

# MINNESOTA STATUTES 1975 SUPPLEMENT

## SCHOOL TAXES, FUNDS, AIDS 124.03

### CHAPTER 124. SCHOOL TAXES, FUNDS, AIDS

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#### 124.03 Agricultural land tax differential ratio.

Subdivision 1. The rate of taxation for school maintenance purposes in districts maintaining 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 property receiving the homestead credit provided in section 273.13, subdivision 6, shall not exceed 40 percent of the rate for school maintenance on other taxable property in the same district and the rate on other 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.

(NOTE: Subdivision 1 was also amended by Laws 1975, Chapter 162, Section 28, to read as follows:

"124.03 [AGRICULTURAL LAND TAX DIFFERENTIAL RATIO.] Subdivision 1. The rate of taxation for school maintenance purposes in districts maintaining a graded elementary or secondary school is limited as follows:

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In counties containing common districts and 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.<sup>1)</sup>

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 20 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 20 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 12 mills on the property receiving the homestead credit provided by section 273.13, subdivision 6, and 10 mills on all other 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.

(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) For the year 1975 and subsequent years, the commissioner of revenue shall pay to the school district the amount certified by the commissioner to be due to the district. One-half of the amount due shall be paid on or before July 15, but no earlier than July 1, and the remainder shall be paid on or before November 15.

(d) In the event that a final judicial determination is not in agreement with the amount certified by the commissioner, the commissioner of revenue 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.

[1975 c 46 s 1; 1975 c 437 art 12 s 1]

### 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 \$70 per pupil unit or, in districts where the pupil unit count is in-

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creased pursuant to section 124.17, subdivision 1, clause (7), \$75 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 six 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, to equip, re-equip, repair and improve buildings and permanent attached fixtures, and to pay leasing fees for computers and computer services. 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.

[1975 c 432 s 18]

### 124.05 Depository law.

[For text of subd 1, see M.S.1974]

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 the amount insured under the provisions of the federal law creating that corporation, in the depository without the execution of any bond. In the event that it is desired to deposit more than the insured amount 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 the insured amount. 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 section 118.01.

[1975 c 189 s 1]

[For text of subs 3 and 4, see M.S.1974]

### 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 elementary and secondary 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. Estimated post-secondary vocational foundation aid shall be paid to districts in 12 equal monthly payments beginning July 15, 1976. The estimated post-secondary vocational foundation aid shall be paid on the basis of the prior year's average daily membership except that the average daily membership and the payments based thereon may be adjusted in September, December, March and June to reflect any increases or decreases in enrollment. The September payment in each fiscal year shall be increased or decreased to reflect any deficit or excess in post-secondary vocational foundation aid received in the prior fiscal year. 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 dis-

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count 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 elementary and secondary 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 elementary and secondary final pupil unit figures shall be made in the August payment of aids.

[1975 c 432 s 19]

(NOTE: This section is effective July 1, 1976. See Laws 1975, Chapter 432, Section 100.)

## 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. It shall require that the pupil unit count of a minimum of 25 school districts be audited each fiscal year. The audits shall be conducted at random throughout the state with no prior notice to any district. Disparities between pupil unit counts reported by the school districts and those found by the auditors shall be reported to the commissioner who shall order an increase or reduction of foundation aids accordingly. A reduction of foundation aid under this section may be appealed to the state board of education and its decision shall be final. 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.

[1975 c 432 s 20]

[For text of subd 2, see M.S.1974]

## 124.15 Reduction of aid for violation of law.

[For text of subd 1, see M.S.1974]

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

(1) employment in a public school of the district of a teacher who does not hold a valid teaching certificate or permit, or

(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 or buildings 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, or

(6) noncompliance with state laws prohibiting discrimination because of

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race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance or disability, as defined in Minnesota Statutes 1974, Section 363.03,

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 or, in the case of the violation stated in section 124.19, subdivision 3, clause (1).

Subd. 2a. After consultation with the commissioner of human rights, the state board of education shall adopt rules and regulations in conformance with chapter 15 which direct school districts to file with the commissioner of education assurances of compliance with state and federal laws prohibiting discrimination and which specify the information required to be submitted in support of the assurances. The commissioner of education shall provide copies of the assurances and the supportive information to the commissioner of human rights. If, after review of the assurances and the supportive information it appears to the commissioner of human rights that one or more violations of the Minnesota human rights act are occurring in the district, he shall notify the commissioner of education of the violations, and the commissioner of education may then proceed pursuant to subdivision 3.

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 allowed for correction may be extended by the commissioner if there is reasonable ground therefor.

[1975 c 59 s 3; 1975 c 162 s 29; 1975 c 173 s 1-3]

[For text of subs 4 to 8, see M.S.1974]

### 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, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

(3) In area vocational-technical schools one and one-half pupil units. This clause shall expire June 30, 1976.

(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. By May 1 of each year the department of public welfare is directed to furnish to the department of education, and to each school district to the extent the information pertains to it, 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 five percent of the total actual pupil units in the district for the same year, as com-

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puted in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for purposes of this clause, provided that in districts where the percent of concentration is less than six, no additional pupil units shall be counted under this clause for pupils from families receiving aid to dependent children or its successor program and provided further that no such pupil shall be counted as more than one and one-tenth additional pupil units pursuant to clauses (4) and (5). Such weighting shall be in addition to the weighting provided in clauses (1), (2), (3), and (4). 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. Each district receiving aids on account of both clauses (4) and (5) shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all such aids received.

(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 shall equal the average of actual pupil units for the prior and current years in a district with boundaries coterminous with the boundaries of a city of the first class and shall be increased by .6 times the difference between the actual pupil units for the two years in any other district.

(7) In districts maintaining classified secondary schools where the actual number of pupil units has increased from the prior year by two percent or more, the additional pupil units over the prior year, as computed in clauses (1) and (2), shall be multiplied times one-tenth for each percent of increase over the prior year and a number of pupil units equal to the product shall be added to the other units for the district. The percent of increase shall be rounded up to the next whole percent for purposes of this clause, provided that in districts where the percent of increase is less than two, no additional pupil units shall be added to the other units for the district and provided further that the number of pupil units of increase over the prior year shall under no circumstances be multiplied by more than five-tenths.

(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 and for handicapped prekindergarten 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 shared time pupils shall equal the amount which would accrue if shared time pupil units, counted pursuant to this section, were added to the district's total pupil units used in determining its foundation aid. 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. This subdivision shall be effective July 1, 1975 as applied to shared time foundation aid

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and July 1, 1976 as applied to pupils in area vocational-technical schools.

[1975 c 432 s 21,22]

[For text of subds 2a and 3, see M.S.1974]

### 124.18 Consolidation; instruction by other district.

[For text of subd 1, see M.S.1974]

**Subd. 2. Tuition.** Every district which provides instruction in other districts and which receives foundation program aid shall pay to the district furnishing this elementary and secondary school instruction the actual cost thereof chargeable to maintenance exclusive of transportation costs.

There shall also be paid for capital outlay and debt service to the district providing such instruction \$10 per pupil unit in average daily membership 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 membership 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 membership 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 provides instruction for nonresident handicapped and trainable children, tuition shall be as specified in section 120.17, subdivision 4.

[1975 c 432 s 23]

### 124.20 Education; state aid; summer school and flexible school year classes.

Foundation aid for (1) summer school classes which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) inter-session classes of flexible school year programs and summer school classes in elementary and secondary schools, and (3) summer school instruction in teachers college laboratory schools or in the university laboratory school, shall be paid at a proportionate rate for foundation aids paid for the preceding regular school year, provided that no district shall receive aid for programs under this section in an amount greater than its actual expenditures for these programs. Payments of aid for summer classes at a proportionate rate to foundation aid pursuant to this section in 1972 and preceding years are hereby sanctioned. The provision in this section for payment of aid for summer classes at a proportionate rate to foundation aid for the preceding school year shall apply to summer classes in 1973 and subsequent years.

[1975 c 432 s 24]

### 124.212 Foundation aid.

Subdivision 1. The foundation aid program for school districts for school years 1975-1976 and 1976-1977 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 authorized items sold to the individual pupil by the school such as lunches, items of personal use, or other items specifically authorized by law or under the procedures set forth in sections 120.71 to 120.76,

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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. For any district which has not transmitted to the department of education before August 1, 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, shall be used for purposes of calculating its certified levy and foundation aid.

(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. 3a. Notwithstanding any of the other provisions of this section, for the 1975-1976 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 1974, Section 275.125, Subdivision 2a, Clause (2) and for the 1976-1977 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 1975 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, except units computed in section 124.17, subdivision 1, clause (3). 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) and (2).

[For text of subds 4 and 5, see M.S.1974]

**Subd. 6a.** [Repealed, 1975 c 432 s 97]

Subd. 6b. For the 1975-1976 school year a district shall receive in foundation aid the lesser of (1) \$900 per pupil unit less 30 mills times the 1973 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 Minnesota Statutes 1974, Section 124.212, Subdivision 7a, Clause (2), and the greater of (a) one-half of the difference that results when such greater sum is subtracted from \$900, or (b) \$75, bears to \$900.

**Subd. 7a.** [Repealed, 1975 c 432 s 97]

Subd. 7b. For the 1976-1977 school year a district shall receive in foundation aid the lesser of (1) \$960 per pupil unit less 29 mills times the 1974 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 6b, clause (2), and the greater of (a) two-thirds of the difference that results when such greater sum is subtracted from \$960, or (b) \$60, bears to \$960.

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 which received payments under sections 124.215, subdivision 2a; 124.25; 124.30; 360.133; 360.135; and 124.28; the foundation aid shall be reduced by: The previous year's payment to the district pursuant to said sections times the



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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 45 percent in 1975-1976 and 50 percent in 1976-1977 of the previous year's payment. For districts which received payments under sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; the foundation aid shall be reduced in the August adjustment payment by the previous fiscal 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 for collection in the calendar year ending during the aforementioned fiscal year, but not to exceed 40 percent in the August 1975 adjustment, 45 percent in the August 1976 adjustment, and 50 percent in the August 1977 adjustment of the previous fiscal year's payment.

*[For text of subs 9 and 10, see M.S.1974]*

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) 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. 11a. If in any year the assessed value of any district is less than the assessed value of the immediate preceding year, the equalization aid review committee shall, upon notification by the county assessor prior to October 16 of that assessment year, redetermine for all purposes the adjusted assessed value of the immediate preceding year taking into account the decrease in assessed value. On or before November 1 of the assessment year, the equalization aid review committee shall file the redetermined adjusted assessed value with the commissioner of education who shall thereupon certify to the county auditors and school districts affected the redetermined adjusted assessed value and the appropriate levy limits of the school districts affected pursuant to section 275.125, subdivision 10. Notwithstanding section 275.07, the districts affected may certify the taxes voted to the county auditor on or before December 1.

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 subdivisions 10 or 11a, 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 13 to 18.

*[1975 c 432 s 25-33]*

*[For text of subs 13 to 19, see M.S.1974]*

### **124.215 Payments in addition to foundation aid.**

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

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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. In fiscal year 1976, the district shall receive 66 2/3 percent of the amount which it would otherwise be entitled to receive pursuant to this subdivision and in fiscal year 1977, 33 1/3 percent of such amount. This subdivision shall expire on June 30, 1977.

[1975 c 432 s 34]

[For text of subs 3 to 8, see M.S.1974]

## 124.222 Transportation aid entitlement.

**Subdivision 1.** [Repealed, 1975 c 432 s 97]

**Subd. 1a. Computation.** For the 1975-1976 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 1976 fiscal year times the number of eligible pupils transported during the 1976 fiscal year; or

(b) One hundred eighteen percent of the actual net operating cost per eligible pupil transported during the 1974 fiscal year, times the number of eligible pupils transported during the 1976 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 1975;

(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 12 1/2 percent per year of the cost of the fleet. The net cost after salvage of all equipment added to or installed in a school bus specifically to meet special needs of handicapped individuals shall be added to the remaining undepreciated value of that bus and depreciated over the remainder of the depreciation term for that bus.

**Subd. 1b. Computation.** For the 1976-1977 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 1977 fiscal year times the number of eligible pupils transported during the 1977 fiscal year; or

(b) One hundred twenty-four percent of the actual net operating cost per eligible pupil transported during the 1974 fiscal year, times the number of eligible pupils transported during the 1977 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 1976;

(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 12 1/2 percent per year of the cost of the fleet. The net cost after salvage of all equipment added to or installed in a school bus specifically to meet special needs of handicapped individuals shall be added to the remaining undepreciated value of that bus and depreciated over the remainder of the depreciation term for that bus.

**Subd. 2.** [Repealed, 1975 c 432 s 97]

**Subd. 2a. Handicapped pupil transportation; cost.** (1) In addition to the amounts authorized in subdivision 1a, if the actual net operating cost per eligible handicapped pupil transported during the 1976 fiscal year exceeds 128 percent of

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the actual net operating cost per eligible handicapped pupil transported during the 1974 fiscal year, the state shall pay to the district 80 percent of the cost for this handicapped transportation in excess of this 128 percent.

(2) In addition to the amounts authorized in subdivision 1b, actual net operating cost per eligible handicapped pupil transported during the 1977 fiscal year exceeds 134 percent of the actual net operating cost per eligible handicapped pupil transported during the 1974 fiscal year, the state shall pay to the district 80 percent of the costs for this handicapped transportation in excess of this 134 percent.

**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 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.

[For text of subd 4, see M.S.1974]

**Subd. 5. Transportation aids study.** The commissioner shall study the need to adjust the base cost per eligible pupil transported in the 1974 fiscal year for purposes of payment of transportation aids in 1976 and 1977 fiscal years. The study shall be limited to adjustments needed as a consequence of alterations of district boundaries, changes in the ownership of the bus fleet, the use of other transportation facilities which receive public subsidy, changes in the number of school class shifts, and exceptional changes in the transportation of handicapped pupils. He shall report no later than January 15, 1976, to the committees on education of the senate and house of representatives his suggestions for these adjustments on a district by district basis and his calculation of the amount needed to fund these changes for the school years 1975-1976 and 1976-1977.

[1975 c 432 s 35-39]

### 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;

(2) Transportation to and from 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 and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) Transportation for residents to and from 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) When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) Transportation for resident pupils to and from an instructional community-based employment station which is part of an approved occupational experience secondary vocational program;

(7) Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education;

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

[1975 c 432 s 40]

## 124.241 State aid for extraordinary tax delinquency.

Subdivision 1. For any calendar year in which:

(1) a school district's tax delinquency, which for purposes of this section shall equal the difference between

(a) the amount the school district receives in real property tax proceeds of any kind, including interest, penalties and collections of delinquencies from previous years, resulting from levies certified pursuant to section 275.125, subdivision 2a, clause (1) or (2), and its predecessor and successor general school purpose levy authorization statutes, and

(b) the amount certified in October of the preceding calendar year pursuant to section 275.125, subdivision 2a, clause (1) or (2),

is greater than two and one-half percent of the sum of the amounts authorized for the school district by Minnesota Statutes 1974, Section 275.125, Subdivision 2a, Clause (1) or (2), and section 124.212, subdivision 6b for the 1975-1976 school year, and the successor statutory provisions for succeeding school years;

(2) these receipts are less than this certified levy; and

(3) the maximum permissible amounts were certified in October of the preceding year pursuant to section 275.125, subdivision 2a, clause (1) or (2), and Minnesota Statutes 1974, Section 275.125, Subdivision 3, Clause (5), or its successor excess levy authorization statute;

the school district may apply to the commissioner of education within 30 days after the end of the calendar year and the commissioner shall pay aid to the school district by the following February 28, in the amount by which the tax delinquency exceeds the two and one-half percent figure.

For purposes of the calculation of a district's tax delinquency in clause (1), if the assessed valuation of the school district was reduced after the taxes were spread by the county auditor in October of the preceding calendar year, the amount certified in October of the preceding calendar year shall be reduced by any difference between the amount certified and the amount of taxes collected upon such reduced valuation, for which the district is authorized to make an additional levy pursuant to section 275.48. If a district's adjusted assessed valuation is under contest and it is receiving foundation aid computed on the basis of the uncontested portion of its valuation, taxes levied against the contested portion of its valuation shall not be included in the amount certified in October of the preceding calendar year for purposes of the calculation of the tax delinquency in clause (1).

Subd. 2. If the school district has received aid pursuant to subdivision 1 and in any subsequent calendar year its tax delinquency is less than two and one-half percent of the sum described in subdivision 1, clause (1), the foundation aid for the school district shall be reduced in the fiscal year which begins in that calendar year by the difference between such delinquency and two and one-half percent of such sum or the amount of state aid previously paid pursuant to subdivision 1 and still outstanding, whichever is lesser. Any reduction in state aid shall be applied to the state aid paid earliest in time pursuant to subdivision 1 and shall be made as equally as possible in the four aid installments commencing in February.

Subd. 3. Any aid so paid shall constitute an advance to the district without interest and in the fiscal year six years after the fiscal year in which state aid has been paid to the school district pursuant to subdivision 1, foundation aid for the school district shall be reduced by the amount of such state aid paid six years previous, to the extent the aid payment has not been offset by any prepayment made by the school district.

Subd. 4. The application, aid payments, and repayments made pursuant

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to this section shall be based upon the best information available, subject to correction by the department of education in the next succeeding year. The provisions of subdivision 1 shall expire June 30, 1981, but shall be effective with respect to real property taxes received in calendar year 1975 and thereafter.

[1975 c 432 s 4]

### **124.25 Aid to districts educating persons resident on nontaxable 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. In fiscal year 1976, the state shall pay to the district  $66 \frac{2}{3}$  percent of the amount which it would otherwise be entitled to receive pursuant to this section and in fiscal year 1977,  $33 \frac{1}{3}$  percent of such amount. This section shall expire on June 30, 1977.

[1975 c 432 s 41]

### **124.26 Education programs for adults.**

Subdivision 1. 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. Beginning July 1, 1975, the state shall not reimburse expenditures from the 1974-1975 school year programs, but shall pay aids for the 1975-1976 school year programs and for each year thereafter on a current funding basis. The portion of such compensation from state appropriation shall be 90 percent of the compensation paid each teacher for his services in such programs up to \$8,000 per year based on the costs in that current year. All classes shall be tuition free when taught by teachers subsidized under this section and there shall be no charge for registration, materials and supplies, or G.E.D. tests. 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.

Subd. 2. Each district providing evening school and continuing education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these programs. All aid received pursuant to this section shall be utilized solely for the purposes of evening school and continuing education programs. In no case shall a district pursuant to this section receive more than the actual cost of providing these programs.

Subd. 3. The state department of education shall reimburse each G.E.D. testing center the sum of \$10 for each battery of G.E.D. tests or \$2 for each individual test administered by that center.

[1975 c 432 s 42]

### **124.271 Community school programs aid.**

Subdivision 1. In fiscal year 1976, the state shall pay an amount which is equal to the greater of \$5,000 or 25 cents per capita to each school district which is operating a community school program in compliance with the rules and regulations established by the state board of education and which has lev-

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ied in 1974 the maximum permissible amount for community services pursuant to Minnesota Statutes 1974, Section 275.125, Subdivision 3, Clause (8), for use in the 1975-1976 school year. In fiscal year 1976, the state shall not reimburse school districts for past expenditures for salaries of community school directors and coordinators employed by the districts in the 1974-1975 school year.

Subd. 2. In fiscal year 1977 and each year thereafter, the state shall pay 50 cents per capita to each school district which is operating a community school program in compliance with the rules and regulations established by the state board and which has levied at least \$1 per capita for community services pursuant to section 275.125, subdivision 8, for use in that year.

Subd. 3. The population of the district for purposes of this section is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Subd. 4. Each district providing community school programs pursuant to sections 121.85 to 121.88 shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these community school programs. All funds received pursuant to this section and to the levy authorized in section 275.125, subdivision 8, shall be utilized solely for the purposes of community school programs.

Subd. 5. All community school programs aid shall be distributed by the state aids, statistics and research section of the state department of education. Aid shall be distributed prior to November 1, 1976 and each year thereafter.

[1975 c 432 s 43]

## 124.28 Gross earnings refund.

[For text of subd 1, see M.S.1974]

Subd. 2. Any district entitled to a tax refund under the provisions of this section shall apply to the commissioner of education on or before July 1 of each year for such a refund and the commissioner of education 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 education 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 for refunds receivable during fiscal 1974 and thereafter, no school district qualifying for a refund under this section shall receive more money than would be produced by a tax rate of 160 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 five mills. Provided further, that payments made pursuant to this section during fiscal 1974 and 1975 are hereby sanctioned and deemed to have been made in accordance with the intent of this subdivision.

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.

[1975 c 432 s 44]

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[For text of subd 3, see M.S.1974]

### 124.30 Aid in lieu of non-taxable land.

[For text of subs 1 and 2, see M.S.1974]

Subd. 3. For purposes of this section, each county auditor shall certify to the commissioner of education such data as he may require concerning the tax exempt lands situated within the districts of the county. Payment of aid without receipt of plats for fiscal year 1973 and subsequent years is hereby authorized.

Subd. 4. If the amount appropriated shall be insufficient to pay the full amount to which said districts shall be entitled, the commissioner of education shall apportion said sum pro rata to each entitled district.

Subd. 5. In fiscal year 1976, each district shall receive 66 2/3 percent of the amount which it would otherwise be entitled to receive pursuant to this subdivision and in fiscal year 1977, 33 1/3 percent of such amount. This subdivision shall expire on June 30, 1977.

[1975 c 432 s 45-47]

### 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, 65 percent of the salary of essential personnel, but this amount shall not exceed \$10,000 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, 65 percent of the salary of essential personnel, but this amount shall not exceed \$10,000 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.

[For text of subd 2, see M.S.1974]

Subd. 3a. The purpose of this subdivision is to change the method of funding of educational programs for handicapped children from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1976, the state shall not reimburse expenditures from the 1975-1976 school year programs, including 1976 summer school programs, but shall pay aids for the 1976-1977 school year programs and for each year thereafter on a current funding basis.

[For text of subd 4, see M.S.1974]

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 65 percent of instructional costs charged to the resident district, less the foundation aid per pupil unit payable to the resident district. Not more than \$400,000 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:

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(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.

[1975 c 432 s 48-50]

[For text of subd 6, see M.S.1974]

## 124.38 Definitions.

[For text of subs 1 to 3, see M.S.1974]

Subd. 4. "Debt service 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 chapter 475.

Subd. 5. "Debt service levy" means the levy for all debt service fund purposes in accordance with chapter 475.

[For text of subd 6, see M.S.1974]

Subd. 7. "Maximum effort debt service levy" means a levy in a total dollar amount computed as 20 mills on the adjusted assessed 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 4.10 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; and except that the maximum effort debt service levy of any school district granted a debt service or capital loan between July 1, 1969 and July 1, 1975 shall be computed as 6.3 mills on market value in each year until and unless the district has received an additional loan.

Subd. 8. "Adjusted assessed valuation" means, as of any date, the valuation of all taxable property most recently determined by the equalization aid review committee in accordance with the provisions of section 124.212. "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.

[1975 c 432 s 51-54]

[For text of subs 9 to 14, see M.S.1974]

## 124.41 School loans.

Subdivision 1. The members of the equalization aid review committee defined in section 124.212, subdivision 10, shall receive and consider applications for and grant or deny loans under Extra Session Laws 1959, Chapter 27.



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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 sections 15.0411 to 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.

[1975 c 61 s 9; 1975 c 162 s 30]

### 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 net debt of the district, 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. Each debt service loan shall bear interest from its date at a rate determined by the commissioner of finance annually, at the multiple of one-tenth of one percent per annum next higher than the average annual rate payable on Minnesota state school loan bonds from time to time outstanding, but in no event less than 3 1/2 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, 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 and principal amount of each note, and shall then deliver it to the commissioner who shall make suitable record thereof.

[For text of subd 3, see M.S.1974]

Subd. 4. Each district receiving a debt service loan shall levy for debt service in that year and each year thereafter, until all its debts to the fund are paid, (a) the amount of its maximum effort debt service levy, or (b) the amount of its required debt service levy less the amount of any debt service loan in that year, whichever is greater. Whenever the maximum effort debt

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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 maximum effort debt service tax collections, including penalties and interest, which exceeds the required debt service levy. 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 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.

[1975 c 432 s 55-57]

## 124.43 Capital loans.

Subdivision 1. To the extent moneys are from time to time available hereunder, the committee is authorized, after review and recommendation by the state board of education, to effect capital loans to school districts. Proceeds of such loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings 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 application shall be approved unless the state board of education certifies that the loan is needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist; that such facilities could not be made available by consolidating the district with an adjacent district without substantially lowering the fiscal capacity of that district or so increasing its area that it would no longer be viable; and that existing institutions or facilities within the area could not be acquired or leased to provide the needed facilities safely and at a lower cost. The state board shall make recommendations to the committee. 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 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

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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 and state board of education 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 which have been recommended by the state board of education, 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 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 to repay the loan out of the excesses of its maximum effort debt service levy over its required debt service levy, including interest at a rate determined annually by the commissioner of finance, at the multiple of one-tenth of one percent per annum next higher than the average annual rate payable on Minnesota state school loan bonds, but in no event less than 3 1/2 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. 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 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. In the event that any capital loan is not paid within 30 years

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after it is granted from maximum effort debt service levies in excess of required debt service levies, the liability of the school district thereon shall be satisfied and discharged and interest thereon shall cease. After a district's capital loan has been outstanding for 20 years, the district shall not issue bonds on the public market except for the purpose of refunding such a loan.

[1975 c 432 s 58-61]

[For text of subds 5 and 6, see M.S.1974]

## 124.45 Applications of payment.

The commissioner shall apply payments received from collections of maximum effort debt service levies in excess of required debt service levies of a district on its debt service notes and capital loan 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 of its notes, if any; and last, toward principal of its contracts, if any. While more than one note or more than one contract is held, priority of payment of interest shall be given to the one of earliest date, and after interest accrued on all notes is paid, similar priority shall be given in the application of any remaining amount to the payment of principal. In any year when the receipts from a district are not sufficient to pay the interest accrued on any of its notes or contracts, the deficiency shall be added to the principal, and the commissioner shall notify the district and each county auditor concerned of the new amount of principal of the note or contract.

[1975 c 432 s 62]

**124.475** [Repealed, 1975 c 432 s 97]

**124.50** [Repealed, 1975 c 432 s 98]

(NOTE: This section shall be effective June 30, 1977. See Laws 1975, Chapter 432, Section 98.)

## 124.561 Post-secondary vocational-technical education funding.

**Subdivision 1. Purpose.** The purpose of sections 124.561 to 124.565 is to change the funding of post-secondary vocational-technical education from reimbursement of past expenditures to a current funding process.

**Subd. 2. Current aid.** Beginning July 1, 1975, the state board for vocational education shall not enter into agreements to pay reimbursements but shall be obligated for reimbursement payments incurred in fiscal year 1975. Beginning July 1, 1976, all post-secondary vocational foundation aid and post-secondary vocational categorical, capital expenditure and debt service aid shall be paid for the current fiscal year in accordance with sections 124.561 to 124.565.

**Subd. 3. Budgets.** Before January 1, 1976, and before January 1 of each year thereafter post-secondary vocational-technical school budgets for the following fiscal year shall be submitted to the state board for vocational education. The state board for vocational education shall approve the budgets for each district at a consolidated public hearing held pursuant to chapter 15, which shall be held prior to June 1 of each year and which shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard. The total amount of reimbursement payments approved for fiscal year 1975 payable in fiscal year 1976 shall not exceed by more than 14 percent the amount appropriated for post-secondary vocational-technical education for payment in fiscal year 1975. No district shall increase its operating deficit during fiscal year 1976 unless authorized to do so by the state board for vocational education. The state board for vocational education shall before September 1, 1975 promulgate rules and regulations which establish the approval criteria for budgets, including responsiveness to current and projected manpower needs of population groups to be served in the various geographic areas and communities of the state, particularly disadvantaged and handicapped persons; adequacy of evaluation of programs; and other criteria set forth in the state plan for vocational education. The commissioner, in cooperation with the department of finance, shall establish program budget standards

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by which area vocational-technical institutes shall submit financial requests.

**Subd. 4. Local deficits.** The commissioner with the approval of the state board for vocational education shall establish a uniform auditing procedure for post-secondary vocational-technical education. This procedure shall be used to determine the local operating deficit or surplus in each district as of July 1, 1975 and as of July 1 for each year thereafter. This deficit or surplus shall be certified to the commissioner before September 1, 1975 and September 1 of each year thereafter.

[1975 c 432 s 63]

### **124.562 Post-secondary vocational foundation aid.**

Subdivision 1. For the 1976-1977 school year a district shall receive post-secondary vocational foundation aid in the amount of \$2,000 times the number of post-secondary vocational-technical pupils in average daily membership, as defined in subdivision 2, less the sum of (1) any amounts received as tuition and fees for post-secondary vocational-technical pupils, (2) the amount raised by the minimum levy required in 1975 by section 275.125, subdivision 13, and (3) any amounts received for post-secondary vocational programs as federal vocational categorical aid and as special grants from state allocations of federal vocational funds, unless these grants are used to fund additional services beyond the normal program.

Subd. 2. Membership for pupils in post-secondary vocational-technical schools 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 he 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. No pupil who is counted in average daily membership pursuant to this section shall be counted in average daily membership in any district pursuant to section 124.17, subdivision 2. Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in a post-secondary vocational-technical school in a district divided by 175. Average daily membership for pupils who are enrolled on a part time basis, but not including adult vocational pupils, shall equal (a) the sum for all pupils of the number of days of the school year each pupil is enrolled in a post-secondary vocational-technical school in the district times the number of hours per day each student is enrolled divided by the number of hours the school is in session per day (b) divided by 175. For a post-secondary vocational-technical school, the normal school year shall be at least the number of session days required by section 124.19, subdivision 1. In all post-secondary vocational-technical schools, the minimum length of the school day for each pupil, exclusive of the noon intermission, shall be six hours. Exceptions may be made by the local school administration for approved programs to meet individual student needs.

Subd. 3. All funds, whether state, federal, or from other sources, which may be made available to the department of education for carrying out the purposes of post-secondary vocational-technical education shall be apportioned by the state board for vocational education to the various school districts in accordance with law and shall be distributed by the state aids, statistics and research section of the state department of education. All post-secondary vocational foundation and categorical aids shall be paid to the school district where the pupil is in attendance.

Subd. 4. Each district providing post-secondary vocational-technical education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these post-secondary vocational-technical education programs. All post-secondary vocational foundation and categorical aids and all funds received pursuant to the levy authorized by section 275.125, subdivision 13, shall be utilized solely for the purposes of post-secondary vocational-technical education programs.

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## **124.562 SCHOOL TAXES, FUNDS, AIDS**

Subd. 5. None of the provisions of chapter 16, shall apply to appropriations enacted to carry out the provisions of this section.

Subd. 6. This section shall be effective July 1, 1976.

[1975 c 432 s 64]

### **124.563 Post-secondary vocational capital and expenditure categorical aid.**

Subdivision 1. "Post-secondary vocational categorical aid" means all state and federal funds, exclusive of post-secondary vocational foundation, capital expenditure and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of assisting in the conduct of post-secondary vocational-technical training. No district shall qualify for post-secondary vocational categorical aid unless it has certified the minimum levy required by section 275.125, subdivision 13. This aid shall be given to districts conducting high cost programs which require funds in addition to the post-secondary vocational foundation aid provided.

Subd. 2. "Post-secondary vocational capital expenditure aid" means state and federal funds exclusive of post-secondary vocational foundation, categorical and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of improving or repairing school sites or equipping, re-equipping, repairing or improving buildings and permanent attached fixtures, as necessary for the conduct of post-secondary vocational-technical training. No district shall qualify for post-secondary vocational capital expenditure aid unless it has certified the minimum levy required by section 275.125, subdivision 13. Post-secondary vocational capital expenditure aid shall be utilized solely for the purposes enumerated in this subdivision.

Subd. 3. Post-secondary vocational categorical and capital expenditure aid shall be apportioned by the state board for vocational education at the consolidated public hearing held pursuant to section 124.561, subdivision 3. All post-secondary vocational categorical and capital expenditure aid approved at this public hearing shall be distributed to the districts on or before August 1, December 1, March 1 and June 1 of each year. Additional post-secondary vocational categorical and capital expenditure aid may be distributed on or before March 1 and June 1 if it is apportioned at a consolidated public hearing held in February pursuant to chapter 15. On the date of each post-secondary vocational categorical and capital expenditure aid payment, the state board shall report to the appropriate committees of the legislature on the distribution of post-secondary vocational categorical and capital expenditure aid. The report shall include (a) the recipients of the aid; (b) the amounts distributed, and (c) the reasons for these distributions.

Subd. 4. This section shall be effective July 1, 1976.

[1975 c 432 s 65]

### **124.564 Post-secondary vocational debt service aid.**

The state board for vocational education shall pay to qualifying districts post-secondary vocational debt service aid equal to the state portion of debt service costs. The state portion of debt service costs shall equal the amount necessary to make payments for bonds issued to finance post-secondary vocational facilities and for interest thereon multiplied by the average of the district's nonresident reimbursement percentage pursuant to Minnesota Statutes 1974, Section 121.21, Subdivision 5, in fiscal years 1973, 1974 and 1975. The local portion of debt service costs shall equal the amount necessary to make these payments, less the state portion of debt service costs. No district shall qualify for this post-secondary vocational debt service aid unless it has certified a levy equal in amount to the local portion of debt service costs, pursuant to section 275.125, subdivision 4. Post-secondary vocational debt service aid shall be utilized solely for payments for bonds issued to finance post-secondary vocational facilities and for interest thereon, and these bond and interest payments shall be made solely with proceeds from this aid and the local debt service levy. In addition, the state board for vocational education shall pay to dis-

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tricts which expended cash balances to finance the construction of new post-secondary vocational facilities and which the state board prior to May 15, 1975 agreed to repay for these expenditures the amount of the repayment specified in the agreement. Funds received in repayment shall revert to the fund of origin in the district. This section shall be effective July 1, 1976.

[1975 c 432 s 66]

### 124.565 Post-secondary vocational education tuition.

Subdivision 1. Any Minnesota resident who is under 21 years of age may attend a post-secondary vocational-technical school without tuition, provided that the individual meets the entrance requirements for the training course in which enrollment is sought and the school has the room and the facility to receive him.

Subd. 2. Any person who has attained his 21st birthday and who would, but for that fact, qualify under subdivision 1 to attend a post-secondary vocational-technical school without tuition, may attend the school without tuition subject to the other provisions of this subdivision, if he entered active military service in any branch of the armed forces of the United States before his 21st birthday, and who has then been separated or discharged from active military service under conditions other than dishonorable, and if he applies for admission to the school before his 29th birthday. Time after separation or discharge from military service spent as an in-patient in a hospital or similar institution for treatment of an illness or disability or in recovery from an illness or disability that prevents gainful occupation or study shall be added to the time allowed for application.

Subd. 3. Tuition at a post-secondary vocational-technical school for a Minnesota resident pupil who does not come within the exemptions provided in subdivisions 1 and 2, shall be two dollars per day for each school day the pupil is enrolled.

Subd. 4. Unless covered by a higher education reciprocity agreement relating to nonresident tuition, entered into by the Minnesota higher education coordinating commission and approved by the state board for vocational education, tuition at a post-secondary vocational-technical school for a pupil who is not a resident of Minnesota shall be five dollars per day for each school day the pupil is enrolled.

Subd. 5. The state board for vocational education may pay a school district or post-secondary vocational-technical school in another state for tuition charges for Minnesota pupils who meet the qualifications of subdivisions 1 and 2 and who are enrolled in post-secondary vocational-technical schools in that state. This payment may not exceed the amount specified for post-secondary vocational foundation aid in section 124.562. This subdivision shall expire June 30, 1976.

[1975 c 432 s 67]

### 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.

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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 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.

This section shall apply only to secondary and adult vocational education programs. Sections 124.561 to 124.565 shall not apply to secondary and adult vocational education programs. Laws 1975, Chapter 432, Section 68 shall be effective July 1, 1976.

[1975 c 432 s 68]

### 124.611 Eligible teacher program.

Subdivision 1. Any teacher who has been or will be placed on unrequested leave of absence pursuant to section 125.12, subdivision 6a or 6b, as a result of a discontinued position, lack of pupils or financial limitations, may apply by May 1, 1976, to the state board of education to be classified as an eligible teacher. The state board shall approve applications of teachers on unrequested leave of absence from districts which, according to criteria established by the state board, are experiencing cost limitations because of severely declining enrollments. By June 1, 1976, the state board shall issue a list of approved eligible teachers.

Subd. 2. Any district which has not placed or will not place any teachers on unrequested leave of absence pursuant to section 125.12, subdivision 6a or 6b, may petition the state board of education by July 1, 1976 to be eligible to receive aid for hiring an eligible teacher.

The state board of education shall approve or disapprove each petition by August 1, 1976, giving priority to districts which have a high proportion of inexperienced teachers, increasing enrollments and cost limitations which prevent the employment of experienced teachers. Eligible teacher aid shall be paid in the 1976-1977 school year to the hiring school district in an amount equal to 80 percent of the difference between the B.A. minimum salary in the hiring district and the salary which the teacher would receive in that year in the hiring district based upon his training, credits and experience. In the 1977-1978 school year the hiring district shall receive eligible teacher aid equal to 60 percent of the amount calculated in the first year; in the 1978-1979 school year the hiring district shall receive eligible teacher aid equal to 40 percent of the amount calculated for the first year, and in the 1979-1980 school year and thereafter such aids shall terminate.

Subd. 3. The state board shall approve petitions and pay aid pursuant to this section only to the extent that funds are available. The amount appropriated for this purpose shall not be pro-rated.

[1975 c 432 s 69]

**124.801** [Repealed, 1975 c 432 s 98]

**124.802** [Repealed, 1975 c 432 s 98]

**124.803** [Repealed, 1975 c 432 s 98]

**124.804** [Repealed, 1975 c 432 s 98]

**124.805** [Repealed, 1975 c 432 s 98]

**124.806** [Repealed, 1975 c 432 s 98]

(NOTE: Sections 124.801 to 124.806 shall be effective June 30, 1976.)