair value as determined by such board. Any such sale may be authorized by resolution of the board, and may be made for cash, or for part cash and the deferred balance secured by contract for deed or purchase money mortgage, on such terms as the board approves. Conveyances, contracts, or other instruments evidencing any sale shall be executed by the chairman and the clerk of the board. Lands so acquired and held for resale shall be deemed public lands used for exclusively public purposes and as such shall be exempt from taxation.

[*Ex1959 c 71 art 5 s 7*]

124.08 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.08 SCHOOL ENDOWMENT FUND, DESIGNATION. For the purpose of aid to public schools, this fund is established:

The school endowment fund, which shall consist of the income from the permanent school fund.

[*Ex1959 c 71 art 5 s 8; 1969 c 399 s 13*]

124.09 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.09 SCHOOL ENDOWMENT FUND, APPORTIONMENT. Beginning with the apportionment in October, 1972, the school endowment fund shall be apportioned semi-annually by the state board, on the first Monday in March and October in each year, to districts whose schools have been in session at least nine months, in proportion to the number of pupils between the ages of five and twenty-one years who shall have been in average daily membership during the preceding year, provided, that apportionment shall not be paid to a district for pupils for whom tuition is received by such district.

[*Ex1959 c 71 art 5 s 9; Ex1971 c 31 art 20 s 15*]

124.10 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.10 AUDITOR'S DUTIES. Subdivision 1. A copy of the apportionment of the school endowment fund shall be furnished by the state board to the commissioner of finance, who thereupon shall draw his warrants on the state treasury, payable to the several districts, for the amount due each district. There is hereby annually appropriated from the school endowment fund the amount of such apportionments.

Subd. 2. The county auditor shall at the time of making the March and November tax settlements of each year apportion to the several districts the amount received from liquor licenses, fines, estrays, and other sources belonging to the general school fund, upon the same basis provided for the state apportionment; but no district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund.

Subd. 3. The county auditor, on the first Wednesday after such apportionment, shall report to the commissioner on the amount apportioned, the sources from which such money was received, and the total average daily membership of pupils in the county entitled to apportionment.

[*Ex 1959 c 71 art 5 s 10; 1969 c 16 s 1, 2; Ex1971 c 31 art 20 s 16; 1973 c 492 s 14*]

124.11 M.S. 1957 [Renumbered 129.13]

124.11 DATES OF AID PAYMENTS. Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, ten percent of the estimated foundation aids shall be paid to districts in each of the months from September through May based upon information available and the final distribution shall be made in the following August. If any school district is unable to borrow necessary funds for the operation of its facilities during any fiscal year, due to legal borrowing restrictions or the lack of reasonable credit facilities, the commissioner of finance and state treasurer may, upon certification of such conditions by the commissioner of administration, advance such education aids as may be required to such district, with the condition that such aids be discounted by an amount equal to six percent or the current yield on U.S. treasury bills on the date of such payment to a maturity approximating the date on which aids are to be paid, whichever rate is higher, pursuant to the terms of this section. The amount of such discount shall be determined by the commissioner of finance, with the six percent discount or the "bid" price quoted on treasury bills of an appropriate maturity calculated after consultation with the staff of the state board of investment.

Estimated foundation aids shall be paid out on the basis of the prior year's pupil unit enrollment unless the October 1 enrollment is larger, in which case the October enrollment shall be used. Adjustment for final pupil unit figures shall be made in the August payment of aids.

[*Ex1959 c 71 art 5 s 11; Ex1971 c 31 art 20 s 4; 1973 c 492 s 14; 1974 c 326 s 11*]

124.12 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.12 MANNER OF PAYMENT OF STATE AIDS. Subdivision 1. The moneys made available by the legislature as special state aid to schools shall be paid in the following manner:

Subd. 2. On or before October 1 in each year, it shall be the duty of the commissioner to deliver to the commissioner of finance a certificate in duplicate for each district entitled to receive state aid under the provisions of this chapter. Upon the receipt of such certificate, it shall be the duty of the commissioner of finance to draw his warrant upon the state treasurer in favor of the district for the amount shown by each certificate to be due to the district. The commissioner of finance shall transmit such warrants to the district together with a copy of the certificate prepared by the commissioner.

Subd. 3. [Repealed, 1969 c 16 s 4]

Subd. 4. [Repealed, 1969 c 16 s 4]

[*Ex1959 c 71 art 5 s 12; 1965 c 537 s 1; 1969 c 16 s 3; 1969 c 399 s 14; 1973 c 492 s 14*]

124.13 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

— **124.13** [Repealed, 1974 c 521 s 34]

124.14 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION. Subdivision 1. The state board shall supervise distribution of the school aids in accordance with law. It may make rules and regulations consistent with law for such distribution which will enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for such reports and accounts to it as will assure accurate and lawful apportionment of aids. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district are open to inspection by the state auditor, or the state board.

Subd. 2. Such moneys as are necessary to make the distribution of the school aids annually are hereby appropriated from the funds or accounts in the state treasury authorized by law for such purposes.

[*1961 c 562 s 14; 1969 c 399 s 15, 16; 1973 c 492 s 7*]

124.15 REDUCTION OF AID FOR VIOLATION OF LAW. Subdivision 1. The amount of special state aids to which a district is entitled shall be the amount computed according to statutes. The annual state aid certificate made by the commissioner to the commissioner of finance shall show the amount of any reductions made.

Subd. 2. Whenever the board of the district authorizes or permits within the district violations of law by

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(1) employment in a public school of the district of a teacher who does not hold a valid teaching certificate or permit, special state aid for this violation shall be withheld in accordance with section 124.19, subdivision 2.

(2) noncompliance with a mandatory rule or regulation of general application promulgated by the state board in accordance with statute in the absence of special circumstances making enforcement thereof inequitable, contrary to the best interest of, or imposing an extraordinary hardship on, the district affected, or

(3) continued performance by the district of a contract made for the rental of rooms for school purposes, or for the free transportation of children to and from school or for the rental of any facility owned or operated by or under the direction of any private organization, which contract has been disapproved where time for review of the determination of disapproval has expired and no proceeding for review is pending, or

(4) any practice which is a violation of section 2 of article 8 of the Constitution of the state of Minnesota, or

(5) failure to provide reasonably for the school attendance to which a resident pupil is entitled under Minnesota Statutes, the special state aid to which a district is otherwise entitled for any school year shall be reduced in the amount and upon the procedure provided in this section.

Subd. 3. When it appears to the commissioner that one or more of the violations enumerated is occurring in a district, he shall forthwith notify the board of that district in writing thereof. Such notice shall specify the violations, set a reasonable time within which the district shall correct the specified violations, describe the correction required, and advise that if the correction is not made within the time allowed, special state aids to the district will be reduced. The time first allowed for correction may be extended by the commissioner if there is reasonable ground therefor.

Subd. 4. The board to which such notice is given may by a majority vote of the whole board decide to dispute that the specified violation exists or that the time allowed is reasonable or the correction specified is correct, or that the commissioner may reduce aids, in which case written notice of such decision shall be given the commissioner. If the commissioner, after such further investigation as he deems necessary, adheres to his previous notice, such board shall be entitled to a hearing by the state board, in which event a time and place shall be set therefor and notice be given by mail to the board of the district. The state board shall adopt rules governing the proceedings for hearings which shall be designed to give a full and fair hearing and permit interested parties an opportunity to produce evidence relating to the issues involved. Such rules may provide that any question of fact to be determined upon such review may be referred to one or more members of the board or to an employee of the state board acting as a referee to hear evidence and report to the state board the testimony taken. The state board, or any person designated to receive evidence upon a review under this act, shall have the same right to issue subpoenas and administer oaths and parties to the review shall have the same right to subpoenas issued as are accorded with respect to proceedings before the industrial commission. There shall be a stenographic record made of all testimony given and other proceedings during such hearing, and as far as practicable rules governing reception of evidence in courts shall obtain. The decision of the state board shall be in writing and the controlling facts upon which the decision is made shall be stated in sufficient detail to apprise the parties and the reviewing court the basis and reason of the decision. The decision shall be confined to whether or not the specified violations or any of them existed at the date of the commissioner's first notice, whether such violations as did exist were corrected within the time permitted, and whether such violations require reduction of the state aids under this section.

Subd. 5. If the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides such violation does not exist, or if the state board decides after hearing no violation specified in the commissioner's notice existed at the time thereof, or that such as existed were corrected within the time permitted, there will be no reduction of special state aids payable to such school district; otherwise special state aids payable to the district for the year in which the violation occurred will be reduced as follows: The total amount of special state aids to which the district may be entitled

will be reduced in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which such violation exists.

Subd. 6. Reductions in special aid under this section shall be from foundation program aid. If there is not sufficient foundation program aid remaining to be paid for the school year in which the violation occurred, the reduction shall be from the other special aids payable to the district for that year in the order in which special state aids are listed in this code. If the violation is for performance of a contract for transportation, which has been disapproved, the primary reduction shall be from transportation aid. If reduction is for several violations one of which is continued performance of such a contract, the transportation aid will be the primary fund for reduction in the proportion that the violation for performance of such a contract bears to the total number of violations involved. If there is not a sufficient amount of special state aids remaining payable to the district for the school year in which the violation occurred to permit the full amount of reduction required, that part of the required reduction not taken from that school year's aids will be taken from the special state aids payable to the district for the next school year, and the reduction will be made from the various aids payable for the next year in the order above specified.

Subd. 7. Decision of the state board under this section may be reviewed on certiorari by the district court of the county wherein the district, or any part thereof, is located.

Subd. 8. Any notice to be given the board of a district will be deemed given when a copy thereof is mailed, registered, to the superintendent of the district, if there is a superintendent, and to the clerk of the board of the district, unless it is shown that neither the superintendent nor the clerk in fact received such notice in the ordinary course of mail, in which event time for correction will be accordingly extended by the commissioner so that a reasonable time will be allowed from actual receipt of notice for correction. If notice is sent by the commissioner with respect to a violation which is continued by the district in a succeeding year, no separate notice for that violation for the succeeding year will be required. Proceedings initiated by such notice shall include any continuing violation notwithstanding that a part thereof occurs in a year different from that in which it started. The commissioner may require reasonable proof of the time that a violation ceased for the determination of the amount of aids to be withheld. Costs and disbursements of the review by the district court, exclusive of those incurred in the administrative proceedings, may be taxed against the losing party and in the event taxed against the state shall be paid from the appropriations made to the department for the payment of special state aids.

[*Ex*1959 c 71 art 5 s 15; 1963 c 203 s 1; 1965 c 51 s 18; 1973 c 492 s 14]

124.16 INCREASE IN AID FOR CALAMITY. In any case when pupils are prevented from attending school because of epidemic, calamity, weather, fuel shortage, or other justifiable cause, the state board in determining the amount of state aid to be allotted to the district may increase the sum to which the district is otherwise entitled not to exceed ten percent. The district must demonstrate to the commissioner that it has made a good faith attempt to make up time lost on account of the above causes to qualify for this increase in aid.

[*Ex*1959 c 71 art 5 s 16; 1974 c 436 s 1]

124.17 DEFINITION OF PUPIL UNITS. Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In an elementary school, for kindergarten and for handicapped pre-kindergarten pupils as defined in section 120.03, and enrolled in one-half day sessions throughout the school year or the equivalent thereof, approved by the commissioner of education, one-half pupil unit and other elementary pupils, one pupil unit.

(2) In secondary schools, pupils in junior high school or a six-year school and all other pupils in secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of a middle school shall be counted as secondary pupils.

(3) In area vocational-technical schools one and one-half pupil units.

(4) To meet the problems of educational overburden caused by broken homes,

poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program shall be counted as an additional five-tenths pupil unit. The department of public welfare is directed to furnish to the department of education that information concerning children from families with dependent children which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

(5) In every district where the number of pupils from families receiving aid to families with dependent children or its successor program exceeds nine percent of the total actual pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional $\frac{35}{100}$ of a pupil unit; for those districts where the number of such pupils is more than eight percent but not more than nine percent of the total pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional two-tenths of a pupil unit and for those districts where the number of such pupils is at least five percent but not more than eight percent of the total pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit. Such weighing shall be in addition to the weighing provided in clauses (1), (2), (3), and (4) of this section. School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents.

(6) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units for such district shall equal the average of actual pupil units for the prior and current years.

(7) Where the actual number of pupil units has increased from the prior year by more than three percent, a number of pupil units equal to one fourth of the difference between the units as computed in clauses (1) and (2) for the two years shall be added to the other units for the district.

(8) Only pupil units in clauses (1) and (2) shall be used in computing adjusted maintenance cost per pupil unit.

Subd. 2. Membership for pupils in grades kindergarten through twelve, for pupils in area vocational-technical schools and for handicapped pre-kindergarten pupils shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused; provided that any pupil, regardless of age, who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as withdrawn. Nothing in Extra Session Laws 1971, Chapter 31, shall be construed as waiving the compulsory attendance provisions cited in section 120.10. Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days said schools are in session. For districts operating 12 months schools, days schools are in session shall mean the number of session days required by section 124.19, subdivision 1. The average daily membership of a pupil enrolled on a shared time basis shall equal the ratio of the total minutes for which such pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil. Foundation aid for each pupil in such shared time classes shall be paid at a rate proportionate to aid paid for other resident pupils of the district providing instruction. A district shall not be entitled to transportation aid under section 124.22 for pupils enrolled on a shared time basis unless the statutes specifically provide for transportation aid to such student.

Subd. 2a. Notwithstanding subdivision 2, pupils granted transitional year status shall continue to be counted as members on the current roll of the school for the remainder of the school year. For purposes of computing average daily membership transitional year pupils shall be considered to be enrolled every day school is in session for the remainder of the school year.

Subd. 3. In computing pupil units for a prior year, the number of pupil

units shall be adjusted to reflect any change for the current year in relative weightings by grade level or category of special assistance and any change in measurement from average daily attendance to average daily membership, but not for the addition for the first time in the current year of a specified category of special assistance as provided in subdivision 1, clause (4).

[*Ex1959 c 71 art 5 s 17; Ex1961 c 77 s 1; 1969 c 736 s 1; 1969 c 1085 s 3; 1971 c 829 s 1; Ex1971 c 31 art 20 s 2; 1973 c 688 s 4; 1974 c 521 s 18-20*]

124.18 CONSOLIDATION; INSTRUCTION BY OTHER DISTRICT. Subdivision 1. **Aid payments in case of alteration of boundaries.** Where two or more districts hereafter unite the state aid shall continue to be paid for the remainder of the school year in which the union was completed as the state aids were paid to the individual districts prior to the union.

Subd. 2. **Tuition.** Every district which provides instruction in other districts and which receives foundation program aid, and the county which pays tuition aid shall pay to the district furnishing elementary and secondary or area vocational-technical school instruction on account of such instruction, the actual cost thereof chargeable to maintenance exclusive of transportation costs or the legal maximum prescribed in section 124.211, subdivision 2, clause (1).

There shall also be paid for capital outlay and debt service to the district providing such instruction \$10 per pupil unit in average daily attendance for each non-resident pupil unit, except that every district educating non-resident pupils may charge and include in its tuition, for capital outlay and debt service, an amount per pupil unit in average daily attendance based on the amount that the average expenditure for capital outlay and debt service determined by dividing such annual expenditure by the total number of pupil units in average daily attendance in the district exceeds \$10 per pupil unit. If the district has no capital outlay or debt service the district receiving such funds may use them for any purpose for which it is authorized to spend money. Provided further that, if a district invests capital moneys to remodel existing facilities or to build new facilities for the primary purpose of providing instruction for handicapped and trainable children, as specified in Minnesota Statutes 1961, Sections 120.17 and 120.18, such district may charge and include in its tuition for capital outlay and debt service an amount per pupil unit in average daily attendance determined by dividing such expenditure over a period of years mutually agreeable to the districts concerned, and by dividing each annual amount so determined by the total number of pupil units in average daily attendance enrolled in this area of handicapped instruction in the district.

[*Ex1959 c 71 art 5 s 18; 1963 c 530 s 1; 1969 c 513 s 1*]

124.185 PUPIL ATTENDANCE OF LABORATORY SCHOOLS; STATE AID. Notwithstanding any provision in this chapter which may indicate the contrary, a school district which allows pupils to attend a model school or laboratory school conducted by a state college or the University of Minnesota shall be entitled to all the aids provided by law as though such pupils were in attendance in such school district. Such aids to which such school district is entitled shall not be affected by any agreement between the school district and the state college board or the board of regents of the University of Minnesota governing the tuition which such school district shall pay for the attendance by its pupils at such model or laboratory school, and such tuition shall be as negotiated between the state college board or the board of regents of the University of Minnesota and the school district involved.

[*1965 c 476 s 1*]

124.19 REQUIREMENTS FOR AID GENERALLY. Subdivision 1. Every district which receives special state aid shall maintain school or provide instruction in other districts, in state college laboratory school or in the university laboratory school, at least a minimum term as defined by the state board. The normal school year when school is in session shall be not less than 175 days or their equivalent. A district which holds school for that period and is otherwise qualified is entitled to special state aid as by law provided. If school is held a less period such special state aid shall be reduced in the proportion that school is held bears to 175 days effective the 1970-71 school year and thereafter, but districts maintaining less than the required minimum number of days of school in session do not lose special state aid if the circumstances causing such loss of school time below the required minimum number of days were beyond the control of the board and provided proper evidence has been submitted and a good faith attempt made to make up time lost

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on account of these circumstances; provided further, that days devoted to teachers' institutes or other meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school in session.

Subd. 2. In any city of the first class in this state, operating under a home rule charter and in which city the schools are operated as a part of the city government under a board of education the city council or other governing body thereof is authorized and empowered to amend at any time the budget of said city in reference only to receipts and expenditures made or to be made for education purposes within said city to the extent that if current receipts, during the applicable period of operation of said budget, exceed the amount of the estimate of special state aids set out in said budget, such receipts over the estimate thereof may be spent in the years received for educational purposes.

Subd. 3. When a district employs a teacher or teachers that do not hold a valid teaching certificate, special state aid shall be withheld in the proportion that the number of such teachers is to the total number of teachers employed by the district.

[*Ex1959 c 71 art 5 s 19; 1969 c 379 s 1; 1974 c 326 s 12*]

124.20 EDUCATION; STATE AID; SUMMER SCHOOL AND FLEXIBLE SCHOOL YEAR CLASSES. State aid for summer school classes which are not a part of the regular school term in hospitals, sanatoriums, home instruction programs, and inter-session classes of flexible school year programs in elementary and secondary schools, and summer school instruction in area vocational schools or teachers college laboratory schools or in the university laboratory school shall be paid at a proportionate rate for aids paid during the regular school term, provided that no district shall receive aid for programs under this section in an amount greater than its actual expenditures for these programs.

[*Ex1959 c 71 art 5 s 20; 1973 c 514 s 1; 1974 c 326 s 13; 1974 c 521 s 21*]

124.21 [Repealed, 1967 c 769 s 2]

124.211 [Repealed, Ex1971 c 31 art 20 s 25]

124.212 FOUNDATION AID. Subdivision 1. The foundation aid program for school districts for school years 1973-1974 and 1974-1975 shall be governed by the terms and provisions of this section.

Subd. 2. Except as may otherwise be provided in this section, the following words and phrases when used in this section shall have the meanings herein ascribed to them.

(1) "Adjusted maintenance cost" means the state and local current expense for pupils in elementary and secondary schools, exclusive of transportation, veterans training program, community services, and after reduction for receipts from the sale of other items sold to the individual pupil by the school such as lunches, paper, workbooks, and other materials used in the instructional program, and after reduction for receipts from quasi-school activities when the school board has assumed direction and control of same. For purposes of determining the adjusted maintenance costs, the state department of education shall use only figures from the annual financial reports of the districts for the prior year and any supplementary documents received by it on or before August 1 of the current year, (November 1, in 1971 only). For any district which has not transmitted to the department of education before August 1, (November 1, in 1971 only) its annual financial report for the prior year, the figures from the most recent financial report of that district received on or before August 1, (November 1, in 1971 only) shall be used for purposes of calculating its certified levy and foundation aid. In calculating the adjusted maintenance cost in 1970-1971, a district may include for calculating its certified levy and foundation aid under this article salaries paid in the 1971-1972 school year which are for services rendered in 1970-1971.

(2) "Adjusted assessed valuation" shall mean the assessed valuation of the taxable property notwithstanding the provisions of section 275.49 of the school district as adjusted by the equalization aid review committee.

Subd. 3. [Repealed, 1973 c 683 s 30]

Subd. 3a. Notwithstanding any of the other provisions of this section, for the 1973-1974 school year neither the sum nor the sum per pupil unit of the aggregate foundation aid earned by a district maintaining a classified secondary school and the amount raised by the maximum levy authorized by Minnesota Statutes 1971,

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Section 275.125, Subdivision 2, Clause (2) and for the 1974-1975 school year neither the sum nor the sum per pupil unit of the aggregate foundation aid earned by such a district and the amount raised by the maximum levy authorized for 1973 by section 275.125, subdivision 2a, clause (1), shall be less than the sum or the sum per pupil unit respectively of the aggregate foundation aid earned for the 1972-1973 school year, any payments earned for 1972-1973 which but for the operation of Minnesota Statutes 1971, Section 124.212, Subdivision 3, would not have been earned, and the amount raised by the levy authorized by Minnesota Statutes 1971, Section 275.125, Subdivision 2, Clause (1). Aggregate foundation aid includes foundation aid for all pupil units. For purposes of this computation pupil units used as a divisor shall include only those units identified in section 124.17, subdivision 1, clauses (1) to (3).

Subd. 4. The amount of money received by a school district as income from the permanent school fund for any year, shall be deducted from the foundation aid earned by the district for the same year including aid earned pursuant to section 124.212, subdivision 3a or from aid earned from other state sources.

Subd. 5. In no event shall the amount payable to any district from state sources for any one year be reduced below the amount payable as apportionment of the school endowment fund pursuant to sections 124.08 to 124.10.

Subd. 6. [Repealed, 1973 c 683 s 30]

Subd. 6a. For the 1973-1974 school year a district shall receive in foundation aid the lesser of (1) \$788 per pupil unit less 30 mills times the 1971 adjusted assessed valuation of the district, or (2) the amount that bears the same relation to the difference in (1) as the sum of the 1970-1971 adjusted maintenance cost per pupil unit increased by \$87, and the greater of (a) one-sixth of the difference that results when the adjusted maintenance cost per pupil unit, so increased, is subtracted from \$788, or (b) \$38, bears to \$788.

Subd. 7. [Repealed, 1973 c 683 s 30]

Subd. 7a. For the 1974-1975 school year a district shall receive in foundation aid, the lesser of: (1) \$825 per pupil unit less 30 mills times the 1972 adjusted assessed valuation of the district, or (2) the amount that bears the same relation to the difference in (1) as the sum of the greater sum computed pursuant to section 124.212, subdivision 6a, clause (2), and the greater of (a) one-third of the difference that results when such greater sum is subtracted from \$825, or (b) \$37, bears to \$825. This section shall not be construed as in any instance authorizing the levy of total amounts of taxes for school purposes in excess of the amount allowed by law on October 15, 1973.

Subd. 8. [Repealed, 1973 c 683 s 30]

Subd. 8a. Notwithstanding any provisions of any other law to the contrary, the adjusted assessed valuation used in calculating foundation aid shall include only that property which is currently taxable in the district. For districts receiving payments under sections 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; 294.21 to 294.28; 124.215, subdivision 2a; 124.25; 124.30; 360.133; 360.135; and 124.28; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; the foundation aid shall be reduced by: The previous year's payment to the district pursuant to said sections times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed by section 275.125, but not to exceed 35 percent in 1973-1974 and 40 percent in 1974-1975 of the previous year's payment.

Subd. 9. Any district not maintaining classified elementary or secondary schools shall pay the tuition required in order to enable resident pupils to attend school in another district when necessary, and shall receive foundation aid pursuant to this section on the same basis as other districts. The aid shall be computed as if the pupils were enrolled in the district of residence.

Subd. 10. The equalization aid review committee, consisting of the commissioner of education, the commissioner of administration, and the commissioner of revenue, is hereby continued and permanently established. The duty of this committee shall be to review the assessed valuation of the districts of the state. When such reviews disclose reasonable evidence that the assessed valuation of any district furnished by any county auditor is not based upon the market value of taxable property in such district, then said committee shall call upon the department of revenue to ascertain the market value of such property, and adjust such values as

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required by law to determine the adjusted assessed valuation. The department of revenue shall take such steps as it may consider necessary in the performance of that duty and may incur such expense as is necessary therefor. The commissioner of revenue is authorized to reimburse any county or governmental official for services performed at his request in ascertaining such adjusted valuation. On or before March 15, annually, the department of revenue shall submit its report on the assessed values established by the previous year's assessment to said committee for approval or rejection and, if approved, such report shall be filed not later than the following July 1 with the commissioner of education and each county auditor for those school districts for which he has the responsibility for determination of mill rates. A copy of the adjusted assessed value so filed shall be forthwith mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which such district is located.

Subd. 11. (a) The committee shall not increase the adjusted assessed valuation, exclusive of property valuation added, improved, reclassified, or reassessed since the prior assessment, of taxable property for 1962 or any subsequent year in any school district by more than eight percent over the certified valuation established for the year immediately preceding.

(b) Whenever the adjusted assessed valuation of any district is more than eight percent less than the adjusted assessed valuation of the preceding year, the state board of education may, upon application by the district prior to June 30 of such school year, authorize payment of additional foundation aid in the August adjustment following such school year in the amount of 30 mills times the difference in the said two successive adjusted assessed valuations.

(c) The sales ratio studies, or any part thereof, or any copy of the same, or records accumulated in preparation thereof, which are prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids pursuant to this section shall not be admissible in evidence in any proceeding, except actions for review of the determination of the school aids payable under this section.

Subd. 12. Should any district within 60 days after receipt of a copy of a report filed with the commissioner of education made pursuant to subdivision 11, or notice of redetermination made pursuant to subdivision 12, be of the opinion that the equalization aid review committee has made an error in the determination of the school district's market value, it may appeal from the report or portion thereof relating to the school district to the tax court, as provided in subdivisions 14 to 19.

Subd. 13. The school district shall file with the clerk of the tax court a notice of appeal from the determination of the equalization aid review committee fixing the market value of the school district, and such notice shall show the basis of the alleged error. A copy of such notice of appeal shall be served upon the commissioners of revenue and education, and proof of service shall be filed with the clerk of court.

Subd. 14. Upon receipt of the notice of appeal the tax court shall review the notice of appeal and determine whether it appears from the allegations and proofs therein contained that an error has been made in the determination by the equalization aid review committee of the market value of the property in the school district. If the court finds it probable that such an error has been made, it shall notice the matter for hearing; otherwise, it shall dismiss the appeal and notify the parties thereof. Hearing shall be set and held in the same manner as other hearings of the tax court are set and heard. The attorney general shall represent the commissioners of revenue and education and equalization aid review committee; the administrative procedure act, sections 15.0415 to 15.0422, shall apply to hearings insofar as it is applicable.

Subd. 15. The tax court shall hear, consider and determine such appeal, de novo upon the issues made by the notice of appeal, if a hearing has been granted thereon. At the conclusion of the hearing the court shall (1) file findings of fact, or (2) re-refer the issues to the equalization aid review committee with instructions and recommendations for a determination and correction of the market value of the appealing school district. The decision of the tax court, if it decides the matter de novo, shall have the same force and effect as a determination by the equalization aid review committee in the first instance under this section, and the equalization aid review committee shall be notified thereof.

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If the matter is re-referred to the equalization aid review committee a redetermination by the equalization aid review committee in accordance with the recommendations of the tax court shall likewise have the same force and effect as a determination by it in the first instance under this section.

Subd. 16. In addition to the powers and duties of the tax court as prescribed by chapter 271, and any act amendatory thereof, any hearing ordered pursuant to the provisions hereunder may be heard by a hearing examiner in lieu of one or more members of the tax court. If a hearing is conducted by a hearing examiner, such hearing examiner shall exercise the same powers conferred by law upon one or more members of the tax court. He shall report to the court. The court is authorized to make findings of fact based on the report of the hearing examiner in the same manner as is required by these provisions when the hearing is conducted by the court. The tax court may employ hearing examiners upon such terms and conditions as it shall prescribe. A hearing examiner so appointed shall be in the unclassified service of the state.

Subd. 17. A decision of the tax court pursuant to the terms hereof shall be final and shall not be subject to review by any court, except upon certiorari to the supreme court.

Subd. 18. During the pendency of any appeal from an equalization aid review committee evaluation, state aids to the district so appealing shall be paid on the basis of the evaluation subject to adjustment upon final determination of the appeal.

Subd. 19. None of the provisions of chapter 16, shall apply to appropriations enacted to carry out the provisions of this section.

[*Ex1971 c 31 art 20 s 3; 1973 c 582 s 3; 1973 c 683 s 5-10, 27; 1974 c 521 s 22, 23*]

124.215 PAYMENTS IN ADDITION TO FOUNDATION AID.

Subdivision 1. [Repealed, Ex1971 c 31 art 20 s 23]

Subd. 2. [Repealed, Ex1971 c 31 art 20 s 23]

Subd. 2a. In addition to regular foundation aid payments, there shall be paid from the appropriation for foundation aid to any district whose schools are attended by children residing upon nontaxable land under the control of the armed forces of the United States, an amount equal to the number of pupil units represented by such children times the dollar amount derived by dividing the total levy of the district as spread upon the property of the district by the number of its other resident pupil units in average daily membership.

Subd. 3. It is the public interest of the state to provide equality of educational opportunity for all school children of the state. With the greatly expanding urbanization of life in the large cities have come special educational problems in reaching children who are educationally neglected. Special efforts by the state to attempt to enhance the quality of his education in the large urban cities and on our American Indian reservation are necessary where normal educational efforts are not sufficient. As used in this section, "minority" means racial minority, specifically, black, Indian, orientals, and those persons of Spanish speaking ancestry.

Subd. 4. Each school board: (1) Shall provide in any public elementary or secondary school which has 50 or more minority students in any school within said school district, a special program available, on a volunteer basis for teachers and administrators in such elementary or secondary school including the following:

(a) A course of training in human relations in the 1970-71 school year of up to 80 hours duration of which 40 hours shall be provided prior to the start of such school year. This course shall be provided specifically by the school board concerned, with it being understood that the legislature intends that the planning, implementation, and the evaluation of this course in human relations shall be done by a group of teachers and residents of the school attendance areas concerned, with a committee on the school district level composed of representatives from these individual school committees. This school district level committee shall provide the necessary coordination and shall approve the proposed expenditures of funds within the various schools or groups of schools concerned. Minority members shall participate on the aforesaid committees. This course of training shall be offered for all teachers and administrators emphasizing the innovation necessary in teaching educationally neglected children and shall include programs such as:

(i) Workshops for such teachers and administrators emphasizing recognized

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and new methods and techniques for teaching such educationally neglected children;

(ii) Attendance by teachers at meetings of one or more community organizations located within said area with such organizations to be selected from a list provided by the planning committee described above;

(iii) Home visitation as set up by the planning committee for such teachers with their students;

(iv) Other activities selected by the planning committee.

(b) An evaluation and review by each planning committee which shall be submitted through their respective school boards with any additional recommendation and evaluation by the school board to the state board of education by January 15, 1971, and an additional evaluation and review by August 15 of each school year just completed.

(2) Upon receipt of verification from the local school board, the state board of education shall pay to the local district the sum of \$4,000 per qualifying school prior to the start of the 1969-70 school year for planning, administration and program costs of setting up this course for the 1970-71 school year. The unexpended balance of such funds after the 1969-70 school year shall be used by said district during the 1970-71 school year for administration and program costs including the implementation of this course. Program costs include all costs such as payment for local minority representative participants speakers, educational materials, any costs for field trips or other aspects of the program. Payments authorized herein shall also be used by the department of education for the administration of this program, not to exceed \$12,500.

(3) Shall be responsible for publicizing the program outlined in this section to all teachers and residents of the respective school attendance areas and setting procedures for forming committees mentioned herein.

(4) Shall certify under procedures of the state board of education to the state of Minnesota the names and addresses of each such teacher teaching in elementary and secondary schools as defined above as participating in this special program and such teacher shall receive the sum of \$7 per hour for such additional services for school year 1970-71 up to a maximum of 80 hours to supplement salary provided by the school district. This sum shall be payable on a regular basis by the school district which shall be reimbursed by the state board of education.

Subd. 5. The department of education shall set up a special program for teachers and administrators involved in the education of Minnesota Indian students in the elementary and secondary schools included within the Johnson-O'Malley federal act of 1934, and any amendments thereto, for the education of Indian children. Such program shall include:

(1) A course of training of 80 hours in human relations preceding and during the 1970-71 school year which training shall be specifically provided by the department of education emphasizing better preparation and effectiveness for teachers and administrators. Such teachers and administrators shall be selected for this training by eligible school districts upon a quota established under procedures set up by the department of education upon the advice of its Minnesota Indian education committee which committee is hereinafter established. The prescribed course shall be provided by the department of education with it being understood that the legislature intends that the planning, implementation and the evaluation of this course in human relations shall be done by the department of education with the advice and assistance of the Minnesota Indian education committee. The course of training provided for teachers and administrators shall include programs such as:

(i) Visitation by teachers at Minnesota Indian reservations and in Minnesota Indian homes;

(ii) Attendance by teachers at functions of the Minnesota Indian communities as recommended by the Minnesota Indian education committee;

(iii) Workshops involving Minnesota Indian residents and the study of their tribal history and sociology;

(iv) Other activities recommended by the Minnesota Indian education committee.

(2) An evaluation and review by the Minnesota Indian education committee which shall be made to the department of education by January 15, 1971, and an

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additional review and evaluation which shall be made by August 15 of each school year completed.

(3) Payments to each teacher and administrator participating in the 80 hour special training sessions shall be paid \$7 per hour. Payments authorized herein shall also be used by the department of education for administration and program costs not to exceed \$12,500. Payments shall be made on the same basis as provided for state employees.

Subd. 6. An advisory committee to the state board of education to be known as the Minnesota Indian education committee consisting of not less than 15 nor more than 25 residents of Minnesota of Indian ancestry is created for the purpose of rendering advice and assistance to the state board of education as provided for in this section and for such other purposes as the state board of education may from time to time request of the committee.

The members of the committee shall be reimbursed for the expenses incurred in the performance of their duties in the same manner and at the same rate as reimbursement for such expenses is made to state officers and employees.

Subd. 7. Notwithstanding any other provisions of this section, no more than twelve schools in Minneapolis, eight schools in St. Paul and four schools in Duluth may be funded under the provisions of subdivisions 3 through 6.

Subd. 8. In addition to Foundation aid payments, there shall be paid for the school years ending June 30, 1970, and June 30, 1971, to any public school district serving enrolled students of Indian ancestry who reside on an Indian reservation, the sum of \$30 per school year for each such student. No payment shall be made pursuant to this subdivision in respect to a student for whom a payment is made in that year pursuant to subdivision 1.

[1969 c 399 s 49; 1969 c 822 s 1-7; Ex1971 c 31 art 20 s 5]

124.22 Subdivision 1. [Repealed, 1973 c 683 s 30]

Subd. 2. [Repealed, 1965 c 805 s 3]

Subd. 3. [Repealed, 1973 c 683 s 30]

Subd. 4. [Repealed, 1973 c 683 s 30]

Subd. 5. [Repealed, 1965 c 805 s 3]

Subd. 6. [Repealed, 1973 c 683 s 30]

124.221 TRANSPORTATION AID, REVIEW OF PROGRAMS OF APPLICANTS. Any school district which applies for aid under section 124.24 shall be subject to a review by representatives of the state board of education of all school costs including items such as educational programs, staffing ratios, building programs, and all financial operations. The state board may withhold emergency aid from an eligible school district for failure to comply with its recommendations.

[1971 c 560 s 3; 1973 c 494 s 7]

124.222 TRANSPORTATION AID ENTITLEMENT. Subdivision 1. **Computation.** For the 1974-1975 school year the state shall pay to each school district for all school transportation and related services for which the district is authorized by law to receive state aid: (1) The lesser product of either

(a) The actual net operating cost per eligible pupil transported during the 1975 fiscal year times the number of eligible pupils transported during the 1975 fiscal year; or

(b) 115 percent of the actual net operating cost per eligible pupil transported during the year ending June 30, 1973, times the number of eligible pupils transported during the 1975 fiscal year;

(2) Minus the amount raised by a levy of one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy collected in calendar year 1974;

(3) Plus, the amount of depreciation for one year on the school bus fleet computed by the department of education on a straight line basis at the rate of ten percent per year of the net cost of the fleet.

Subd. 2. Notwithstanding subdivision 1, for the 1974-1975 school year the state shall pay to school districts having boundaries coterminous with the boundaries of a city of the first class for all school transportation and related services for which a district is authorized by law to receive state aid: Eighty percent of the lesser product computed pursuant to clause (1) of subdivision 1, plus 80 percent of the amount computed pursuant to clause (3) of subdivision 1.

Subd. 3. **Payment schedule.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, the state shall pay to each school district 30 percent of its estimated school transportation aid entitlement for the 1975 fiscal year on or before each of the following dates: September 30, December 31, and March 31. The actual balance due the district shall be paid on or before August 31 of the following fiscal year.

Subd. 4. **Special payment.** In addition to other payments authorized by law, on or before August 31 in fiscal year 1975 only, the state shall pay to each school district ten percent of the amount paid to the district in fiscal year 1974 for school transportation services provided in fiscal year 1973.

[1973 c 683 s 11; 1974 c 326 s 14; 1974 c 521 s 24]

124.223 TRANSPORTATION AID AUTHORIZATION. For the 1974-1975 school year and thereafter, school transportation and related services for which state transportation aid is authorized are:

(1) Transportation or board of resident pupils who reside one mile or more from the public schools which they could attend, or transportation to, from, or between the schools they attend pursuant to a program approved by the commissioner of education, or who reside one mile or more from a private school actually attended, but only to the extent permitted by sections 123.76 to 123.79 with respect to private school pupils; provided that state transportation aid is authorized in an amount not to exceed \$700,000 annually for the transportation of any elementary pupil, if the commissioner determines that the transportation is necessary because of extraordinary traffic hazards;

(2) Transportation to or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) Transportation for residents to a state board approved secondary vocational center;

(4) Transportation or board and lodging of a handicapped pupil when he cannot be transported on a regular school bus, and the conveying of handicapped pupils between home and school and within the school plant;

(5) Transportation of resident handicapped persons who fulfill the eligibility requirements of section 252.23(1) to licensed daytime activity centers attended by these persons;

(6) When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(7) Services described in clauses (1) to (6) when provided in conjunction with a state board approved summer school program.

[1973 c 683 s 12; 1974 c 521 s 25]

124.23 PUPIL AID, SCHOOLS OF AGRICULTURE. For the tuition of the students who have completed the eighth grade, who have not graduated from high school or any state schools of agriculture and who are not over 21 years of age attending the state schools of agriculture the state shall pay to the university of Minnesota, to be applied upon the tuition and laboratory and equipment fees of such pupils for the six months period of the school year an amount not to exceed \$7 per pupil per school month, and in addition thereto, aid for such pupils transported or boarded at the rate of \$5.50 per pupil per month.

The appropriation for the above tuition and transportation shall be paid each year of the biennium out of the balance of the general fund to the university of Minnesota, which in turn shall distribute these funds to each of the state schools of agriculture in proportion to the number of eligible pupils.

[Ex1959 c 71 art 5 s 23; 1969 c 399 s 17]

124.24 EMERGENCY AID. Emergency aid is money paid by the state to a district which by reason of calamity, high tax delinquency or excessive debt, or a combination thereof, or by other justifiable cause is unable by taxation to collect sufficient revenue to maintain its schools therefrom on minimum standards established by the state board. Such aid will be paid only when specifically directed by the state board.

[Ex1959 c 71 art 5 s 24]

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124.25 AID TO DISTRICTS EDUCATING PERSONS RESIDENT ON NON-TAXABLE LAND. When elementary or secondary pupils living on land owned by the university of Minnesota as a research center or as a housing project located outside a city of the first class attend school in a district in which such research center or housing project is located, the state shall pay state aid to such district at the same rate per pupil unit in average daily membership exclusive of transportation as is paid by a district for the education of its residents in another district on a non-resident basis.

The state aid referred to in this section shall be paid from the special state aid fund based upon an annual application submitted to the commissioner.

[*Ex*1959 c 71 art 5 s 25; 1973 c 63 s 1]

124.26 EDUCATION PROGRAMS FOR ADULTS. For evening schools and continuing education programs for adults established for persons over 16 years of age and not in attendance upon regular day schools, the state shall compensate any district maintaining such programs in accordance with requirements established by the state board from funds appropriated for that purpose, or such funds combined with federal funds insofar as federal funds are available. The portion of such compensation from state appropriation shall not exceed three-fourths of the compensation paid each teacher for his services in such programs up to \$5,300 per year. All classes shall be tuition free when taught by teachers subsidized under this section, but this shall not preclude charging a reasonable registration fee and charging for necessary materials and supplies. Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at the full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

[*Ex*1959 c 71 art 5 s 26; 1969 c 864 s 1; 1971 c 827 s 1]

124.27 [Repealed, 1963 c 19 s 2]

124.28 GROSS EARNINGS REFUND. Subdivision 1. When the properties of any district are made up, to the extent of at least 20 percent in value of property which is exempt from local taxation because taxes thereon are paid into the state treasury under the provisions of the gross earnings tax law, for the refund receivable in fiscal year 1974 and thereafter such district shall receive annually a refund from such gross earnings taxes in the amount that would be produced by a tax on such exempt property at three times the current tax rate for school purposes in the district including the rate for nonresident high school children levied by the county provided that any district which has 15 percent in value of such exempt property and presently receiving gross earnings refund shall continue to receive it until June 30, 1963. For the purpose of determining the amount of this refund, the value of such exempt property shall be set at 30 percent of its full value except that in no case shall the assessed value of said exempt property for this purpose exceed such an amount as when added to the assessed value of all other property in the district exceed \$9,000 per resident pupil unit. In the determination of the amounts to which districts shall be entitled in the distribution of any state aids that are based upon total valuation per pupil this valuation shall be included.

Subd. 2. Any district entitled to a tax refund under the provisions of this section shall apply to the commissioner of finance on or before July 1 of each year for such a refund and the commissioner of finance shall immediately secure the necessary information on the valuation of the railroad property located in such a district from the department of public service subject to taxation under the gross earnings tax act, except rolling stock and the main tracks, and the local school tax rate in such a district, and compute the amount of the refund. For the purposes of this section the railroad valuation shall be taken as of December 31 of the year preceding the application, the taxable valuation as of the first Monday of January of the year of the application, the tax rates of the year of the application and the enrollments as of June 1 of the year of application. The commissioner of finance shall forthwith draw a warrant on the state treasurer for such a refund to be paid from the appropriation otherwise made for that purpose. Provided, however, that no school district qualifying for a refund under this section shall receive more money than would be produced by a tax rate of 53½ mills applied to the railroad property assessed at 30 percent of its full value as reported by the department of public service; nor shall any school district receive a larger refund the second fiscal year of

the biennium than it receives the first fiscal year of the biennium by reason of the school district raising its mill rate for school purposes by more than 1.6 $\frac{2}{3}$ mills.

If the appropriation made for the purposes of this section is insufficient to pay all the school districts eligible for refund under this section the appropriation shall be prorated among the school districts entitled thereto.

Subd. 3. For the purpose of determining the applicability of this section to any district in fiscal 1974 and subsequent years, the valuation of taxable property shall be the adjusted value of such property as determined by the equalization aid review committee and used in calculating foundation aid for the corresponding school year, and the valuation of the exempt property shall be the full value of the exempt property as reported annually by the department of public service. For the purpose of determining refunds the valuations of the taxable property shall be taken at 30 percent of the valuations as adjusted by the equalization aid review committee and the valuation of the exempt property shall be taken at 30 percent of its full value. The eligibility of a school district under this section is determined by adding the adjusted taxable valuation of the taxable property of the district as determined by the equalization aid review committee to the full value of the exempt property as reported by the department of public service; then by dividing the amount of the exempt property by the total of such taxable property and exempt property; if the result is 20 percent or more the school district is eligible, otherwise not, unless it qualifies temporarily under subdivision 1 or the following paragraph.

Any district disqualified from receiving refunds because this subdivision as amended substitutes a more recent adjusted assessed valuation for the 1969 adjusted assessed valuation previously specified, shall nevertheless continue to receive such refunds for three additional years, but the net amounts due prior to any required proration shall be reduced by 25 percent the first year, by 50 percent the second year, and by 75 percent the third year.

[*Ex1959 c 71 art 5 s 28; 1961 c 381 s 1; 1971 c 25 s 67; Ex1971 c 31 art 37 s 1; 1975 c 492 s 14; 1973 c 683 s 13; 1974 c 521 s 26*]

124.281 GROSS EARNINGS REFUND, SECOND HALF OF BIENNIUM. A school district eligible for tax refund during the first year of the biennium under the provisions of section 124.28, shall also be entitled to such a refund during the second year of the biennium whether or not the district meets the formula requirements of the law for the second year, but not to exceed, however, the refund received for the first year of the biennium.

[*1969 c 1154 s 31*]

124.29 GROSS EARNINGS REFUND, FEDERAL AID. The money received from the federal government by any district as its share of the distribution of proceeds from the sale of timber or rental of lands shall not be chargeable against gross earnings aid received by a district.

[*Ex1959 c 71 art 5 s 29*]

124.30 AID IN LIEU OF NON-TAXABLE LAND. Subdivision 1. In any district where 40 percent or more of the total land area is exempt from real property taxes, there is hereby appropriated annually for school maintenance purposes only, an amount equal to ten cents for each acre of non-taxable lands to be paid from the general fund to the district within which such land is situated, except that no district shall receive hereunder in any one year more than an amount in excess of \$25 per pupil unit in average daily membership in kindergartens and grades one through twelve, nor in any event more than \$25,000.

Subd. 2. For fiscal year 1974 and thereafter, no district with an assessed valuation of \$3,900 or more per pupil unit in average daily membership shall receive any aid under the provisions of this section. This subdivision does not apply to any district formed in accordance with the provisions of the consolidation law, in which more than 85 percent of the lands are tax exempt nor to any district with more than 30 townships in which more than 50 percent of the land in such district is tax exempt.

Subd. 3. For purposes of this section, each county auditor shall supply to the commissioner of finance plats with checkings thereon indicating the location and description of tax exempt lands situated within the districts of the county.

Subd. 4. There is hereby annually appropriated from the general fund \$260,000 to be distributed by the commissioner of finance under the terms of this section,

and in the event that said sum shall be insufficient to pay the full amount to which said districts shall be entitled, the commissioner of finance shall apportion said sum pro rata to each entitled district.

[*Ex*1959 c 71 art 5 s 30; 1969 c 399 s 18, 19; 1973 c 63 s 2, 3; 1973 c 492 s 14; 1974 c 521 s 27]

124.31 [Repealed, 1973 c 683 s 30]

124.32 HANDICAPPED CHILDREN. Subdivision 1. The state shall pay to any district and unorganized territory; (a) for the employment in its educational program for handicapped children, 60 percent of the salary of essential personnel, but this amount shall not exceed \$5,600 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, including but not limited to summer school; (b) for the employment of an individual jointly with another district or districts or unorganized territory in its educational program for handicapped children, 60 percent of the salary of essential personnel, but this amount shall not exceed \$5,600 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time including but not limited to summer school.

Subd. 2. The state shall reimburse each district or unorganized territory for supplies and equipment purchased or rented for use in the instruction of handicapped children in the amount of one-half of the sum actually expended by the district or unorganized territory but not to exceed an average of \$50 in any one school year for each handicapped child receiving instruction.

Subd. 3. [Repealed, 1973 c 683 s 30]

Subd. 4. The aids provided for handicapped children shall be paid to the district providing the special instruction and services. Foundation aid shall be paid to the district or unorganized territory of the pupils' residence. The total amount of aid paid may not exceed the amount expended for handicapped children for the year for which the aid is paid.

Subd. 5. When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay to the resident district not to exceed 60 percent of instructional costs charged to the resident district, less the foundation aid per pupil unit payable to the resident district. Not more than \$300,000 shall be spent annually for purposes of implementing this subdivision. If that amount does not suffice, the aid shall be pro rated among all qualifying districts.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by a public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children, either within or outside of the state, or, a state residential school outside of the state.

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children either within or outside of the state.

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Subd. 6. The state shall reimburse each district or unorganized territory the actual cost incurred in providing instruction and services for a handicapped child whose district of residence has been determined by sections 120.17, subdivisions 7 or 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply for a child placed in a foster home or a foster group home.

Upon following such procedure as requested by the commissioner of education a district or unorganized territory providing instruction and services for such handicapped child may bill the state the actual cost incurred in providing said services including transportation costs and a proportionate amount of capital outlay and debt service, minus the amount of foundation aid, special education aid, transportation aid, and any other aid earned in behalf of such child, such action pursuant to limits set forth in section 124.32, subdivision 4.

[*Ex*1959 c 71 art 5 s 32; 1961 c 559 s 1; 1965 c 870 s 1; 1967 c 853 s 1; 1969 c 913 s 1; 1969 c 981 s 6; 1971 c 25 s 33; 1973 c 501 s 3; 1973 c 683 s 14-16]

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124.33 [Repealed, 1969 c 981 s 7]

124.34 [Repealed, 1969 c 9 s 97]

124.35 LOANS TO DISTRESSED DISTRICTS. Financial aid to distressed districts shall be governed by the provisions of the maximum effort school aid law.
[*Ex1959 c 71 art 5 s 35*]

124.36 CITATION, MAXIMUM EFFORT SCHOOL AID LAW. Sections 124.36 to 124.47 may be cited as the "maximum effort school aid law."
[*Ex1959 c 27 s 1*]

124.37 POLICY AND PURPOSE. The rates of increase in school population in Minnesota and population shifts and economic changes in recent years, and anticipated in future years, have required and will require large expenditures for performing the duty of the state and its subdivisions to provide a general and uniform system of public schools. The state policy has been to require these school costs to be borne primarily by the local subdivisions. In most instances the local subdivisions have been, and will be, able to provide the required funds by local taxation as supplemented by the aids usually given to all school districts from state income tax and other state aids. There are, however, exceptional cases due to local conditions not found in most other districts where, either temporarily or over a considerable period of years, the costs will exceed the maximum which the local taxpayers can be reasonably expected to bear. In some districts having bonds of several issues outstanding, debt service tax levy requirements are excessive for some years because of heavy bond principal payments accumulating in some of the years due to overlapping or short term issues. The policy and purpose of sections 124.36 to 124.47 is to utilize the credit of the state, to a limited degree, to relieve those school districts, but only those, where the maximum effort by the district is inadequate to provide the necessary moneys.

[*Ex1959 c 27 s 2*]

124.38 DEFINITIONS. Subdivision 1. As used in sections 124.38 to 124.47, the terms defined in this section shall have the following meanings:

Subd. 2. "District" means any school district defined in the education code.

Subd. 3. "Indebtedness" or "debt" means the net debt of any district computed according to Minnesota Statutes, Section 475.51, Subdivision 4, excluding loans made under sections 124.36 to 124.47.

Subd. 4. "Sinking fund" means the aggregate of all funds maintained by a district which are appropriated to payment of principal of and interest on its debts as required by Minnesota Statutes, Chapter 475.

Subd. 5. "Debt service levy" means the levy for all sinking fund purposes in accordance with Minnesota Statutes, Chapter 475.

Subd. 6. "Required debt service levy" means the total dollar amount needed to be included in the taxes levied by the district in any year for payment of interest and principal falling due on its debts prior to collection of the next ensuing year's debt service levy.

Subd. 7. "Maximum effort debt service levy" means a levy in a total dollar amount computed as 2.1 mills on the market value; except that the maximum effort debt service levy of any school district having received a debt service or capital loan from the state before January 1, 1965, shall be computed as 1.36 $\frac{1}{2}$ mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967; and except that the maximum effort debt service levy of any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, shall be computed as 5 1/2 mills on the market value in each year, until and unless the district receives an additional loan.

Subd. 8. "Market value" means the value of all taxable property in the district on which its net debt limit is based as provided in section 475.53, subdivision 4.

Subd. 9. "Commissioner" means the commissioner of education.

Subd. 10. "Committee" means the school loan committee.

Subd. 11. "Fund" means the "maximum effort school loan fund."

Subd. 12. "School loan bonds" means bonds issued by the state under section

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124.46 to support the fund and to refund bonds or certificates of indebtedness previously issued for that purpose.

Subd. 13. "Net proceeds" of bonds means the amounts received upon their sale less expenses incident to their issuance, sale, and delivery and the amount required to pay and redeem any bonds or certificates of indebtedness refunded thereby.

Subd. 14. "Year" means the school year ending on and including June 30 in each calendar year.

[*Ex*1959 c 27 s 3; 1961 c 562 s 4, 5; 1963 c 601 s 1; 1965 c 875 s 1, 2; 1967 c 583 s 1; 1969 c 6 s 21; 1969 c 1056 s 1, 2; 1973 c 778 s 1]

124.381 NET DEBT, DETERMINATION. In computing "net debt" and in determining whether any school district is eligible for a state loan, no state loans to any such school district shall be considered, notwithstanding the provisions of any other general or special law.

[1967 c 583 s 7]

124.39 FUND ESTABLISHED; DIVISION INTO ACCOUNTS. Subdivision 1. There shall be maintained in the state treasury a "maximum effort school loan fund" for administration of moneys to be received and disbursed as authorized and required by sections 124.36 to 124.47, which fund shall be divided into three accounts for the purposes specified in subdivisions 2, 3, 4, and 5.

Subd. 2. There shall be a debt service loan account, out of which loans under section 124.42 shall be made. All moneys appropriated to the fund by section 124.40 shall be paid into this account initially.

Subd. 3. There shall be a capital loan account, out of which loans under section 124.43 shall be made. There shall be transferred to it from the debt service loan account on October 1 of each year all moneys therein in excess of those required for debt service loans then agreed to be made. There shall be transferred from it to the debt service loan account on July 1 of each year all moneys therein in excess of those required for capital loans theretofore agreed to be made.

Subd. 4. There shall be a loan repayment account, into which shall be paid all principal and interest paid by school districts on debt service loans and capital loans made under sections 124.42 or 124.43. The state's cost of administering the maximum effort school aid law shall be paid out of this account, to an amount not exceeding \$10,000 in any year. As soon as possible in each year after the committee has determined the ratio existing between the correct full and true value of all taxable property in each school district in the state and the "true and full value in money" of such property as recorded in accordance with section 270.13, the commissioner of revenue shall cause a list of all such ratios to be prepared. The clerical costs of preparation of such list shall be paid as a cost of administration of the maximum effort school aid law. The documents division of the department of administration may publish and sell copies of such list. There shall be transferred out of the loan repayment account to the state bond fund the sums required to pay the principal of and interest on all school loan bonds as provided in section 124.46.

Subd. 5. All moneys deposited to the credit of the loan repayment account and not required for the payment of principal and interest and costs as prescribed in subdivision 4 shall be transferred to the credit of the debt service loan account on July 1 of each year, and such moneys are hereby annually appropriated in such account for the purposes prescribed by the maximum effort school aid law; except that the committee may retain in the loan repayment account any amount which it estimates will not be needed for loans in the fiscal year commencing July 1. Moneys deposited to the credit of the loan repayment account and not required for such transfers or for the payment of principal and interest due on school loan bonds may be invested and reinvested in securities which are general obligations of the United States or the state of Minnesota. When all school loan bonds have been fully paid with interest accrued thereon, the balance remaining in said account shall be transferred to the state bond fund.

[*Ex*1959 c 27 s 4; 1961 c 752 s 1, 2; 1963 c 601 s 2; 1965 c 875 s 3; 1973 c 582 s 3]

124.40 APPROPRIATION. Subdivision 1. There is hereby appropriated to the fund, in addition to all sums which have been or may hereafter be appropriated

thereto by any law, the net proceeds of sale of any state school loan bonds authorized to be issued under section 124.46, and all income received from the investment of said net proceeds, after deducting from the aggregate proceeds of sale the amount which is required by section 124.46, subdivision 3 to be credited and is hereby appropriated to the school loan bond account in the state bond fund.

Subd. 2. Any amounts remaining in the fund on July 1 of each year, including any unused portion of the appropriation made in subdivision 1, shall be available for use by the committee in making further debt service loans and capital loans.

Subd. 3. All payments of principal and interest on debt service notes or capital loan contracts, as received by the commissioner, are hereby appropriated to the loan repayment account.

[*Ex*1959 c 27 s 5; 1963 c 601 s 3; 1967 c 583 s 2]

124.41 SCHOOL LOAN COMMITTEE. Subdivision 1. The members of the equalization aid review committee defined in section 124.211, subdivision 3, are hereby constituted a school loan committee, with the commissioner of administration as chairman, the commissioner of revenue as vice chairman, and the commissioner of education as secretary, for receiving and considering applications for and granting or denying loans under Extra Session Laws 1959, Chapter 27.

Subd. 2. The committee, with the assistance of the attorney general or an assistant designated by him, shall prepare forms of applications for debt service loans and capital loans and instruments evidencing such loans, and shall promulgate regulations to facilitate its operations in compliance with sections 124.36 to 124.47, and such regulations shall be subject to the procedure set forth in Minnesota Statutes, Sections 15.0411 through 15.0422.

Subd. 3. The committee may employ a clerk, who may be designated assistant secretary, to serve at its pleasure and to be in unclassified service of the state, and fix his compensation, which shall be paid out of the administration account of the fund. The committee and the equalization aid committee may agree to make such person an employe of both and divide his duties and compensation.

[*Ex*1959 c 27 s 6; 1961 c 562 s 6; 1969 c 6 s 22; 1973 c 582 s 3]

124.42 DEBT SERVICE LOANS. Subdivision 1. Any school district in which the required levy for debt service in any year will exceed its maximum effort debt service levy by ten percent or by \$5,000, whichever is less, is qualified for a debt service loan hereunder in an amount not exceeding the amount applied for, and not exceeding one percent of the sum of the net debt of the district and the aggregate amount of all state loans to the district outstanding on the date granted, and not exceeding the difference between the required and the maximum effort debt service levy in such year. Applications shall be filed with the committee in each calendar year up to and including September 15. The committee shall determine whether the applicant is entitled to such loan and the amount thereof, and on or before October 1 shall certify to each applicant district the amount granted and its due date. A copy of each such certificate shall be filed with the commissioner. Upon receipt by the commissioner of a copy of the committee's certificate that the loan is granted, the commissioner shall notify the county auditor or county auditors in which the district is located that the amount so certified is available and appropriated for payment of principal and interest on its outstanding bonds and such auditors shall reduce by that amount the taxes otherwise leviable as the district's debt service levy on the tax rolls for such year, which taxes shall nevertheless be increased by the amount necessary to pay interest on this and any other state loans, as herein provided. Each debt service loan shall be for a term of 30 years, prepayable at par at any time, and shall bear interest from its date at a rate determined by the commissioner of finance, not less than the average annual rate payable on Minnesota state school loan bonds most recently issued prior to the disbursement of the loan to the district, but in no event less than 3½ percent per annum on the principal amount from time to time remaining unpaid, payable on December 15 of the year next following that in which the loan is received and annually thereafter.

Subd. 2. Each debt service loan shall be evidenced by a note which shall be executed in behalf of the district by the signatures of its chairman or vice chairman and the school district clerk, shall be dated November 1 of the year in which executed, and shall state its principal amount, due date, interest rate, and that it is payable at the commissioner's office. It shall have printed thereon, or the commissioner shall attach thereto, a grill for entry of the date and amount of each

payment and allocations of each payment to accrued interest or principal, and a certificate to be executed by the county auditor of each county in which any portion of the school district is situated, prior to the delivery of the note, stating that such county auditor has entered the debt service loan evidenced thereby in his bond register. Such notes shall be delivered to the committee not later than November 15 of the year in which executed. The secretary shall cause a record to be made and preserved showing the obligor district and the date, principal amount, and due date of each note, and shall then deliver it to the commissioner who shall make suitable record thereof.

Subd. 3. On or before December 1, the commissioner shall issue to each district whose note has been so received a warrant on the debt service loan account of the maximum effort school loan fund, payable on presentation to the state treasurer out of any moneys in such account. Interest shall accrue from the date such warrant is issued. The proceeds thereof shall be used by the district to pay principal or interest on its bonded debt falling due in the ensuing year.

Subd. 4. Each district receiving a debt service loan shall levy in that year for debt service its required debt service levy as reduced by the amount of the loan. In each year thereafter in which it shall not have received a debt service loan, until all its debts to the fund are paid, the district is hereby obligated to levy for debt service (a) the amount of its maximum effort debt service levy, or (b) the amount of its required debt service levy, whichever is greater. Whenever the maximum effort debt service levy is greater the district shall remit to the commissioner, within ten days after its receipt of the last regular tax distribution in the year in which it is collected, that portion of the debt service tax collections, including penalties and interest, which exceeded the principal and interest payable on its bonded debt in the period for which the levy was made. In addition to the foregoing, the district shall levy in each year, commencing in the year a debt service loan is granted and continuing until the entire loan is paid, a sum sufficient to produce full payment of the interest payable in the ensuing year on its debt service note, and the proceeds of such levy shall in each year be remitted to the commissioner for payment of such interest. On or before November 1 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year, and the additional amount necessary to be levied to produce a sum five percent in excess of the total amount of interest to become due in the ensuing year on all debt service notes and capital loans of the district, and said county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified. If any interest is not paid when due, the commissioner shall add the amount thereof to the amount of interest so certified in the following year, with one year's interest on such amount at the rate borne by the loan.

[*Ex*1959 c 27 s 7; 1961 c 752 s 3, 4; 1965 c 875 s 4, 5; 1969 c 1056 s 3, 4; 1973 c 492 s 14]

124.43 CAPITAL LOANS. Subdivision 1. To the extent moneys are from time to time available hereunder, the committee is authorized to effect capital loans to school districts. Proceeds of such loans shall be used only for sites for school houses and for acquiring, bettering, furnishing, or equipping school houses under contracts to be entered into within 12 months from and after the date on which each loan is granted. Applications with the accompanying data specified in subdivision 2 shall be filed between October 1 of any year and June 1 next following. No loan shall be approved for any district exceeding an amount computed as follows:

- (1) The amount voted by the district under subdivision 2;
- (2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on the date of approval, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4;
- (3) Less the maximum net debt permissible for the district on the date of approval, under the limitation in section 475.53, subdivision 4; and
- (4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause (4).

Subd. 2. The school board of any district desiring a loan shall adopt a resolution stating the amount proposed to be borrowed, the purpose for which the debt

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is to be incurred, and an estimate of the dates when the facilities for which the loan is requested will be contracted for and completed. The question of authorizing the borrowing shall then be submitted to the voters of the district at a regular or special election. The question submitted shall state the entire amount to be borrowed and that application will be made for a loan from the maximum effort school loan fund of such amount as may be available and allowable to the district and the remainder will be borrowed on bonds sold at a public sale within the limitations prescribed by law. A majority of those voting on the question shall be sufficient to authorize the district to effect the state loan and also to issue the bonds on public sale in accordance with chapter 475. Applications for loans shall be accompanied by (a) a copy of such resolution, (b) a certificate by the clerk showing the vote at the election, (c) a certificate by the clerk and treasurer showing the then outstanding indebtedness of the district, and (d) a certificate by the county auditor of each county in which a portion of the district lies showing the information in his official records which is required to be used in computing the debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's certificate shall show, as to each outstanding bond issue, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rates and due dates and amounts of principal thereon. Applications shall be in such form and accompanied by such additional data as the committee shall prescribe, which may include a statement from the state department of education as to the district's need of the proposed schoolhouses in comparison with needs of other districts. When an application is received, the committee shall obtain from the commissioner of revenue, and from the public service commission when required, the information in their official records which is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.

Subd. 3. The committee shall examine and consider all applications for capital loans, and if any applicant district is found not qualified it shall be promptly notified thereof. On January 1 and July 1 of each year, the committee shall make its determination on all pending applications which have been on file with it more than one month. If an applicant is qualified in the opinion of the committee and the aggregate of the amounts applied for does not exceed the amount available or which can be made available in the capital loan account, all loans so applied for shall be granted, subject to acceptance by the respective districts as specified below. If the aggregate exceeds the amount which is or can be made available, the committee shall allot the available amount among the qualified applicant districts, or any of them, according to the committee's judgment and discretion based upon their respective needs. The committee shall promptly certify to each qualified applicant district the amount, if any, of the capital loan granted to it, subject to adjustment under subdivision 1, clause (4).

Subd. 4. Each capital loan shall be for a term of 30 years and evidenced by a contract between the school district and the state acting through the committee. It shall obligate the state to pay to the district, out of the maximum effort school loan fund, an amount computed as provided in subdivision 1, upon receipt by the committee of a certified resolution of the school board reciting that contracts for construction of the facilities for which the loan is granted have been awarded and that bonds of the district have been issued and sold in the amount necessary to pay all costs thereof in excess of the amount of the loan, and estimating such costs. It shall obligate the district on its full faith and credit to repay the entire principal of the state loan out of the excesses of its maximum effort debt service levy over its required debt service levy, and also to pay interest at a rate determined by the commissioner of finance, not less than the average annual rate payable on Minnesota state school loan bonds most recently issued prior to the disbursement of the loan to the district, but in no event less than 3½ percent per annum on the principal amount from time to time unpaid. The district shall each year, as long as it is indebted to the state, levy for debt service (a) the amount of its maximum effort debt service levy or (b) the amount of its required debt service levy, whichever is greater, except as such required debt service levy may be reduced by a loan under section 124.42. Whenever the maximum effort debt service levy is greater, the district shall remit to the commissioner within ten days after its receipt of the last regular tax distribution in each year, that portion of the debt service tax collections, including penalties and interest, which exceeded the required debt service levy. The commissioner shall supervise the collection of outstanding accounts due the fund and may, by notice to

the proper county auditor require the maximum levy to be made as required hereunder. Interest on capital loans shall be paid on December 15 of the year next following that in which the loan is granted and annually thereafter. In addition to the levies otherwise required by this subdivision, the district shall levy in each year, commencing in the year a capital loan is granted and continuing until the entire loan is paid, a sum sufficient to produce full payment of the interest payable in the ensuing year on its capital loan contract, and the proceeds of such levy shall in each year be remitted to the commissioner for payment of such interest. On or before November 1 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year, and the additional amount necessary to be levied to produce a sum five percent in excess of the total amount of interest to become due in the ensuing year on all capital and debt service loans of the district, and said county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified. If any interest is not paid when due, the commissioner shall add the amount thereof to the amount of interest so certified in the following year, with one year's interest on such amount at the rate borne by the loan.

Subd. 5. Before delivery of any capital loan contract, the school district shall file a copy thereof with the county auditor of each county in which any portion of the district is situated, and shall obtain from each such county auditor and furnish to the committee a certificate stating that such county auditor has entered the capital loan evidenced thereby in his bond register. As each executed contract is delivered to the committee, its secretary shall cause a record thereof to be made and preserved showing the name and address of the district, the date of the contract, and the amount of the loan initially approved in accordance with subdivision 1. Upon receipt of the resolution required in subdivision 4 the commissioner shall issue a warrant on the capital loan account for the amount which may be disbursed in accordance with subdivision 1, payable on presentation to the state treasurer. On presentation the treasurer shall remit the amount to the district and enter the date and amount in his account with the district. Interest thereon shall accrue from such date.

Subd. 6. No district having an outstanding state loan shall issue and sell any bonds on the public market, except for the purpose of refunding state loans, unless it agrees to make the maximum effort debt service levy in each year thereafter at the higher rate provided in section 124.38, subdivision 7, and unless it schedules the maturities of such bonds in accordance with section 475.54, subdivision 2. The district shall report each such sale to the commissioner of education.

[*Ex*1959 c 27 s 8; 1961 c 752 s 5, 6; 1965 c 875 s 6-10; 1967 c 583 s 3; 1969 c 1056 s 5-9; 1973 c 492 s 14; 1973 c 582 s 3]

124.44 PREPAYMENTS. Any school district may at any time pay the entire principal or part thereof and interest then due on a note or contract held by the state, out of any moneys not needed for school purposes, and may issue and sell its refunding bonds in accordance with Minnesota Statutes, Chapter 475, for such purpose, by actions of its school board and without the necessity of a vote by its electors, if such refunding bonds plus its net debt does not exceed the debt limit prescribed by said Chapter 475. Any such refunding bonds may bear interest at a rate or rates higher or lower than the rate payable on the loan or loans refunded thereby.

[*Ex*1959 c 27 s 9; 1961 c 752 s 7]

124.45 APPLICATIONS OF PAYMENT. The commissioner shall apply payments received from a district on its notes and contracts as follows: First, to payment of interest accrued on its notes, if any; second, to interest on its contracts, if any; third, toward principal on its notes, if any; and last, toward payment of principal of its contracts, if any. While more than one note or more than one contract is held, priority of application shall be given to the one of earliest date of the instrument.

[*Ex*1959 c 27 s 10]

124.46 ISSUANCE AND SALE OF BONDS. Subdivision 1. On or before October 1 in each year, the commissioner shall certify to the commissioner of finance the amount which he anticipates will be needed for debt service loans and capital loans to be made under the maximum effort school aid law prior to October 1

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in the following year. Each such certification of the commissioner shall also state his estimate of the dates and amounts the certified amount will be needed in the maximum effort school loan fund and his estimate as to the years and amounts in which payments on debt service loans and capital loans will be received.

Subd. 2. Upon receipt of each such certification, subject to authorization as provided in subdivision 4, the commissioner of finance shall from time to time as needed issue and sell state of Minnesota school loan bonds in the aggregate principal amount stated in the commissioner's certificate, for the prompt and full payment of which, with the interest thereon, the full faith, credit, and taxing powers of the state are hereby irrevocably pledged, and shall credit the net proceeds of their sale to the purposes for which they are appropriated by section 124.40, subdivision 1. Such bonds shall be issued and sold at not less than their par value in such manner, in such number of series, at such times, and in such form and denominations, shall bear such dates of issue and of maturity, either without option of prior redemption or subject to prepayment upon such notice and at such times and prices, shall bear interest at such rate or rates and payable at such intervals, shall be payable at such bank or banks within or without the state, with such provisions for registration, conversion, and exchange, and for the issuance of notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further regulations as the commissioner of finance shall determine subject to the limitations stated in this subdivision (but not subject to the provisions of sections 15.0411 to 15.0422). The maturity date shall in no case be less than ten or more than 20 years after the date of issue of any bond and the principal amounts and due dates shall conform as near as may be with the commissioner's estimates of dates and amounts of payments to be received on debt service and capital loans. The bonds shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signature of one of these officers on the face of any bond, and their seals, and the signatures of both officers on the interest coupons appurtenant to any bond, may be printed, lithographed, stamped, or engraved thereon. The commissioner of finance is authorized and directed to ascertain and certify to purchasers of the bonds the performance and existence of all acts, conditions, and things necessary to make them valid and binding general obligations of the state of Minnesota in accordance with their terms.

Subd. 3. The commissioner of finance shall maintain a separate school loan bond account in the state bond fund, showing all moneys transferred to that fund for the payment of school loan bonds and all income received from the investment of such moneys. Upon the issuance of each series of school loan bonds the commissioner of finance shall deduct from the proceeds thereof and credit to said bond account a sum sufficient, with the balance then on hand in said account, to pay all interest to become due on such bonds on and before July 1 in the second ensuing year. On the first day of November in each year there shall be transferred to the bond account all or so much of the moneys then on hand in the loan repayment account in the general fund as will be sufficient, with the balance then on hand in said bond account, to pay all principal and interest then and theretofore due and to become due within the next ensuing year and to and including July 1 in the second ensuing year on school loan bonds issued and sold pursuant to this section. In the event that moneys are not available for such transfer in the full amount required, the state auditor shall levy on all taxable property within the state a tax sufficient to meet the deficiency. Such tax shall be levied upon all real property used for the purposes of a homestead, as well as other taxable property, notwithstanding the provisions of Minnesota Statutes, Section 273.13, Subdivisions 6 and 7, and shall be and remain subject to no limitation of rate or amount until all school loan bonds and all interest thereon are fully paid. The proceeds of this tax are hereby irrevocably appropriated and shall be credited to the state bond fund, but the school loan bond account is appropriated as the primary source of payment of such bonds and interest, and only so much of said tax as may be necessary is appropriated for this purpose. If any principal or interest on school loan bonds should become due at any time when there is not on hand a sufficient amount from any of the sources herein appropriated for the payment thereof, it shall nevertheless be paid out of the general fund in the state treasury, and the amount necessary therefor is hereby appropriated; but any such payments shall be reimbursed from the proceeds of taxes levied as required herein, and any such payments made from taxes shall be reim-

bursed from the loan repayment account in the maximum effort school loan fund, when the balance therein is sufficient.

Subd. 4. Bonds shall be issued pursuant to this section only when authorized by a law specifying the purpose thereof and the maximum amount of the proceeds authorized to be expended for such purpose. Any act authorizing the issuance of bonds in the manner provided in this section shall, together with this section, constitute complete authority for such issue, and such bonds shall not be subject to the restrictions or limitations contained in any other law. Bonds issued pursuant hereto may be purchased by the state board of investment for the permanent school fund, swamp land fund, internal improvement land fund, or any other fund for which investments may be made by the state board of investment or may be sold elsewhere at public or private sale and shall be deemed "authorized securities" within the provisions of Minnesota Statutes, Section 50.14 and acts amendatory thereof or supplemental thereto.

[*Ex*1959 c 27 s 12; 1963 c 601 s 4; 1965 c 875 s 13; 1969 c 399 s 49; 1973 c 492 s 14]

124.47 REPEALER AND SAVINGS CLAUSE. Subdivision 1. Minnesota Statutes 1957, Sections 120.51 to 120.57 are hereby repealed; provided that nothing herein shall impair the validity of any bonds issued pursuant to said sections or of the appropriations therein made, or of any expenditures made pursuant to said appropriations prior to the effective date of Extra Session Laws 1959, Chapter 27, Sections 1 to 13, and all such bonds and expenditures are hereby legalized and validated; but the school construction loan fund created by Minnesota Statutes 1957, Section 120.57 shall be discontinued on the effective date of Extra Session Laws 1959, Chapter 27, Sections 1 to 13, and all moneys then remaining therein, and all subsequent collections of principal and interest on bonds purchased by said fund, are hereby appropriated to the fund created by sections 124.36 to 124.47.

Subd. 2. The committee is hereby authorized to purchase the bonds of any district which the state board of education had agreed to give aid through such purchase, under Minnesota Statutes 1957, Sections 120.51 to 120.57 referred to in subdivision 1 hereof, but the purchase of which bonds were not completed prior to the repeal of such sections. The amount of bonds authorized to be purchased under this section shall be limited to the amount previously approved under such laws. There is hereby appropriated from the fund sufficient moneys to make such purchase, but not in excess of the moneys which were remaining in the school construction fund created by said Minnesota Statutes 1957, Section 120.57 and appropriated to the fund created by sections 124.36 to 124.47. Such bonds shall be purchased without new application therefor but subject to the following provisions:

(a) Such bonds shall bear interest at three and one-half percent per annum payable semiannually. Bonds may be called for redemption in any amount at any time after three years from date of issue; first required payment on the principal shall be due 15 years from date of issue and the entire issue shall mature serially at equal intervals over a period of 38 years so that the entire principal of the loan is paid on or before 50 years from the date of its issue. Bonds shall be numbered and be in such denominations as the committee shall determine.

(b) The committee may require such loans authorized in this subdivision to be presently paid when such school district, whose bonds are purchased under this subdivision, is able to refund said bonds on the public market pursuant to Minnesota Statutes, Chapter 475; and the committee shall require as a condition of granting such aid that maximum effective use be made of such presently existing educational facilities.

(c) Such loans as are authorized in this subdivision shall be for the purpose of construction of school building classroom facilities only, and the bonds of such district shall be accepted by the committee as security for the loans.

[*Ex*1959 c 27 s 1²]

124.471 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1963. Subdivision 1. For the purpose of refunding outstanding certificates of indebtedness authorized by the legislature prior to January 1, 1963, which are payable from the maximum effort school loan fund, the state auditor is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$3,900,000, which is appropriated and shall be expended by the state treasurer for the payment and redemption of each and all of such certificates of indebtedness at the par value thereof. The accrued interest on such certificates of indebtedness to the date of payment shall be paid from the loan repayment account

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(formerly the certificate of indebtedness account) of the maximum effort school loan fund created by Minnesota Statutes, Section 124.39, and so much thereof as may be required is appropriated for that purpose.

Subd. 2. For the purpose of providing moneys to be loaned to school districts as agencies and political subdivisions of the state for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the state auditor is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$16,000,000, which is appropriated to the maximum effort school loan fund and shall be expended under the direction of the school loan committee for the making of debt service loans and capital loans to school districts as provided in Minnesota Statutes, Sections 124.36 to 124.47.

Subd. 3. The bonds authorized in subdivisions 1 and 2 shall be issued and sold and provision for the payment thereof shall be made in accordance with Minnesota Statutes, Section 124.46. The accrued interest and any premium received upon the sale thereof shall be credited to the state bond fund. Any expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for such purposes, shall be paid from the maximum effort school loan fund, and the amounts necessary therefor are appropriated from such fund.

[1963 c 601 s 5-7]

124.472 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1965. For the purpose of providing moneys to be loaned to school districts as agencies and political subdivisions of the state for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the state auditor is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$10,400,000, in addition to the bonds authorized by section 124.471, subdivisions 1 and 2, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the school loan committee for the making of debt service loans and capital loans to school districts as provided in Minnesota Statutes, Sections 124.36 to 124.47. These bonds shall be issued and sold and provision for the payment thereof shall be made in accordance with Minnesota Statutes, Section 124.46, and an amount sufficient to pay interest on the bonds to and including July 1 in the second year after the date of issue shall be credited from the bond proceeds to the school loan bond account in the state bond fund. Any expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for such purposes, shall be paid from the maximum effort school loan fund, and the amounts necessary therefor are appropriated from such fund.

[1965 c 875 s 14]

124.473 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1967. For the purpose of providing moneys to be loaned to school districts as agencies and political subdivisions of the state for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the state auditor is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$2,800,000, in addition to the bonds heretofore authorized for this purpose, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the school loan committee for the making of debt service loans and capital loans to school districts as provided in Minnesota Statutes, Sections 124.36 to 124.47. These bonds shall be issued and sold and provision for the payment thereof shall be made in accordance with Minnesota Statutes, Section 124.46, and an amount sufficient to pay interest on the bonds to and including July 1 in the second year after the date of issue shall be credited from the bond proceeds to the school loan bond account in the state bond fund. Any expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for such purposes, shall be paid from the maximum effort school loan fund, and the amounts necessary therefor are appropriated from such fund.

[1967 c 583 s 6]

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124.474 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1969. For the purpose of providing moneys to be loaned to school districts as agencies and political subdivisions of the state for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$20,000,000, in addition to the bonds heretofore authorized for this purpose, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the school loan committee for the making of debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. These bonds shall be issued and sold and provision for the payment thereof shall be made in accordance with section 124.46, and an amount sufficient to pay interest on the bonds to and including July 1 in the second year after the date of issue shall be credited from the bond proceeds to the school loan bond account in the state bond fund. Any expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for such purposes, shall be paid from the maximum effort school loan fund, and the amounts necessary therefor are appropriated from such fund.

[1969 c 1056 s 12; 1973 c 492 s 14]

124.475 FUNDING AND REFUNDING BONDS. Notwithstanding the provisions of any general or special law to the contrary, any school district, however organized, may issue its general obligation bonds to fund or refund outstanding bonds without an election to the extent and in the manner provided in chapter 475, but without complying with the provisions of section 124.43, subdivision 6, and section 475.54, subdivision 2; and such refunding bonds may but need not be included for purposes of determining maturity schedules of any other bonds thereafter issued as otherwise required under section 475.54, subdivision 2.

[1974 c 521 s 8]

124.48 INDIAN SCHOLARSHIPS. The state board may award scholarships to any student who has one-fourth or more Indian blood and who, in the opinion of the board, has the capabilities to profit from education. Scholarship shall be for advanced or specialized education in accredited or approved colleges or in business, technical or vocational schools. Scholarships shall be used to defray tuition, incidental fees and the cost of board and room and shall be paid directly to the college or school concerned. The amount and type of each such scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year he is eligible for additional scholarships, if additional training is necessary to reach his educational and vocational objective. Scholarships may not be given to any Indian student for more than four years of study.

[Ex1959 c 71 art 5 s 36; 1971 c 176 s 1]

124.50 NON-RESIDENT SCHOOL ATTENDANCE AUTHORIZED. Any person of school age residing in a district in which no classified secondary school or area vocational-technical school is maintained is entitled to attend such school outside his resident district under regulations established by the state board.

[Ex1959 c 71 art 5 s 38]

124.51 [Repealed, Ex1971 c 31 art 20 s 24]

124.511 SURPLUS COUNTY SCHOOL TAX FUNDS; DISTRIBUTION. When, by reason of reorganization of districts there is a surplus in the county treasury to the credit of the county school tax fund on account of an excessive tax levy heretofore made, and when there is no need therefor, the surplus shall be paid by the county treasurer to the reorganized district upon the order of the county board.

[1973 c 157 s 1]

NOTE: This section is effective July 1, 1972.

124.52 ACCEPTANCE OF FEDERAL AID. The provisions of the act of congress entitled "An act to provide for the promotion of vocational education; to provide cooperation with the states in the promotion of such education in agriculture and in the trades and industries; to provide cooperation with the states in the preparation of teachers of vocational subjects; and to appropriate money and

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regulate its expenditures," and approved February 23, 1917, and acts amendatory thereto, be and the same are hereby accepted, and the benefits of all funds appropriated under the provisions of such acts are hereby accepted as provided in such acts.

[*Ex1959 c 71 art 5 s 40*]

124.53 VOCATIONAL EDUCATION. The state board is hereby designated the state board for vocational education and has the duty of cooperating with the United States office of education or other federal agency in the administration of the program of vocational education and is given all power necessary to such cooperation. The state board is authorized to make such expenditures as it may deem necessary to carry out the provisions hereof from money available for the purposes.

The state board shall appoint such officials or assistants as may be necessary, fix the salaries of such persons appointed, and make expenditures from the state funds appropriated for the salaries and necessary expenses of such officials and assistants, or use a portion of such funds in matching federal funds available for the same purpose.

[*Ex1959 c 71 art 5 s 41*]

124.54 FUNDS, TREASURER'S DUTIES. The state treasurer is appointed custodian of all funds for vocational education, and is charged with the duty and responsibility of receiving and providing for the proper custody and proper disbursement of money paid to the state and the appropriations made for such purpose.

[*Ex1959 c 71 art 5 s 42*]

124.55 FEDERAL AID, REPORTS TO THE LEGISLATURE. The state treasurer, as custodian for vocational educational funds, shall make to the legislature at each biennial session a report of the receipts and disbursements of money received by him under the provisions of federal and state acts relating to vocational education and the state board shall make to the legislature at each biennial session a report of its administration of such acts and the expenditure of money allotted to the state under the provisions of such acts.

[*Ex1959 c 71 art 5 s 43*]

124.56 APPROPRIATION ACCOUNT. There shall be appropriated biennially a sum of not less than the amount to which the state of Minnesota is entitled under sections 3 and 4 of an act of congress of the United States, approved February 23, 1917, and acts amendatory thereto, relating to the promotion of vocational education and for appropriations to the states for instruction in agriculture, trade and industrial education, home economics and distributive education, and for the training of teachers of vocational subjects.

[*Ex1959 c 71 art 5 s 44*]

124.57 AID FOR VOCATIONAL EDUCATION. Whenever any district shall have established a vocational school, department, or classes in accordance with the rules and regulations established by the state board adopted by that board, and the plan for vocational education, and approved by the United States office of education or other federal agency to which its functions are assigned, the state board shall reimburse such district or state tax supported institution for its expenditures for salaries and necessary travel of vocational teachers or other reimbursable expenditures from federal funds and may supplement such federal funds with such state aid as it may deem desirable under such rules as it may adopt, provided, however, that in the event of such funds not being sufficient to make such reimbursement in full, the state board shall prorate the respective amounts available to the various districts entitled to receive reimbursement. All instruction may be given at the place of the abode of the pupils, and adults may be given instruction in adjoining or nearby districts.

In like manner the state board shall have power to reimburse other governmental agencies for expenditures for salaries and necessary travel expenses of vocational teachers from federal funds, according to rules and regulations adopted by the state board.

When local districts desire but cannot provide vocational instruction for the related training required by apprentices and other learners in the trade, industrial, and distributive fields, the state board is empowered upon request of such local district or districts to employ itinerant vocational teachers to provide this

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service and pay the salary and necessary travel expense from authorized federal and state vocational aid funds under such rules as it may adopt. An itinerant vocational teacher in this section is defined as a vocational teacher employed to give part-time or periodic vocational instruction in one or more districts.

[*Ex1959 c 71 art 5 s 45*]

124.571 VOCATIONAL REIMBURSEMENT CEILING. Notwithstanding any reimbursement formula which is inconsistent with this section, for secondary, post-secondary and adult vocational programs, with the exception of obligations for veteran farmer cooperative training programs for which a separate appropriation is made, provided in fiscal year 1974 to be reimbursed in fiscal year 1975, the state shall not be obligated to reimburse in fiscal year 1975, or any other fiscal year, any amounts in excess of the appropriations made for fiscal year 1975 in Laws 1973, Chapter 683 for those purposes.

[*1973 c 683 s 24*]

124.58 MATCHING AID. When aid is received from the United States conditioned upon the state meeting requirements specified by the government of the United States the state board shall allot the necessary funds to be paid by the state out of the general fund.

[*Ex1959 c 71 art 5 s 46; 1969 c 399 s 20*]

124.59 FEDERAL AID. Any district or any other governmental agency designated by the state board which maintains a vocational school, department, or class shall be entitled to federal money under such acts for the salaries and necessary travel expenses of teachers of agriculture, trade and industrial education, home economics, and distributive education by meeting the requirements fixed by the state board and approved by the United States.

[*Ex1959 c 71 art 5 s 47*]

124.60 TEACHER TRAINING AID. Teacher training schools and departments shall be entitled to federal money for the preparation of vocational-technical education teachers by meeting the requirements fixed by the state board and approved by the United States for the preparation of such teachers. The state board shall reimburse institutions selected by it to train teachers of vocational subjects to an amount of not to exceed one-half of the expenditures made for such training by these institutions, provided that no federal funds may be applied directly or indirectly to the purchase, erection, preservation, or repair of any building or equipment, or for the purchase or rental of lands or for the support of any religious or privately owned school or college.

[*Ex1959 c 71 art 5 s 48; 1969 c 261 s 1*]

124.61 TEACHERS' TRAINING, FEDERAL AID. All disbursements of federal money for the benefit of teacher training schools or departments shall be made on the requisition of the state board by the state treasurer to the legally constituted authorities having custody of the money of such training schools or departments. All disbursements of federal and state money for the benefit of vocational schools, departments, or classes shall be made on the requisition of the state board by the state treasurer to the treasurers legally qualified to receive and disburse the funds for the districts or governmental agencies establishing and maintaining such schools, departments, and classes as herein provided.

[*Ex1959 c 71 art 5 s 49*]

124.615 SHORTAGE OF EDUCATIONAL PERSONNEL, ACCEPTANCE OF FEDERAL AID. Subdivision 1. **Acceptance.** The Minnesota state board of education is herewith authorized to accept and administer federal funds available under Public Law 90-35, the Higher Education Act, Title V, Part B, Subpart 2, which are provided to meet the critical shortage of adequately trained education personnel in public schools with a concentration of disadvantaged pupils.

Subd. 2. **State plan.** The Minnesota state board of education shall adopt a state plan in conformity with the federal regulations and guidelines so that the funds may be utilized to the fullest extent.

Subd. 3. **Staff.** Available federal funds for the state administration of this section may be used for employment of necessary personnel in the department of education through classified or unclassified state service by contract for the period of time that the federal funds continue to be available therefor.

[*1971 c 692 s 1-3*]

124.62 FEDERAL AID TO EDUCATION, ACCEPTANCE BY THE STATE.

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Subdivision 1. In the event that the United States enacts legislation providing educational assistance to the states for the purpose of

- (1) General improvement of public elementary and secondary schools,
- (2) Improvement of school library service,
- (3) Improvement of health, welfare, and recreational service in the public schools,
- (4) Improvement of nursery schools and kindergartens,
- (5) Improvement of services for handicapped pupils,
- (6) Improvement of educational and vocational guidance activities,
- (7) Improvement of vocational education,
- (8) Improvement of rehabilitation and placement services,
- (9) Improvement of technical and vocational institutes of secondary grade,
- (10) Stimulation and improvement of parttime, civic, vocational and general adult education and recreational activities conducted by school systems,
- (11) Transportation of pupils,
- (12) Purchase of books and instructional material,
- (13) Provision of scholarships,
- (14) Improvement of teacher preparation,
- (15) Construction of school buildings,
- (16) Facilitating administration in state department of education,
- (17) Stimulating and facilitating adequate library services,
- (18) Stimulating and improving school lunch and milk programs, breakfast programs and other school oriented food programs,
- (19) Providing donated foods for schools, institutions, summer camps and welfare programs,
- (20) Providing for the initiation, maintenance, or expansion of nonprofit food service programs for children in service institutions. Service institutions means private, nonprofit institutions or public institutions, such as child day-care centers, settlement houses, or recreation centers, which provide day care, or other child care where children are not maintained in residence, for children from areas in which poor economic conditions exist and from areas in which there are high concentrations of working mothers, and includes public and private nonprofit institutions providing day care services for handicapped children, and
- (21) Making provision for educational research, planning and demonstrations, or for one or any combination of the above purposes.

At a time when the legislature is not in session, the governor shall have power to accept the provisions of such act or acts of congress of the United States, or to accept such parts or provisions as may be separately acceptable, by executive order, upon recommendation of the state board and pending further action by the legislature.

Subd. 2. Pursuant to such acceptance, the state board shall have authority to make and secure approval of plans to carry out the purposes of the provisions accepted.

Subd. 3. The state treasurer shall be the custodian of all funds received from the United States on account of such acceptance, and he shall disburse such funds on requisition of the state board for purposes consistent with the acts of congress and in accordance with the provisions of this section and of the order of acceptance.

[*Ex1959 c 71 art 5 s 50; 1969 c 872 s 1*]

NOTE: For on the job training revolving fund, see Laws 1947, Chapter 599, Section 7, clause (8).

124.63 NATIONAL FOREST LAND FUNDS, HANDLING AND DISPOSITION. Any county board may place the money, or any part thereof, received by such county from the federal government for and on account of any national forest lands situated therein into a special fund to be disbursed and paid over to any district now or hereafter maintaining and operating any school wholly or partly within an area now or hereafter constituting a part of any auxiliary or state forest. Such action shall be taken by the board by resolution duly adopted by it, which resolution shall specify the terms and conditions under which this money shall be so paid over and disbursed to any district.

[*Ex1959 c 71 art 5 s 51*]

124.64 FEDERAL AID TO INDIANS, POWER OF STATE BOARD. The state board is hereby authorized to enter into contracts with the United States for the education of Indians in Minnesota, to receive grants of money from the United

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States and to disburse the same in accordance with the terms of the contract and such rules and standards as the state board may establish.

[*Ex1959 c 71 art 5 s 52*]

124.645 FEDERAL AID TO SERVICE INSTITUTIONS; FOOD SERVICE PROGRAMS. Subdivision 1. **Acceptance.** The Minnesota state board of education is authorized to accept the provisions of Public Law 90-302, section 13 of the National School Lunch Act (42 U.S.C. 1761) so that it may administer federal funds designed to provide nonprofit food service programs for children in service institutions.

Subd. 2. **Contract.** The Minnesota state board of education may enter into a contract with the United States department of agriculture so that the available federal funds may be used to the fullest extent possible by the state of Minnesota.

Subd. 3. **Staff.** Available federal funds for the state administration of this section shall be used for the employment of necessary personnel in the department of education through classified or unclassified state service or by contract subject to approval by the commissioner of personnel for that period of time for which federal funds continue to be available.

[*1971 c 117 s 1-3; 1973 c 507 s 45*]

124.65 TYPES OF SCHOOL AID. Appropriations made for special state aid are for the following purposes:

Foundation program aid; emergency aid; transportation aid; aid for special classes of handicapped children; school lunch; county tuition equalization aid; gross earnings tax refund, and vocational aid.

[*Ex1959 c 71 art 5 s 53; 1961 c 551 s 1; 1963 c 20 s 1*]

124.66 PURPOSES OF SCHOOL AID. State aid shall be for the following purposes:

(1) To assist in providing equal educational opportunities for all the school children of the state;

(2) To assist in establishing certain generally accepted minimum standards for all the public schools of the state;

(3) To assist districts whose tax levies for maintenance are exceptionally high; and

(4) To stimulate educational progress by grants of state aid for superior efficiency and high standards and for desirable educational undertakings not yet generally established.

[*Ex1959 c 71 art 5 s 54; 1963 c 19 s 1; 1969 c 399 s 21*]

124.67 NATIONAL DEFENSE EDUCATION ACT, ACCEPTANCE. The provisions and benefits of Public Law 85-864, an act of the 85th Congress of the United States entitled "An act to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical national needs; and for other purposes," cited as the "national defense education act of 1958," approved September 2, 1958, be and the same are hereby accepted, and the benefits of all funds appropriated under the provisions of such act are hereby accepted as provided in such act.

[*Ex1959 c 71 art 5 s 55*]

124.68 FEDERAL AID, COOPERATIVE RESEARCH. The provisions of Public Law 531, an act of the 83rd Congress of the United States entitled "An act to authorized cooperative research in education", and approved July 26, 1954, be and the same are hereby accepted, and the benefits of all funds appropriated under the provisions of such act are hereby accepted as provided in such act.

[*Ex1959 c 71 art 5 s 56*]

124.69 FEDERAL AID, REDEVELOPMENT, VOCATIONAL TRAINING AND RETRAINING. Subdivision 1. The state board of education of the state of Minnesota is authorized to (a) enter into such agreements as may be necessary with agencies of the federal government as provided by such public laws as may be passed by the 87th Congress of the United States relating to area redevelopment, and providing for vocational training and retraining, subsistence payments during retraining, and placement after retraining; and (b) to cooperate with such federal agencies to the end that residents of this state shall obtain all benefits and advantages available to them and intended by such act of Congress to be so available.

Subd. 2. All agencies of the state and its political subdivisions may cooperate

in the efforts of such federal agencies to extend the benefits of this program to unemployed or underemployed individuals residing in redevelopment areas. Consistent with the requirements of such federal agencies administering such program, and the provisions of state or federal laws, agencies of the state and its political subdivisions shall promote means of retraining and placement which will preserve the stability of population and communities within the state of Minnesota and protect, to the extent permitted by law, the rights of individuals resident in redevelopment areas which have accrued by reason of their pre-existing employment.

Subd. 3. All public educational institutions are hereby authorized to cooperate with such federal agencies through the services and facilities available at such institutions which may be utilized as a result of said act of Congress.

[1961 c 719 s 1-3]

TAX ANTICIPATION BORROWING

124.71 TAX AND AID ANTICIPATION BORROWING; DEFINITIONS.

Subdivision 1. School district as used in sections 124.71 to 124.78 means any school district in the state of Minnesota, however organized and wherever located.

Subd. 2. Commissioner as used in sections 124.71 to 124.78 means the commissioner of education of the state of Minnesota.

[1963 c 371 s 1]

124.72 APPLICATION OF LIMITING TAX LEGISLATION. Notwithstanding the provisions of Minnesota Statutes, Section 471.69 or Section 471.75, or of any other provision of law which by per capita limitation, mill rate limitation, or otherwise, limits the power of a school district to incur any debt or to issue any warrant or order, a school district has the powers in sections 124.71 to 124.78 specifically conferred upon it and all powers incident and necessary to carrying out the purposes of sections 124.71 to 124.78.

[1963 c 371 s 2]

124.73 AUTHORITY TO BORROW MONEY, LIMITATIONS. Subdivision 1. The board of any school district may borrow money upon negotiable tax anticipation certificates of indebtedness, in the manner and subject to the limitations set forth in sections 124.71 to 124.78, for the purpose of anticipating general taxes theretofore levied by the district for school purposes, but the aggregate of such borrowing under this subdivision shall never exceed 50 percent of such taxes which are due and payable in the calendar year, and as to which taxes no penalty for nonpayment or delinquency has attached.

Subd. 2. The board may also borrow money in the manner and subject to the limitations set forth in sections 124.71 to 124.78 in anticipation of receipt of state aids for schools as defined in Minnesota Statutes and of federal school aids to be distributed by or through the state department of education. The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids which are receivable by said school district in the school year (from July 1 to June 30) in which the money is borrowed, as estimated and certified by the commissioner.

[1963 c 371 s 3]

124.74 ENABLING RESOLUTION; FORM OF CERTIFICATES OF INDEBTEDNESS. The board may authorize and effect such borrowing, and may issue such certificates of indebtedness upon passage of a resolution specifying the amount and purposes for which it deems such borrowing is necessary, which resolution shall be adopted by a vote of at least two thirds of its members. The board shall fix the amount, date, maturity, form, denomination, and other details thereof, not inconsistent herewith, and shall fix the date and place for receipt of bids for the purchase thereof and direct the clerk to give notice thereof.

[1963 c 371 s 4]

124.75 REPAYMENT; MATURITY DATE OF CERTIFICATES; INTEREST. The proceeds of the current tax levies and future state aid receipts or other school funds which may become available shall be applied to the extent necessary to repay such certificates and the full faith and credit of the school district shall be pledged to their payment. Certificates issued in anticipation of receipt of aids shall mature not later than the anticipated date of receipt of the aids so anticipated as estimated by the commissioner, but in no event later than three months after the close of the school year in which issued. Certificates issued in anticipation of receipt of taxes shall mature not later than the anticipated date of receipt in full of the taxes so

anticipated, but in no event later than three months after the close of the calendar year in which issued. The certificates shall be sold at not less than par. The certificates shall bear interest after maturity until paid at the rate they bore before maturity and any interest accruing before or after maturity shall be paid from any available school funds.

[1963 c 371 s 5; 1969 c 874 s 1]

124.76 SALE OF CERTIFICATES; DISBURSEMENT OF PROCEEDS. The clerk of the board shall give notice of the proposed sale as required by Minnesota Statutes, Chapter 475. At the time and place so fixed, such certificates may be sold by the board, or its officers if authorized by the board, to the bidder who will agree to purchase the same on terms deemed most favorable to the district. Such certificates shall be executed and delivered as required by Minnesota Statutes, Chapter 475. The money so received shall be disbursed solely for the purposes for which such taxes are levied or aids are receivable. The purchaser of such certificates shall not be obligated to see to such application of the proceeds.

[1963 c 371 s 6; 1974 c 406 s 15]

124.77 PAYMENT OF AIDS; CERTIFICATION OF UNPAID AMOUNTS. Upon the determination of the several amounts of school aids and reimbursements to be paid to the respective school districts in the manner and at the times as otherwise provided by law, the commissioner shall forthwith determine whether there are sufficient moneys available in the appropriate funds to make such payments. If the moneys available are sufficient to pay such amounts in full, the commissioner shall make such payments in full in the manner otherwise provided by law. If the moneys so available are not sufficient to pay such amounts in full but are sufficient to pay 25 percent or more of the amounts, the commissioner shall make pro rata payments to the several school districts of the amounts of moneys available therefor in the manner provided by law for payments thereof in full. If pro rata payment is so made, or if no payment is made of the amount due to each school district, the commissioner shall forthwith certify to each school district the unpaid amount which will be paid by the state to such school district when moneys are available in the state treasury so to do. The document on which such certification is made is hereinafter referred to as the certificate.

[1963 c 371 s 7]

124.78 BORROWING AGAINST CERTIFIED UNPAID AIDS. Upon receipt of the certificate, a school district may, by resolution of its school board, borrow money in an amount not exceeding the total amount which is shown on the certificate as the amount of moneys which is to be paid to the school district by the state as school aids or reimbursements. Such borrowing shall not be subject to the limit stated in section 124.73, subdivision 2. The school district may provide in the resolution (1) that it will pay interest on the moneys so borrowed at a rate not exceeding five percent per annum and assign the certificate and the moneys due thereunder as collateral to secure the payment of the moneys borrowed and that the full faith and credit of the school district is pledged to the payment of the moneys so borrowed, or (2) that it will assign the certificate and the moneys due thereunder at a discount which does not exceed an annual rate of five percent per annum on the total amount of the moneys assigned. Such assignment is effective only upon the registration thereof by the commissioner and thereafter the commissioner shall pay the moneys due and so assigned to the assignee. The commissioner shall pay such moneys due as school aids or reimbursement whether unassigned, assigned as collateral, or assigned at a discount, as soon as funds are available for the payment thereof. Such assignment of the certificate and the moneys at a discount shall be made only after calling for bids thereon when it is in the public interest so to do.

[1963 c 371 s 8]

124.781 LIMITATION ON TAX ANTICIPATION BORROWING. Except as approved by the commissioner, a district may not issue certificates of indebtedness pursuant to sections 124.71 to 124.78, for a larger proportion of its total anticipated tax or aid revenues than it borrowed against such revenues which were received in calendar 1973 with respect to tax revenues and in the 1972-1973 school year with respect to aid revenues.

[1973 c 683 s 17]

124.79 ELEMENTARY AND SECONDARY EDUCATION, ACCEPTANCE OF FEDERAL FUNDS. The state board of education is designated as the state agency to apply for, receive, accept, and administer federal funds which are made available under Public Law 89-10, an act of the 89th Congress entitled "An Act to strengthen and improve educational quality and educational opportunities in the nation's elementary and secondary schools," cited as the "Elementary and Secondary Education Act of 1965," and it shall comply with all requirements of such federal law or regulations to enable it to apply for, receive, and accept such funds.

The state board shall prescribe rules and regulations under which contracts, agreements, or arrangements may be made with agencies of the federal government for funds, services, commodities, or equipment to be made available to the schools, school systems, and educational institutions under the supervision or control of the state board, and such contracts, agreements, or arrangements shall be entered into in no other manner.

All arrangements under the Elementary and Secondary Education Act of 1965, and amendments thereto, for assignment of officers and employees of the state of Minnesota to the office of education of the federal government shall be made in accordance with the rules and regulations of the state board.

[1965 c 879 s 1]

VARIATIONS IN ASSESSED VALUATIONS

124.801 STATE AID; DECREASED ASSESSED VALUATION. Subdivision 1. Any district maintaining a classified secondary school, whose auditor's assessed value has declined as provided herein, shall be entitled to additional state school aid computed in accordance with Laws 1965, Chapter 719.

Subd. 2. Additional aids, computed in accordance with section 124.802, subdivision 1 shall be paid for any fiscal year ending June 30, of that year to any district whose auditor's assessed value has decreased in excess of eight percent during the previous year or whose average decline in assessed value between the years 1962 and the current year exceeds eight percent.

Subd. 3. Notwithstanding any provision to the contrary, any school district which would continue eligibility for state aid by using any year subsequent to 1962 in computing average decline in assessed value may designate such year in place of the year 1962, and employ the year so designated in the computation for the purposes of sections 124.801 and 124.802.

[1965 c 719 s 1 subd 1, 2; 1967 c 731 s 1; 1969 c 645 s 1]

124.802 COMPUTATION. Subdivision 1. The additional aids payable for any fiscal year ending June 30, to districts meeting the requirements of section 124.801, subdivision 2 shall be computed as follows:

(a) For each year in which the auditor's assessed value declined more than eight percent during the previous year a "controlled assessed valuation" shall be computed by reducing the auditor's assessed value for such previous year by eight percent. In determining the amount of the decline and for the purposes of calculating aids payable, the auditor's assessed valuations in 1972 and subsequent years shall be divided by three and the local mill rates established shall be multiplied by three.

(b) If the decrease in auditor's assessed value exceeded an average of eight percent per year between the years 1962 and the current year a "controlled assessed valuation" shall be computed by reducing the 1962 auditor's assessed valuation by eight percent and decreasing this result by successive reductions of eight percent for each subsequent year until the "controlled assessed valuation" thus established and the current auditor's assessed valuation shall be equalized.

(c) If in the calculation of (a) or (b) above, a district suffers a loss of more than 15 percent in auditor's assessed valuation in any year after 1962 any subsequent increases in auditor's assessed valuation, if such should occur, shall be limited in calculating aid due under this section to eight percent for the first year and successive increases not to exceed eight percent for each year thereafter until the "controlled assessed valuation" and the increasing auditor's assessed valuation shall be equalized.

(d) Any district suffering a loss of assessed valuation of 15 percent or more due to the loss of a major industry, during the first year covered by the provisions

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of Laws 1967, Chapter 731, shall use the auditor's assessed valuation as determined January next after the loss occurs in the computation of its special aid under Laws 1967, Chapter 731.

(e) The local levy for maintenance, including public employees retirement associations, and group insurance, where identified as such, which was certified on or before October 10 of the current year under provisions of Minnesota Statutes 1965, Section 275.07, shall be divided by the current "controlled assessed valuation". The mill rate thus produced shall be multiplied by the actual auditor's assessed value for the current year. The difference between this result and the amount levied for maintenance purposes shall be paid to the school district from the general fund.

NOTE: This subdivision is effective for valuations determined after December 31, 1971.

Subd. 2. A district qualifying under both subdivision 1 (a) or (b) hereof may elect to have its additional aids computed under either clause.

[1965 c 719 s 2; 1967 c 731 s 2; 1969 c 399 s 49; 1973 c 506 s 1]

124.803 QUALIFICATION; LEVY. No school district shall qualify for this additional aid unless it has levied the equivalent of 19 mills on the adjusted assessed valuation as defined in Minnesota Statutes 1965, Chapter 124.

[1965 c 719 s 4; 1967 c 731 s 3]

124.804 AUDITOR'S ASSESSED VALUATION; DEFINITION. Subdivision 1. Auditor's assessed value as used herein shall mean valuation as of the assessment date for such years after adjustment, if any, by all boards of review and equalization.

Subd. 2. In the event the auditor's assessed value in any district is increased by court order subsequent to the computation of additional school aids as provided herein, a recomputation shall be made using the increased auditor's assessed valuation, and the excessive additional aids paid as a result of the original computation shall be charged to the district, and offset against subsequent payments of foundation aids.

[1965 c 719 s 5; 1967 c 731 s 4]

124.805 CHANGES IN DISTRICT BOUNDARIES. Any auditor's assessed valuation loss or gain resulting from changes in school district boundaries shall be removed from the auditor's assessed valuation in the computation made pursuant to section 124.802.

[1965 c 719 s 6; 1967 c 731 s 5; 1969 c 645 s 2]

124.806 OPTIONAL AID ENTITLEMENT. Notwithstanding any other provisions of law, any school district which has received aid pursuant to section 124.802, for the preceding eight years shall be entitled to receive in any school year commencing after July 1, 1973, the greater of the aid under section 124.802 or the average of the aid received during the preceding eight years. This section shall not apply to a district in which the average of the aids received during the eight preceding years exceeds \$90,000.

[1973 c 683 s 25]