

## CHAPTER 124

## EDUCATION FINANCE

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124.01 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.01 DEFINITIONS.

Subdivision 1. **Generally.** The terms defined in section 120.02 and chapter 124A have the same meaning when they are used in this chapter, unless otherwise clearly indicated.

- Subd. 2. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 3. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 4. [Repealed, 1981 c 358 art 1 s 49]

**History:** *Ex 1959 c 71 art 5 s 1; 1979 c 334 art 1 s 2; 1981 c 358 art 1 s 9; 1982 c 548 art 3 s 5; 1983 c 314 art 1 s 22; 1987 c 384 art 2 s 28; 1988 c 486 s 19*

- 124.02 MS 1953 [Repealed, 1957 c 947 art 9 s 9]
- 124.02 MS 1976 [Repealed, 1978 c 764 s 143]
- 124.03 MS 1953 [Repealed, 1957 c 947 art 9 s 9]
- 124.03 MS 1974 [Repealed, 1976 c 334 s 20]
- 124.04 MS 1953 [Repealed, 1957 c 947 art 9 s 9]
- 124.04 MS 1976 [Repealed, 1977 c 447 art 6 s 13]
- 124.05 MS 1953 [Repealed, 1957 c 947 art 9 s 9]

124.05 DEPOSITORY LAW.

Subdivision 1. The district shall designate one or more official depositories for district money in the manner specified in section 118.005, subdivision 1. If the board refuses or fails to designate one or more depositories in accordance with this subdivision, the treasurer shall deposit the funds of the district in accordance with the provisions of section 118.005, subdivision 2, and shall file a statement of the selection of the depository with the clerk of the district. The treasurer shall not thereafter be liable for the loss of any funds through the insolvency or default of such depository in the absence of negligence on the treasurer's part in the selection of the depository.

- Subd. 2. [Repealed, 1987 c 398 art 7 s 43]
- Subd. 3. When the board deems it advisable, it may authorize the investment or

deposit of such amount of funds as will not in the opinion of the board be currently needed by the district in the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds.

Subd. 4. Any board investing funds in authorized securities shall deposit such securities for safekeeping with the county treasurer of the county wherein the district is located or with any bank or dealer qualified as provided in section 475.66.

**History:** *Ex1959 c 71 art 5 s 5; 1965 c 126 s 1; 1965 c 300 s 3; 1973 c 123 art 5 s 7; 1975 c 189 s 1; 1976 c 324 s 23,24; 1986 c 444; 1987 c 398 art 7 s 23*

**124.06** MS 1953 [Repealed, 1957 c 947 art 9 s 9]

#### **124.06 INSUFFICIENT FUNDS TO PAY ORDERS.**

In the event that a district has insufficient funds to pay its usual lawful current obligations, subject to section 471.69, the board may enter into agreements with banks or any person to take its orders at any rate of interest not to exceed six percent per annum. Any order drawn after having been presented to the treasurer for payment and not paid for want of funds shall be endorsed by the treasurer by putting on the back thereof the words "not paid for want of funds," giving the date of endorsement and signed by the treasurer. A record of such presentment, nonpayment and endorsement shall be made by the treasurer. Every such order shall bear interest at the rate of not to exceed six percent per annum from the date of such presentment. The treasurer shall serve a written notice upon the payee or the payee's assignee, personally, or by mail, when the treasurer is prepared to pay such orders; such notice may be directed to the payee or the payee's assignee at the address given in writing by such payee or assignee to such treasurer, at any time prior to the service of such notice. No order shall draw any interest if such address is not given when the same is unknown to the treasurer, and no order shall draw any interest after the service of such notice.

**History:** *Ex1959 c 71 art 5 s 6; 1965 c 69 s 2; 1967 c 761 s 1; 1986 c 444*

**124.07** MS 1953 [Repealed, 1957 c 947 art 9 s 9]

#### **124.07 LAND IN SETTLEMENT OF CLAIM AGAINST SURETY.**

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

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

**History:** *Ex1959 c 71 art 5 s 7; 1986 c 444*

**PERMANENT SCHOOL, ENDOWMENT FUNDS****124.078 PERMANENT SCHOOL FUND ADVISORY COMMITTEE.**

A state permanent school fund advisory committee is established to advise the department of natural resources on the management of permanent school fund land, which is held in trust for the school districts of the state. The advisory committee shall consist of the following persons or their designees: the chairs of the education committees of the legislature, the chairs of the senate committee on finance and house committee on ways and means, the commissioner of education, one superintendent from a nonmetropolitan district, and one superintendent from a metropolitan area district. The school district superintendents shall be appointed by the commissioner of education.

The advisory committee shall review the policies of the department of natural resources on management of school trust fund lands and shall recommend necessary changes in policy and implementation in order to ensure provident utilization of the permanent school fund lands.

**History:** 1982 c 548 art 4 s 2; 1986 c 444; 1993 c 4 s 16

**124.079 GOAL OF THE PERMANENT SCHOOL FUND.**

The legislature intends that it is the goal of the permanent school fund to secure the maximum long-term economic return from the school trust lands consistent with the fiduciary responsibilities imposed by the trust relationship established in the Minnesota Constitution, with sound natural resource conservation and management principles, and with other specific policy provided in state law.

**History:** 1985 c 116 s 2

**124.08 MS 1953** [Repealed, 1957 c 947 art 9 s 9]

**124.08 SCHOOL ENDOWMENT FUND, DESIGNATION.**

For the purpose of aid to public schools, a school endowment fund is established.

The school endowment fund shall consist of the income from the permanent school fund. The commissioner of education may accept for and on behalf of the permanent school fund a donation of cash, marketable securities, or other personal property. A noncash donation, other than a donation of marketable securities, must be disposed of for cash as soon as the commissioner can obtain fair market value for the donation. Marketable securities may be disposed of at the discretion of the state board of investment consistent with sections 11A.16 and 11A.24. A cash donation and the cash receipts from a donation disposed of for cash must be credited immediately to the permanent school fund. Earnings from marketable securities are earnings of the permanent school fund.

**History:** Ex1959 c 71 art 5 s 8; 1969 c 399 s 13; 1989 c 51 s 2

**124.09 MS 1953** [Repealed, 1957 c 947 art 9 s 9]

**124.09 SCHOOL ENDOWMENT FUND, APPORTIONMENT.**

The school endowment fund shall be apportioned semiannually by the commissioner, on the first Monday in March and October in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to the number of pupils in average daily membership during the preceding year; provided, that apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

**History:** Ex1959 c 71 art 5 s 9; Ex1971 c 31 art 20 s 15; 1978 c 706 s 29; 1Sp1985 c 12 art 1 s 3; 1993 c 224 art 13 s 31

**124.10 MS 1953** [Repealed, 1957 c 947 art 9 s 9]

**124.10 AUDITOR'S DUTIES.**

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

Subd. 2. The county auditor each year shall apportion to the school districts within the county the amount received from power line taxes under section 273.42, liquor licenses, fines, estrays, and other sources belonging to the general fund. The apportionments shall be made in proportion to each district's net tax capacity within the county in the prior year. The apportionments shall be made and amounts distributed to the school districts at the times provided for the settlement and distribution of real and personal property taxes under sections 276.09, 276.11, and 276.111, except that all of the power line taxes apportioned to a school district from the county school fund shall be included in the first half distribution of property taxes to the school district. No district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund.

Subd. 3. The county auditor, on the first Wednesday after such apportionment, shall report to the commissioner on the amount apportioned, the sources from which such money was received, and the net tax capacity of each district in the county.

**History:** *Ex1959 c 71 art 5 s 10; 1969 c 16 s 1,2; Ex1971 c 31 art 20 s 16; 1973 c 492 s 14; ISp1985 c 12 art 1 s 4; 1986 c 444; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1990 c 604 art 3 s 3; 1993 c 224 art 13 s 32*

**NOTE:** Subdivision 2 was also amended by Laws 1990, chapter 562, article 10, section 1, to read as follows:

"Subd. 2. The county auditor shall at the time of making the May and November tax settlements of each year apportion to the several districts the amount received from liquor licenses, fines, estrays, and other sources belonging to the general school fund. The apportionment shall be made in proportion to each district's net tax capacity within the county in the prior year. No district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund."

**124.11 MS 1957 [Renumbered 129.13]****124.11 Subdivision 1. MS 1982 [Repealed, 1983 c 314 art 1 s 23]**

Subd. 1a. MS 1982 [Renumbered 124A.031 subdivision 1]

Subd. 2. MS 1978 [Repealed, 1979 c 334 art 5 s 29]

Subd. 2a. MS 1983 Supp [Repealed, 1984 c 463 art 5 s 37]

Subd. 2b. MS 1983 Supp [Repealed, 1984 c 463 art 5 s 37]

Subd. 2c. MS 1982 [Repealed, 1983 c 314 art 5 s 17]

Subd. 3. MS 1982 [Renumbered 124A.031 subd 2]

Subd. 4. MS 1982 [Renumbered 124A.031 subd 3]

Subd. 5. MS 1982 [Renumbered 124A.031 subd 4]

**124.12 MS 1953 [Repealed, 1957 c 947 art 9 s 9]****124.12 MANNER OF PAYMENT OF STATE AIDS.**

Subdivision 1. [Repealed, 1989 c 329 art 9 s 34]

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

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

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

**History:** *Ex1959 c 71 art 5 s 12; 1965 c 537 s 1; 1969 c 16 s 3; 1969 c 399 s 14; 1973 c 492 s 14; 1978 c 616 s 7; 1986 c 444*

**124.13** MS 1953 [Repealed, 1957 c 947 art 9 s 9]

**124.13** MS 1971 [Repealed, 1974 c 521 s 34]

### SCHOOL AID PAYMENTS

#### 124.14 DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.

Subdivision 1. The commissioner shall supervise distribution of school aids and grants in accordance with law. It may make rules consistent with law for the distribution to enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for the reports and accounts to it as will assure accurate and lawful apportionment of aids. State and federal aids and discretionary or entitlement grants distributed by the commissioner shall not be subject to the contract approval procedures of the commissioner of administration or to chapter 16A or 16B. The commissioner shall adopt internal procedures for administration and monitoring of aids and grants.

Subd. 2. On determining that the amount of state aid distributed to a school district is in error, the commissioner is authorized to adjust the amount of aid consistent with this subdivision. On determining that the amount of aid is in excess of the school district's entitlement, the commissioner is authorized to recover the amount of the excess by any appropriate means. Notwithstanding the fiscal years designated by the appropriation, the excess may be recovered by reducing future aid payments to the school district. Notwithstanding any law to the contrary, if the aid reduced is not of the same type as that overpaid, the school district shall adjust all necessary financial accounts to properly reflect all revenues earned in accordance with the uniform financial accounting and reporting standards pursuant to sections 121.904 to 121.917. Notwithstanding the fiscal years designated by the appropriation, on determining that the amount of an aid paid is less than the school district's entitlement, the commissioner is authorized to increase such aid from the current appropriation.

Subd. 3. The commissioner shall establish procedures for conducting and shall conduct audits of school district records and files for the purpose of verifying school district pupil counts, levy limitations, and aid entitlements. The commissioner shall establish procedures for selecting and shall select districts to be audited. Disparities, if any, between pupil counts, levy limitations, or aid entitlements determined by audit of school district records and files and data reported by school districts in reports, claims and other documents shall be reviewed by the commissioner who shall order increases or decreases accordingly. Whenever possible, the commissioner shall audit at least 25 districts each year pursuant to this subdivision.

Subd. 3a. If the commissioner audits fewer than 25 school districts in a fiscal year pursuant to subdivision 3, the commissioner shall report the reasons for the number audited to the following legislative committees: house education, house appropriations, senate education, and senate finance.

Subd. 4. **Final decision and records.** A reduction of 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 commissioner, and the accounts and records of any district shall be open to inspection by the state auditor, the state board, or the commissioner for the purpose of audits conducted under this section. Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each pupil's daily attendance, with entrance and withdrawal dates, and (3) identification of the pupils transported who are reported for transportation aid.

Subd. 5. [Renumbered 124A.032]

Subd. 6. **Adjustment appropriation.** There is annually appropriated from the general fund to the department of education any additional amounts necessary for the adjustments made pursuant to section 124.155, subdivision 1.

Subd. 7. **Appropriation transfers.** If a direct appropriation from the general fund

to the department of education for any education aid or grant authorized in this chapter and chapters 121, 123, 124A, 124C, 125, 126, and 134 exceeds the amount required, the commissioner of education may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 124A.032 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of education. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

**History:** 1961 c 562 s 14; 1969 c 399 s 15,16; 1973 c 492 s 7; 1975 c 432 s 20; 1977 c 447 art 1 s 3; art 2 s 1; 1979 c 334 art 6 s 19; 1981 c 358 art 7 s 23-26; 1982 c 548 art 7 s 4; 1983 c 314 art 7 s 22; 1Sp1985 c 12 art 7 s 18; art 10 s 2; 1986 c 444; 1987 c 384 art 2 s 1; 1987 c 398 art 7 s 24; 1988 c 486 s 20; 1991 c 130 s 8; 1991 c 265 art 11 s 8; 1993 c 224 art 13 s 33,34; art 14 s 16; 1994 c 465 art 2 s 1

#### 124.15 REDUCTION OF AID FOR VIOLATION OF LAW.

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

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

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

(2) noncompliance with a mandatory rule 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 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 sections 1 and 2 of article 13 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 race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance or disability, as defined in 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 clause (1), upon the procedure provided in section 124.19, subdivision 3.

Subd. 2a. After consultation with the commissioner of human rights, the state board of education shall adopt rules in conformance with chapter 14 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 reviewing the assurances and the supportive information it appears that one or more violations of the Minnesota human rights act are occurring in the district, the commissioner of human rights shall notify the commis-

sioner of education of the violations, and the commissioner of education may then proceed pursuant to subdivision 3.

Subd. 3. When it appears that one or more of the violations enumerated is occurring in a district, the commissioner 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.

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

Subd. 5. **Violation; aid reduction.** If the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides the violation does not exist, or if the state board decides after hearing no violation specified in the commissioner's notice existed at the time of it, or that any that existed were corrected within the time permitted, there shall be no reduction of state aids payable to the school district. Otherwise state aids payable to the district for the year in which the violation occurred shall be reduced as follows: The total amount of state aids to which the district may be entitled shall be reduced in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which a violation exists, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year.

Subd. 6. Reductions in aid under this section and section 124.19 shall be from general education aid. If there is not sufficient general education aid remaining to be paid for the school year in which the violation occurred, the reduction shall be from the other aids listed in section 124.155, subdivision 2, that are payable to the district for that year in the order in which the aids are listed in section 124.155, subdivision 2. If there is not a sufficient amount of state aids remaining payable to the district for the school year in which the violation occurred to permit the full amount of reduction required, that part of the required reduction not taken from that school year's aids will be taken from the state aids payable to the district for the next school year, and the reduction will be made from the various aids payable for the next year in the order above specified.

**Subd. 7. Appeal.** A decision of the state board under this section may be appealed in accordance with chapter 14.

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

**History:** *Ex 1959 c 71 art 5 s 15; 1963 c 203 s 1; 1965 c 51 s 18; 1973 c 492 s 14; 1975 c 59 s 3; 1975 c 162 s 29; 1975 c 173 s 1-3; 1976 c 2 s 61,172; 1978 c 706 s 30; 1978 c 764 s 38,39; 1982 c 424 s 130; 1983 c 247 s 58; 1983 c 314 art 7 s 23; 1985 c 248 s 70; 1986 c 444; 1988 c 486 s 21,22*

#### **124.155 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.**

**Subdivision 1. Amount of adjustment.** Each year state aids and credits enumerated in subdivision 2 payable to any school district for that fiscal year shall be adjusted, in the order listed, by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 121.904, subdivision 4a, clause (b), minus (2) the amount the district recognizes as revenue for the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b). For the purposes of making the aid adjustment under this subdivision, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b), shall not include any amount levied pursuant to sections 124.226, subdivision 9, 124.912, subdivisions 2 and 3, or a successor provision only for those districts affected, 124.916, subdivisions 1 and 2, 124.918, subdivision 6, and 124A.03, subdivision 2; and Laws 1992, chapter 499, articles 1, section 20, and 6, section 36. Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

**Subd. 2. Adjustment to aids.** (a) The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

- (1) general education aid authorized in sections 124A.23 and 124B.20;
- (2) secondary vocational aid authorized in section 124.573;
- (3) special education aid authorized in section 124.32;
- (4) secondary vocational aid for children with a disability authorized in section 124.574;
- (5) aid for pupils of limited English proficiency authorized in section 124.273;
- (6) transportation aid authorized in section 124.225;
- (7) community education programs aid authorized in section 124.2713;
- (8) adult education aid authorized in section 124.26;
- (9) early childhood family education aid authorized in section 124.2711;
- (10) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;
- (11) school district cooperation aid authorized in section 124.2727;
- (12) assurance of mastery aid according to section 124.311;

(13) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;

(14) attached machinery aid authorized in section 273.138, subdivision 3; and

(15) alternative delivery aid authorized in section 124.322.

(b) The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

**Subd. 3. Accounting.** Each district shall establish an account which shall be designated "property tax recognition account". This account shall reflect the adjustments made pursuant to subdivision 1 according to the fiscal year specified.

**History:** 3Sp1981 c 2 art 4 s 3 subds 3,4; 1982 c 548 art 7 s 8-10; 3Sp1982 c 1 art 3 s 2,3; 1983 c 314 art 6 s 10; 1984 c 463 art 9 s 3; 1Sp1985 c 14 art 4 s 17; 1Sp1986 c 1 art 5 s 5; 1987 c 268 art 6 s 2; 1988 c 486 s 23; 1988 c 719 art 5 s 1; 1989 c 222 s 11; 1989 c 277 art 2 s 3; 1989 c 329 art 6 s 34,35; 1990 c 562 art 6 s 19; 1991 c 130 s 9,37; 1991 c 265 art 3 s 38; 1992 c 499 art 1 s 6; art 12 s 9,29; 1992 c 511 art 1 s 25; 1992 c 603 s 14; 1993 c 224 art 14 s 8,16; 1993 c 374 s 26; 1994 c 647 art 1 s 5; art 6 s 21

**124.16** [Repealed, 1978 c 764 s 143]

#### **124.17 DEFINITION OF PUPIL UNITS.**

**Subdivision 1. Pupil unit.** Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A prekindergarten pupil with a disability who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(c) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 875.

(d) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(e) A kindergarten pupil who is not included in paragraph (d) is counted as .515 of a pupil unit for fiscal year 1994 and .53 of a pupil unit for fiscal year 1995 and thereafter.

(f) A pupil who is in any of grades 1 to 6 is counted as 1.03 pupil units for fiscal year 1994 and 1.06 pupil units for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

**Subd. 1a.** [Repealed, 1987 c 398 art 1 s 27 subd 3]

**Subd. 1b. Fiscal year 1992 AFDC pupil units.** AFDC pupil units for fiscal year 1992 shall be computed according to this subdivision. In a district in which the number

of pupils from families receiving aid to families with dependent children according to subdivision 1e equals six percent or more of the actual pupil units in the district for the current school year, as computed in subdivision 1, 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. In a district in which the percent of concentration is less than six, additional pupil units may not be counted for such pupils. A pupil may not be counted as more than .6 additional pupil unit under this subdivision. The weighting in this subdivision is in addition to the weighting provided in subdivision 1.

**Subd. 1c. Foreign exchange pupils.** Notwithstanding section 123.35, subdivision 8c, or any other law to the contrary, a foreign exchange pupil enrolled in a district under a cultural exchange program may be counted as a resident pupil for the purposes of this chapter and chapter 124A and section 136C.411 even if the pupil has graduated from high school or the equivalent.

**Subd. 1d. AFDC pupil units.** AFDC pupil units for fiscal year 1993 and thereafter must be computed according to this subdivision.

(a) The AFDC concentration percentage for a district equals the product of 100 times the ratio of:

(1) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e; to

(2) the number of pupils in average daily membership according to subdivision 1e enrolled in the district.

(b) The AFDC pupil weighting factor for a district equals the lesser of one or the quotient obtained by dividing the district's AFDC concentration percentage by 11.5.

(c) The AFDC pupil units for a district for fiscal year 1993 and thereafter equals the product of:

(1) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e; times

(2) the AFDC pupil weighting factor for the district; times

(3) .65.

**Subd. 1e. AFDC pupil counts.** AFDC pupil counts and average daily membership for subdivisions 1b and 1d shall be determined according to this subdivision:

(a) For districts where the number of pupils from families receiving aid to families with dependent children has increased over the preceding year for each of the two previous years, the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be those counted on October 1 of the previous school year. The average daily membership used shall be from the previous school year.

(b) For districts that do not meet the requirement of paragraph (a), the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be the average number of pupils on October 1 of the second previous school year and October 1 of the previous school year. The average daily membership used shall be the average number enrolled in the previous school year and the second previous school year.

**Subd. 2. Average daily membership.** Membership for pupils in grades kindergarten through 12 and for prekindergarten pupils with disabilities 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. However, a pupil, regardless of age, who has been absent from school for 15 consecutive school days during the regular school year or for five consecutive school days during summer school or intersession classes of flexible school year programs without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory atten-

dance provisions cited in section 120.101. 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 the schools are in session. Days of summer school or intersession classes of flexible school year programs shall only be included in the computation of membership for pupils with a disability appropriately served at level 4, 5, or 6 of the continuum of placement model described in Minnesota Rules, part 3525.0200.

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

Subd. 2b. Notwithstanding subdivision 2, pupils enrolled in the Minnesota National Guard program shall be construed to be in attendance for purposes of computing average daily membership during any period of the regular school year, but not to include summer school, during which the pupil is attending military active duty training pursuant to that program. During that period of military active duty training, the pupil shall earn all aid for the district of residence or attendance which would be otherwise earned by the pupil's presence.

Subd. 2c. Notwithstanding subdivision 2, in cases when school is in session but pupils are prevented from attending for more than 15 consecutive school days during the regular school year or five consecutive school days during summer school or intersession classes of flexible school year programs, because of epidemic, calamity, weather, fuel shortage, or other justifiable cause, the commissioner, upon application, may allow the district to continue to count these pupils in average daily membership. A lawful employees' strike is not a justifiable cause for purposes of this subdivision.

Subd. 2d. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2e. **Average daily membership, pupils age 21 or over.** The average daily membership for pupils age 21 or over, is equal to the ratio of the number of yearly hours that the pupil is in membership to the number of instructional hours in the district's regular school year.

Subd. 2f. **PSEO pupils.** The average daily membership for a student participating in the post-secondary enrollment options program equals the lesser of

(1) 1.00, or

(2) the greater of

(i) .12, or

(ii) the ratio of the number of instructional hours the student is enrolled in the secondary school to the product of the number of days required in section 120.101, subdivision 5b, times the minimum length of day required in Minnesota Rules, part 3500.1500, subpart 1.

Subd. 3. In computing pupil units for a prior year, the number of pupil units shall be adjusted to reflect any change for the current year in relative weightings by grade level or category of special assistance, any change in measurement from average daily attendance to average daily membership and any change in school district boundaries, but not for the addition for the first time in the current year of a specified category of special assistance as provided in subdivision 1, clause (4).

**History:** *Ex1959 c 71 art 5 s 17; Ex1961 c 77 s 1; 1969 c 736 s 1; 1969 c 1085 s 3; 1971 c 829 s 1; Ex1971 c 31 art 20 s 2; 1973 c 683 s 4; 1974 c 521 s 18-20; 1975 c 432 s 21,22; 1976 c 2 s 59; 1976 c 271 s 42,43; 1977 c 447 art 1 s 4-6; 1978 c 764 s 40-43; 1979 c 50 s 13; 1979 c 334 art 1 s 5; 1981 c 358 art 1 s 13-16; 1982 c 548 art 3 s 6; 1983 c 314 art 3 s 2; 1985 c 248 s 69; 1Sp1985 c 12 art 1 s 5,6; 1986 c 444; 1Sp1986 c 1 art 9 s 2; 1987 c 398 art 1 s 2; art 3 s 16; 1988 c 486 s 24,25; 1988 c 718 art 3 s 2; art 6 s 6; 1989 c 209 art 2 s 1; 1990 c 562 art 1 s 1; 1991 c 130 s 37; 1991 c 265 art 1 s 4-7; art 3 s 38; art 9 s 42; 1992 c 499 art 12 s 29; 1993 c 224 art 1 s 2; art 9 s 28,29; art 13 s 35; 1994 c 647 art 1 s 6; art 9 s 7*

**124.175 AFDC PUPIL COUNT.**

Each year by March 1, the department of human services shall certify to the department of education, for each school district, the number of pupils from families receiving aid to families with dependent children who were enrolled in a public school on October 1 of the preceding year.

*History: 1984 c 463 art 1 s 1; 1984 c 654 art 5 s 58*

**124.18 CONSOLIDATION; INSTRUCTION BY NONRESIDENTIAL DISTRICT.**

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

**Subd. 2. Tuition.** Except as otherwise provided in law, every district that provides for the instruction of a pupil without a disability in a nonresident district shall pay to the nonresident district the actual cost of the instruction, excluding transportation costs. Tuition for a nonresident pupil with a disability must be determined according to section 120.17, subdivision 4.

The resident district shall also pay to the nonresident district, for capital expenditures and debt service, \$10 per actual pupil unit in average daily membership for each nonresident pupil unit. However, a nonresident district may include in its tuition, for capital expenditures and debt service, an amount per actual pupil unit in average daily membership based on the amount that the average expenditure for capital expenditures 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 actual pupil unit. If the nonresident district has no capital expenditures or debt service, it may use the money for any purpose for which it is authorized to spend money.

**Subd. 3. Tuition as agreed.** Notwithstanding subdivision 2, a resident district may pay a nonresident district the amount for tuition that is agreed upon by the districts.

*History: Ex1959 c 71 art 5 s 18; 1963 c 530 s 1; 1969 c 513 s 1; 1975 c 432 s 23; 1988 c 486 s 26,27; 1988 c 718 art 7 s 28; 1991 c 265 art 3 s 38*

**124.185 [Repealed, 1987 c 398 art 1 s 27 subd 1; art 7 s 43 ]****124.19 REQUIREMENTS FOR AID GENERALLY.**

**Subdivision 1. Instructional time.** Every district shall maintain school in session or provide instruction in other districts for at least 175 days through the 1995-1996 school year and the number of days required in subdivision 1b thereafter, not including summer school, or the equivalent in a district operating a flexible school year program. A district that holds school for the required minimum number of days and is otherwise qualified is entitled to state aid as provided by law. If school is not held for the required minimum number of days, state aid shall be reduced by the ratio that the difference between the required number of days and the number of days school is held bears to the required number of days, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose state aid (1) if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board, (2) if proper evidence is submitted, and (3) if a good faith attempt is made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. For grades 1 to 12, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed five days through the 1995-1996 school year and for subsequent school years the difference between the number of days

required in subdivision 1b and the number of instructional days required in subdivision 5b. For kindergarten, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed twice the number of days for grades 1 to 12.

**Subd. 1b. Required days.** Each district shall maintain school in session or provide instruction in other districts for at least the number of days required for the school years listed below:

- (1) 1996-1997, 179;
- (2) 1997-1998, 181;
- (3) 1998-1999, 183;
- (4) 1999-2000, 185;
- (5) 2000-2001, 187;
- (6) 2001-2002, 189;
- (7) 2002-2003, 191;
- (8) 2003-2004, 193; and
- (9) 2004-2005, and later school years, 195.

**Subd. 2.** [Repealed, 1977 c 447 art 1 s 21]

**Subd. 3. Unlicensed teachers; aid reduction.** When a district employs one or more teachers who do not hold a valid teaching license, state aid shall be withheld in the proportion that the number of such teachers is to the total number of teachers employed by the district, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for the year in which the employment occurred.

**Subd. 4.** In a school where the number of instructional hours in the school day is greater than the number of instructional hours prescribed in the rules of the state board for the school day, the excess number of instructional hours for those days may be included in calculating the required number of days school is in session for purposes of fulfilling the requirements of subdivision 1, provided that no instructional hours are included from half-day sessions or any school day which has less instructional hours than the number of instructional hours prescribed in the rules of the state board unless the average number of instructional hours for all school days in the school year equals or exceeds the number of instructional hours prescribed in the rules of the state board. The district shall notify the department of each adjustment.

**Subd. 5. Schedule adjustments.** (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district operating a program pursuant to sections 120.59 to 120.67, 121.585 or 125.701 to 125.705, or operating a commissioner-designated area learning center program under section 124C.49, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year.

**Subd. 6. Instructional hours.** To be eligible for the full amount of general education revenue, a district must provide to students at least the number of instructional hours per day prescribed in the rules of the state board, except as provided in subdivision 5. Part of the school day may be provided in employment-related or community-based instruction, but only within a program that receives annual approval by the school board, is in compliance with state board rules, and is on file with the commissioner of education. The information on the employment-related or community-based instruction submitted to the commissioner shall contain at least an estimate of the number of students involved, a description of the alternative instruction, and the percentage of the students' instructional year involved.

**Subd. 7. Alternative programs.** (a) This subdivision applies to an alternative program that has been approved by the state board of education pursuant to Minnesota Rules, part 3500.3500, as exempt from Minnesota Rules, part 3500.1500, requiring a school day to be at least six hours in duration.

(b) To receive general education revenue for a pupil in an alternative program, a school district must meet the requirements in this paragraph. The program must be approved by the commissioner of education. In approving a program, the commissioner may use the process used for approving state designated area learning centers under section 124C.49.

(c) In addition to the requirements in paragraph (b), to receive general education revenue for a pupil in an alternative program that has an independent study component, a school district must meet the requirements in this paragraph.

The school district must develop with the pupil a continual learning plan for the pupil. A district must allow a minor pupil's parent or guardian to participate in developing the plan, if the parent or guardian wants to participate. The plan must identify the learning experiences and expected outcomes needed for satisfactory credit for the year and for graduation. The plan must be updated each year.

General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full school year, or its equivalent.

General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by the product of the number of instructional days required for that year and six. Average daily membership for a pupil must not exceed one, unless:

- (1) a pupil participates in a learning year program under section 121.585;
- (2) a pupil's regular graduating class has already graduated; or
- (3) a pupil needs additional course credits in order to graduate on time.

For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

**History:** *Ex*1959 c 71 art 5 s 19; 1969 c 379 s 1; 1974 c 326 s 12; 1975 c 321 s 2; 1977 c 447 art 1 s 7; 1978 c 764 s 44; 1979 c 162 s 1; 1979 c 334 art 1 s 6; 1980 c 609 art 1 s 5; 1982 c 548 art 4 s 9,10; 1983 c 314 art 7 s 24; art 9 s 12; 1984 c 463 art 1 s 2; 1Sp1985 c 12 art 7 s 19; art 8 s 17; 1988 c 486 s 28-30; 1989 c 329 art 1 s 2,3; 1990 c 426 art 2 s 1; 1990 c 562 art 3 s 2; 1991 c 130 s 37; 1991 c 265 art 7 s 10-12; 1992 c 464 art 1 s 20; 1992 c 499 art 4 s 5; art 12 s 10; 1993 c 224 art 1 s 3; art 7 s 8; art 9 s 30; art 12 s 18; 1994 c 647 art 9 s 8,9

**NOTE:** The repeal of subdivisions 1, 1b, 6, and 7, by Laws 1993, chapter 224, article 12, section 32, paragraph (c), is effective August 1, 1996. See Laws 1993, chapter 224, article 12, section 41.

### 124.193 PROHIBITED AID AND LEVIES.

Unless specifically permitted in the provision authorizing an aid or a levy, cooperative units of government defined in section 123.35, subdivision 19b, paragraph (d), are prohibited from making a property tax levy or qualifying for or receiving any form of state aid.

**History:** 1994 c 647 art 6 s 22

### 124.195 PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.

Subdivision 1. **Applicability.** This section applies to all aids or credits paid by the commissioner of education from the general fund to school districts.

Subd. 2. **Definitions.** (a) The term "other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 124.09, apportionments by the county auditor pursuant to section 124.10, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

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(b) The term "cumulative amount guaranteed" means the sum of the following:

(1) one-third of the final adjustment payment according to subdivision 6; plus

(2) the product of

(i) the cumulative disbursement percentage shown in subdivision 3; times

(ii) the sum of

85 percent of the estimated aid and credit entitlements paid according to subdivision 10; plus

100 percent of the entitlements paid according to subdivisions 8 and 9; plus

the other district receipts; plus

the final adjustment payment according to subdivision 6.

(c) The term "payment date" means the date on which state payments to school districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately following business day. The commissioner of education may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

**Subd. 3. Payment dates and percentages.** The commissioner of education shall pay to a school district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	July 15:	2.25
Payment 2	July 30:	4.50
Payment 3	August 15: the greater of (a) the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 6.75 percent	
Payment 4	August 30:	9.0
Payment 5	September 15:	12.75
Payment 6	September 30:	16.50
Payment 7	October 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 20.75 percent	
Payment 8	October 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 25.0 percent	
Payment 9	November 15:	31.0
Payment 10	November 30:	37.0
Payment 11	December 15:	40.0
Payment 12	December 30:	43.0
Payment 13	January 15:	47.25
Payment 14	January 30:	51.5
Payment 15	February 15:	56.0
Payment 16	February 28:	60.5
Payment 17	March 15:	65.25
Payment 18	March 30:	70.0
Payment 19	April 15:	73.0

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Payment 20	April 30:	79.0
Payment 21	May 15:	82.0
Payment 22	May 30:	90.0
Payment 23	June 20:	100.0

Subd. 3a. **Appeal.** The commissioner in consultation with the commissioner of finance may revise the payment dates and percentages in subdivision 3 for a district if it is determined that there is an emergency or there are serious cash flow problems in the district that cannot be resolved by issuing warrants or other forms of indebtedness. The commissioner shall establish a process and criteria for school districts to appeal the payment dates and percentages established in subdivision 3.

Subd. 3b. **Cash flow adjustment.** During each year in which the cash flow low points for August, September, and October estimated by the commissioner of finance for invested treasurer's cash exceeds \$360,000,000, the commissioner of education shall increase the cumulative disbursement percentages established in subdivision 3 to the following amounts:

Payment 3	August 15:	12.75 percent
Payment 4	August 30:	15.00 percent
Payment 5	September 15:	17.25 percent
Payment 6	September 30:	19.50 percent
Payment 7	October 15:	21.75 percent

Subd. 4. **Payment limit.** Subdivision 3 does not authorize the commissioner of education to pay to a district's operating funds an amount of state general fund cash that exceeds the sum of:

- (a) its estimated aid and credit payments for the current year according to subdivision 10;
- (b) its actual aid payments according to subdivisions 8 and 9; and
- (c) the final adjustment payment for the prior year.

Subd. 5. **Commissioner's assumptions.** For purposes of determining the amount of state general fund cash to be paid to school districts pursuant to subdivision 3, the commissioner of education shall:

(a) assume that the payments to school districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 276.11 are made in the following manner:

- (1) 50 percent within seven business days of each due date; and
- (2) 100 percent within 14 business days of each due date;

(b) assume that the payments to school districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 276.111 are made in the following manner:

- (1) 50 percent within seven business days of the October 15 due date;
- (2) 100 percent within 14 business days of the October 15 due date; and
- (3) 100 percent within ten business days of the November 15 due date.

(c) assume that the payments to school districts by county auditors pursuant to section 124.10, subdivision 2 are made at the end of the months indicated in that subdivision.

Subd. 6. **Final adjustment payment.** For all aids and credits paid according to subdivision 10, the final adjustment payment shall include the amounts necessary to pay the district's full aid entitlement for the prior year based on actual data. This payment shall be used to correct all estimates used for the payment schedule in subdivision 3. The payment shall be made as specified in subdivision 3. In the event actual data are not available, the final adjustment payment may be computed based on estimated data. A corrected final adjustment payment shall be made when actual data are available.

Subd. 7. **Payments to school nonoperating funds.** Each fiscal year state general fund payments for a district nonoperating fund shall be made at 85 percent of the estimated

entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid prior to October 31 of the following school year. The commissioner may make advance payments of homestead and agricultural credit aid for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

**Subd. 8. Payment percentage for reimbursement aids.** One hundred percent of the aid for the last fiscal year must be paid for the following aids: special education pupil aid according to section 124.32, subdivision 6; special education summer school aid, according to section 124.32, subdivision 10.

**Subd. 9. Payment percentage for certain aids.** One hundred percent of the aid for the current fiscal year must be paid for the following aids: reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; aid for the program for adults with disabilities, according to section 124.2715, subdivision 2; school lunch aid, according to section 124.646; hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; integration grants according to Laws 1989, chapter 329, article 8, section 14, subdivision 3; and debt service aid according to section 124.95, subdivision 5.

**Subd. 10. Aid payment percentage.** Except as provided in subdivisions 8, 9, and 11, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, shall be paid at 90 percent for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 85 percent for other districts of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid as the final adjustment payment according to subdivision 6.

**Subd. 11. Nonpublic aids.** The state shall pay aid according to sections 123.931 to 123.947 for pupils attending nonpublic schools as follows:

- (1) an advance payment by November 30 equal to 85 percent of the estimated entitlement for the current fiscal year; and
- (2) a final payment by October 31 of the following fiscal year, adjusted for actual data.

If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay basic transportation aid according to section 124.225 attributable to pupils attending nonpublic schools by October 31.

**Subd. 12. Aid adjustment for TRA contribution rate change.** (a) The department of education shall reduce general education aid or any other aid paid in a fiscal year to school districts, intermediate school districts, education districts, education cooperative service units, special education cooperatives, secondary vocational cooperatives, regional management information centers, or another district or unit providing elementary or secondary education services. The reduction shall equal the following percent of salaries paid in a fiscal year by the entity to members of the teachers retirement association established in chapter 354. However, salaries paid to members of the association who are employed by a technical college shall be excluded from this calculation:

- (1) in fiscal year 1991, 0.84 percent,
- (2) in fiscal year 1992 and later years, the greater of
  - (i) zero, or
  - (ii) 4.48 percent less the additional employer contribution rate established under section 354.42, subdivision 5.

(b) In fiscal year 1991, this reduction is estimated to equal \$14,260,000.

Subd. 13. [Repealed, 1993 c 224 art 14 s 17]

**History:** 1983 c 342 art 7 s 3; 1984 c 463 art 9 s 4-6; 1984 c 655 art 1 s 25; 1Sp1985 c 12 art 10 s 3-7; 1Sp1986 c 1 art 4 s 8; art 5 s 6,7; art 9 s 3; 1987 c 268 art 9 s 4; 1987 c 384 art 2 s 29,30; 1987 c 398 art 6 s 2; art 7 s 25; 1988 c 486 s 31,32; 1989 c 329 art 8 s 2,3; 1990 c 562 art 1 s 2; art 3 s 13; art 6 s 20; art 8 s 26; 1990 c 604 art 3 s 4; 1991 c 130 s 10-14; 1991 c 199 art 2 s 9; 1991 c 265 art 2 s 3; art 5 s 5; 1992 c 499 art 1 s 7,8; 1993 c 224 art 6 s 8; art 7 s 9; art 8 s 1; art 14 s 9; 1994 c 465 art 2 s 12; 1994 c 647 art 1 s 7-10

#### 124.196 CHANGE IN PAYMENT OF AIDS AND CREDITS.

If the commissioner of finance determines that modifications in the payment schedule would reduce the need for state short-term borrowing, the commissioner of education shall modify payments to school districts according to this section. The modifications shall begin no sooner than September 1 of each fiscal year, and shall remain in effect until no later than May 30 of that same fiscal year. In calculating the payment to a school district pursuant to section 124.195, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

(1) the net cash balance in the district's four operating funds on June 30 of the preceding fiscal year; minus

(2) the product of \$150 times the number of actual pupil units in the preceding fiscal year; minus

(3) the amount of payments made by the county treasurer during the preceding fiscal year, pursuant to section 276.11, which is considered revenue for the current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the district's four operating funds on June 30 of the preceding fiscal year, is less than the product of \$350 times the number of actual pupil units in the preceding fiscal year. The net cash balance shall include all cash and investments, less certificates of indebtedness outstanding, and orders not paid for want of funds.

A district may appeal the payment schedule established by this section according to the procedures established in section 124.195, subdivision 3a.

**History:** 1Sp1986 c 1 art 5 s 9; 1987 c 398 art 6 s 17; 1994 c 587 art 7 s 3

124.197 [Repealed, 1993 c 224 art 1 s 42]

124.20 Subdivision 1. [Renumbered 124A.033 subdivision 1]

Subd. 2. [Renumbered 124A.033 subd 2]

Subd. 3. [Repealed, 3Sp1981 c 2 art 2 s 19]

Subd. 4. [Renumbered 124A.033 subd 3]

Subd. 5. [Renumbered 124A.033 subd 4]

Subd. 6. [Renumbered 124A.033 subd 5]

124.201 [Repealed, 1984 c 463 art 2 s 8 subd 2]

124.21 [Repealed, 1967 c 769 s 2]

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

124.212 Subdivision 1. [Repealed, 1984 c 463 art 1 s 15]

Subd. 2. [Repealed, 1981 c 358 art 1 s 49]

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

Subd. 3a. [Repealed, 1977 c 447 art 1 s 22]

Subd. 4. [Repealed, 1981 c 358 art 1 s 49]

Subd. 5. [Repealed, 1981 c 358 art 1 s 49]

Subd. 5a. [Repealed, 1981 c 358 art 1 s 49]

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

- Subd. 6a. [Repealed, 1975 c 432 s 97]
- Subd. 6b. [Repealed, 1979 c 334 art 1 s 27]
- Subd. 6c. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 7. [Repealed, 1973 c 683 s 30]
- Subd. 7a. [Repealed, 1975 c 432 s 97]
- Subd. 7b. [Repealed, 1979 c 334 art 1 s 27]
- Subd. 7c. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 7d. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 8. [Repealed, 1973 c 683 s 30]
- Subd. 8a. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 9. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 9a. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 9b. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 10. [Renumbered 124.2131, subd 1]
- Subd. 11. [Renumbered 124.2131, subd 2]
- Subd. 11a. [Renumbered 124.2131, subd 3]
- Subd. 11b. [Renumbered 124.2131, subd 4]
- Subd. 12. [Renumbered 124.2131, subd 5]
- Subd. 13. [Renumbered 124.2131, subd 6]
- Subd. 14. [Renumbered 124.2131, subd 7]
- Subd. 15. [Renumbered 124.2131, subd 8]
- Subd. 16. [Renumbered 124.2131, subd 9]
- Subd. 17. [Renumbered 124.2131, subd 10]
- Subd. 18. [Renumbered 124.2131, subd 11]
- Subd. 19. [Repealed, 1977 c 447 art 1 s 21]
- Subd. 20. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 20a. [Repealed, 1981 c 358 art 1 s 49]
- Subd. 21. [Repealed, 1981 c 358 art 1 s 49]
- 124.2121** Subdivision 1. [Renumbered 124A.02 subd 4a]
- Subd. 2. [Renumbered 124A.02 subd 3a]
- Subd. 3. [Renumbered 124A.02 subds 15-19]
- Subd. 4. [Renumbered 124A.02 subd 8]
- Subd. 5. [Renumbered 124A.02 subd 10]
- 124.2122** Subdivision 1. [Renumbered 124A.02 subd 9 ]
- Subd. 2. [Renumbered 124A.02 subd 7]
- Subd. 3. [Renumbered 124A.02 subd 6]
- Subd. 4. [Renumbered 124A.02 subd 5]
- 124.2123** [Repealed, 1983 c 314 art 1 s 23 subd 2]
- 124.2124** [Repealed, 1983 c 314 art 1 s 23 subd 2]
- 124.2125** [Repealed, 1983 c 314 art 1 s 23 subd 2]
- 124.2126** Subdivision 1. [Renumbered 124A.02 subd 12]
- Subd. 2. [Renumbered 124A.02 subd 13]
- Subd. 3. [Renumbered 124A.02 subd 11]
- 124.2127** Subdivision 1. [Renumbered 124A.02 subds 20-22; 124A.034, subds 1-1b]
- Subd. 2. [Renumbered 124A.034, subd 2]
- 124.2128** MS 1981 Supp [Renumbered 124.2132]
- 124.2128** MS 1982 [Repealed, 1983 c 314 art 1 s 23 subd 2 ]

**124.2129** [Renumbered 124.2133]

**124.213** MS 1978 [Repealed, 1979 c 334 art 1 s 27]

**124.213** MS 1980 [Renumbered 124.2137]

**124.2131 ADJUSTMENT OF GROSS TAX CAPACITY.**

Subdivision 1. **Adjusted net tax capacity.** (a) **Computation.** The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine an aggregate equalized net tax capacity for the various classes of taxable property in each school district, which tax capacity shall be designated as the adjusted net tax capacity. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The department of revenue shall make whatever estimates are necessary to account for changes in the classification system. The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of adjusted net tax capacities. On or before June 15 annually, the department of revenue shall file its final report on the adjusted net tax capacities established by the previous year's assessments and the current year's net tax capacity percentages with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) **Methodology.** In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act. For purposes of this section, sections 270.12, subdivision 2, clause (8), and 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio study the sale of any nonagricultural property which does not contain an improvement, if (1) the statutory basis on which the property's taxable value as most recently assessed is less than market value as defined in section 273.11, or (2) the property has undergone significant physical change or a change of use since the most recent assessment.

(c) **Agricultural lands.** For purposes of determining the adjusted net tax capacity of agricultural lands for the calculation of adjusted net tax capacities, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

(d) **Forced sales.** The commissioner may include forced sales in the assessment/sales ratio studies if it is determined by the commissioner that these forced sales indicate true market value.

(e) **Stipulated values and abatements.** The estimated market value to be used in calculating sales ratios shall be the value established by the assessor before any stipulations resulting from appeals by property owners and before any abatement unless the abatement was granted for the purpose of correcting mere clerical errors.

(f) **Sales of industrial property.** Separate sales ratios shall be calculated for commercial property and for industrial property. These two classes shall be combined only in jurisdictions in which there is not an adequate sample of sales in each class.

Subd. 2. **Adjusted net tax capacity; growth limit.** In the calculation of adjusted net tax capacities for 1987 and each year thereafter, the commissioner of revenue shall not increase the adjusted net tax capacity of taxable property for any school district over the adjusted net tax capacity established and filed with the commissioner of education for the immediately preceding year by more than the greater of (1) 19 percent of the certified adjusted net tax capacity established and filed with the commissioner of education for the year immediately preceding, or (2) 40 percent of the difference between the district's total adjusted net tax capacity for the current year calculated without the application of this subdivision and the district's certified adjusted net tax capacity established and filed with the commissioner of education for the immediately preceding year.

Subd. 3. **Decrease in iron ore net tax capacity.** If in any year the net tax capacity of iron ore property, as defined in section 273.13, subdivision 31, in any district is less than the net tax capacity of such property in the preceding year, the commissioner of revenue shall redetermine for all purposes the adjusted net tax capacity of the preceding year taking into account only the decrease in net tax capacity of iron ore property as defined in section 273.13, subdivision 31. If subdivision 2, clause (a), is applicable to the district, the decrease in iron ore property shall be applied to the adjusted net tax capacity as limited therein. In all other respects, the provisions of clause (1) shall apply.

Subd. 4. [Repealed, 1987 c 268 art 6 s 53]

Subd. 5. **Adjusted net tax capacity; appeals.** Should any district within 30 days after receipt of a copy of a report filed with the commissioner of education made pursuant to subdivision 1 or 3, be of the opinion that the commissioner of revenue 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 commissioner of revenue for a review and determination of the matters contained in the appeal. The commissioner shall advise the school district of the determination within 30 days. If the school district wishes to appeal the determination of the commissioner, it must file a notice of appeal with the tax court, as provided in subdivisions 6 to 11 within ten days of the notice of determination from the commissioner.

Subd. 6. **Notice of appeal.** The school district shall file with the court administrator of the tax court a notice of appeal from the determination of the commissioner of revenue fixing the market value of the school district, and such notice shall show the basis of the alleged error. A copy of such notice of appeal shall be served upon the commissioner of revenue, and proof of service shall be filed with the court administrator.

Subd. 7. **Hearing.** Upon receipt of the notice of appeal the tax court shall review the notice of appeal and determine whether it appears from the allegations and proofs therein contained that an error has been made in the determination by the commissioner of revenue of the market value of the property in the school district. If the court finds it probable that such an error has been made, it shall notice the matter for hearing; otherwise, it shall dismiss the appeal and notify the parties thereof. Hearing shall be set and held in the same manner as other hearings of the tax court are set and heard, except that an appeal filed under subdivision 5 shall take precedence over other appeals pending before the court. The attorney general shall represent the commissioner of revenue. The administrative procedure act, sections 14.09 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.69, shall apply to hearings insofar as it is applicable.

Subd. 8. **Tax court determination.** The tax court shall hear, consider and determine such appeal, de novo upon the issues made by the notice of appeal, if a hearing has been granted thereon. At the conclusion of the hearing the court shall (1) file findings of fact, or (2) refer the issues to the commissioner of revenue with instructions and recommendations for a determination and correction of the market value of the appealing school district. The decision of the tax court, if it decides the matter de novo, shall have the same force and effect as a determination by the commissioner of revenue in the first instance under this section, and the commissioner of revenue shall be notified thereof. If the matter is rereferred to the commissioner of revenue, a redetermination by the commissioner of revenue in accordance with the recommendations of the tax court

shall likewise have the same force and effect as a determination by it in the first instance under this section.

**Subd. 9. Hearing examiner.** In addition to the powers and duties of the tax court as prescribed by chapter 271, and any act amendatory thereof, any hearing ordered pursuant to the provisions hereunder may be heard by a hearing examiner in lieu of one or more judges of the tax court. If a hearing is conducted by a hearing examiner, such hearing examiner shall exercise the same powers conferred by law upon one or more judges of the tax court. The hearing examiner shall report to the court. The court is authorized to make findings of fact based on the report of the hearing examiner in the same manner as is required by these provisions when the hearing is conducted by the court. The tax court may employ hearing examiners upon such terms and conditions as it shall prescribe. A hearing examiner so appointed shall be in the unclassified service of the state.

**Subd. 10. Limitation of appeals.** A decision of the tax court pursuant to the terms hereof shall be final and shall not be subject to review by any court, except upon certiorari to the supreme court.

**Subd. 11. Aids pending appeals.** During the pendency of any appeal from the commissioner of revenue evaluation, state aids to the district so appealing shall be paid on the basis of the evaluation subject to adjustment upon final determination of the appeal.

**History:** *Ex1971 c 31 art 20 s 3; 1973 c 582 s 3; 1973 c 683 s 5-10,27; 1974 c 521 s 22,23; 1975 c 432 s 25-33; 1976 c 134 s 78; 1976 c 239 s 35; 1976 c 271 s 44-46; 1977 c 307 s 29; 1977 c 423 art 3 s 1,2; art 4 s 1; 1977 c 447 art 1 s 8-15,17; 1978 c 706 s 32; 1978 c 733 s 20,21; 1978 c 764 s 46-51; 1978 c 767 s 1; 1979 c 334 art 1 s 7-11; art 3 s 4,5; 1980 c 429 s 1; 1980 c 443 s 1; 1980 c 509 s 33; 1980 c 607 art 4 s 1; art 7 s 8; 1980 c 609 art 1 s 7; 1981 c 358 art 1 s 18,19,48; 1982 c 424 s 130; 1984 c 502 art 11 s 1; 1Sp1985 c 14 art 3 s 1; art 4 s 18; 1986 c 444; 1Sp1986 c 1 art 4 s 9; 1Sp1986 c 3 art 1 s 82; 1987 c 268 art 6 s 3; art 7 s 3-10; 1987 c 384 art 2 s 1; 1988 c 719 art 5 s 2,84; 1989 c 329 art 13 s 1; art 13 s 20; 1Sp1989 c 1 art 2 s 11; art 9 s 1; 1992 c 511 art 2 s 5; 1992 c 556 s 1; 1993 c 224 art 1 s 4; 1994 c 416 art 1 s 4*

**124.2132** [Renumbered 124A.035]

**124.2133** [Renumbered 124A.036]

**124.2137** [Repealed, 1987 c 268 art 6 s 53]

**124.2138** Subdivision 1. [Renumbered 124A.037]

Subd. 2. [Repealed, 1Sp1985 c 12 art 1 s 37 subd 2 ]

Subd. 3. [Repealed, 1989 c 329 art 9 s 34]

Subd. 4. [Repealed, 1989 c 329 art 9 s 34]

### **124.2139 REDUCTION OF PAYMENTS TO SCHOOL DISTRICTS.**

The commissioner of revenue shall reduce the sum of the additional transition credit, homestead and agricultural credit aid, and disparity reduction aid payments under section 273.1398 made to school districts by the product of:

(1) the district's fiscal year 1984 payroll for coordinated plan members of the public employees retirement association, times

(2) the difference between the employer contribution rate in effect prior to July 1, 1984, and the total employer contribution rate in effect after June 30, 1984.

**History:** *1984 c 463 art 7 s 11; 1Sp1985 c 14 art 4 s 21; 1987 c 268 art 6 s 4; 1988 c 719 art 5 s 3,82,83; 1989 c 277 art 2 s 4; 1991 c 130 s 15; 1992 c 511 art 1 s 25*

### **124.214 AID ADJUSTMENTS.**

**Subdivision 1. Omissions.** No adjustments to any aid payments made pursuant to this chapter or chapter 124A, resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school

year after December 30 of the next school year, unless otherwise specifically provided by law.

**Subd. 2. Abatements.** Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 124.912, subdivision 9. The amount of the abatement adjustment shall be the product of:

- (1) the net revenue loss as certified by the county auditor, times
- (2) the ratio of:

(a) the sum of the amounts of the district's certified levy in the preceding year according to the following:

(i) section 124A.23 if the district receives general education aid according to that section, or section 124B.20, if the education district of which the district is a member receives general education aid according to that section;

(ii) section 124.226, subdivisions 1 and 4, if the district receives transportation aid according to section 124.225;

(iii) section 124.243, if the district receives capital expenditure facilities aid according to that section;

(iv) section 124.244, if the district receives capital expenditure equipment aid according to that section;

(v) section 124.83, if the district receives health and safety aid according to that section;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district receives aid for community education programs according to any of those sections;

(vii) section 124.2711, subdivision 2a, if the district receives early childhood family education aid according to section 124.2711;

(viii) section 124.321, subdivision 3, if the district receives special education levy equalization aid according to that section;

(ix) section 124A.03, subdivision 1g, if the district receives referendum equalization aid according to that section; and

(x) section 124A.22, subdivision 4a, if the district receives training and experience aid according to that section;

(b) to the total amount of the district's certified levy in the preceding October, plus or minus auditor's adjustments.

**Subd. 3. Excess tax increment.** If a return of excess tax increment is made to a school district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

- (1) the amount of the payment of excess tax increment to the school district, times
- (2) the ratio of:

(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) section 124A.23, if the district receives general education aid according to that section, or section 124B.20, if the education district of which the district is a member receives general education aid according to that section;

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(ii) section 124.226, subdivisions 1 and 4, if the school district receives transportation aid according to section 124.225;

(iii) section 124.243, if the district receives capital expenditure facilities aid according to that section;

(iv) section 124.244, if the district receives capital expenditure equipment aid according to that section;

(v) section 124.83, if the district receives health and safety aid according to that section;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district receives aid for community education programs according to any of those sections;

(vii) section 124.2711, subdivision 2a, if the district receives early childhood family education aid according to section 124.2711;

(viii) section 124.321, subdivision 3, if the district receives special education levy equalization aid according to that section;

(ix) section 124A.03, subdivision 1g, if the district receives referendum equalization aid according to that section; and

(x) section 124A.22, subdivision 4a, if the district receives training and experience aid according to that section;

(B) to the total amount of the school district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment, and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds \$25,000.

**History:** 1977 c 447 art 6 s 2; 1978 c 764 s 54; 1980 c 609 art 4 s 7; 1981 c 358 art 1 s 30; 1983 c 314 art 1 s 22; art 6 s 11; 1984 c 463 art 6 s 1; art 7 s 12; 1986 c 465 art 2 s 1; 1987 c 291 s 202; 1988 c 718 art 6 s 7,8; 1988 c 719 art 5 s 84; 1989 c 222 s 12,13; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11; 1991 c 130 s 16,17,37; 1992 c 499 art 12 s 11,12,29; 1994 c 465 art 2 s 1; 1994 c 647 art 8 s 5

**124.215** Subdivision 1. [Repealed, Ex1971 c 31 art 20 s 23; 1983 c 260 s 68]

Subd. 2. [Repealed, Ex1971 c 31 art 20 s 23; 1983 c 260 s 68]

Subd. 2a. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

Subd. 3. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

Subd. 4. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

Subd. 5. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

Subd. 6. [Repealed, 1983 c 260 s 68]

Subd. 7. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

Subd. 8. [Repealed, 1977 c 447 art 6 s 13; 1983 c 260 s 68]

**124.2161** [Repealed, 1987 c 398 art 1 s 27 subd 3]

**124.2162** [Repealed, 1987 c 398 art 1 s 27 subd 3]

**124.2163** [Repealed, 1987 c 398 art 1 s 27 subd 3]

**124.217** [Repealed, 1989 c 329 art 1 s 18]

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

- Subd. 2. [Repealed, 1965 c 805 s 3]
- Subd. 3. [Repealed, 1973 c 683 s 30]
- Subd. 4. [Repealed, 1973 c 683 s 30]
- Subd. 5. [Repealed, 1965 c 805 s 3]
- Subd. 6. [Repealed, 1973 c 683 s 30]

124.221 [Repealed, 1977 c 447 art 6 s 13]

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

- Subd. 1a. [Repealed, 1979 c 334 art 2 s 14]
- Subd. 1b. [Repealed, 1979 c 334 art 2 s 14]
- Subd. 2. [Repealed, 1975 c 432 s 97]
- Subd. 2a. [Repealed, 1979 c 334 art 2 s 14]
- Subd. 2b. [Repealed, 1979 c 334 art 2 s 14]
- Subd. 3. [Repealed, 1980 c 609 art 2 s 7]
- Subd. 4. [Repealed, 1977 c 447 art 2 s 9]
- Subd. 5. [Repealed, 1977 c 447 art 2 s 9]
- Subd. 6. [Repealed, 1979 c 334 art 2 s 14]

#### 124.223 TRANSPORTATION AID AUTHORIZATION.

Subdivision 1. **To and from school; between schools.** (a) State transportation aid is authorized for transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend for instructional classes; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; transportation of resident pupils to and from language immersion programs; transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school. State transportation aid is not authorized for late transportation home from school for pupils involved in after school activities. State transportation aid is not authorized for summer program transportation except as provided in subdivision 8.

(b) For the purposes of this subdivision, a district may designate a licensed day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian and if that facility or residence is within the attendance area of the school the pupil attends.

(c) State transportation aid is authorized for transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year. The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:

(1) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(2) the pupil withdrawal rate for the last year is more than 12 percent.

(d) A pupil withdrawal rate is determined by dividing:

(1) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by

(2) the number of pupils enrolled in the school.

(e) The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

Subd. 2. **Outside district.** State transportation aid is authorized for 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.

Subd. 3. **Secondary vocational centers.** State transportation aid is authorized for transportation to and from a commissioner approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center.

Subd. 4. **Pupils with disabilities.** State transportation aid is authorized for transportation or board and lodging of a pupil with a disability when that pupil cannot be transported on a regular school bus, the conveying of pupils with a disability between home or a respite care facility and school and within the school plant, necessary transportation of pupils with a disability from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by sections 120.17 and 120.1701 are provided, within or outside the district where services are provided, and necessary transportation for resident pupils with a disability required by sections 120.17, subdivision 4a, and 120.1701. Transportation of pupils with a disability between home or a respite care facility and school shall not be subject to any distance requirement for children not yet enrolled in kindergarten or to the requirement in subdivision 1 that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid.

Subd. 5. **Board and lodging; nonresidents with disabilities.** State transportation aid is authorized for, when necessary, board and lodging for nonresident pupils with a disability in a district maintaining special classes.

Subd. 6. **Shared time.** State transportation aid is authorized for transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs, and necessary transportation required by sections 120.17, subdivision 9, and 120.1701 for resident pupils with a disability who are provided special instruction and services on a shared time basis.

Subd. 7. **Faribault state academies.** State transportation aid is authorized for transportation for residents to and from the Minnesota state academy for the deaf or the Minnesota state academy for the blind.

Subd. 8. **Summer instructional programs.** State transportation aid is authorized for services described in subdivisions 1 to 7, 9, and 10 when provided for pupils with a disability in conjunction with a summer program that meets the requirements of section 124A.27, subdivision 9. State transportation aid is authorized for services described in subdivision 1 when provided during the summer in conjunction with a learning year program established under section 121.585.

Subd. 9. **Cooperative academic and vocational.** State transportation aid is authorized for transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes or secondary vocational classes not provided at a secondary vocational center for resident pupils of any of these districts.

Subd. 10. **Nonpublic support services.** State transportation aid is authorized for necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Subd. 11. **Rules.** The state board of education may amend rules relating to transportation aid and data.

**History:** 1973 c 683 s 12; 1974 c 521 s 25; 1975 c 432 s 40; 1976 c 271 s 49; 1977

*c 447 art 2 s 7; 1978 c 733 s 22; 1978 c 764 s 57; 1979 c 334 art 2 s 7; 1980 c 609 art 2 s 1; 1981 c 358 art 2 s 2; 1Sp1981 c 2 s 7; 1982 c 548 art 2 s 2; 1Sp1985 c 12 art 2 s 2; 1987 c 398 art 2 s 1; 1988 c 486 s 34; 1988 c 718 art 2 s 4; 1989 c 329 art 2 s 2; 1990 c 562 art 2 s 4; 1991 c 265 art 2 s 4,5; art 3 s 38; 1993 c 224 art 13 s 36; 1994 c 647 art 2 s 1; art 12 s 7; art 13 s 5,6*

**124.224** [Expired]

**124.225 TRANSPORTATION AID ENTITLEMENT.**

Subdivision 1. **Definitions.** For purposes of this section, the terms defined in this subdivision have the meanings given to them.

(a) "FTE" means a full-time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in paragraph (c), clause (1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, clause (5), which were purchased after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 1: transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and transportation of elementary pupils to and from school within a mobility zone.

(2) Nonregular transportation is transportation services provided under section 124.223, subdivision 1, that are excluded from the regular category and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10.

(3) Excess transportation is transportation to and from school during the regular school year for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards.

(4) Desegregation transportation is transportation during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

(5) Handicapped transportation is transportation provided under section 124.223, subdivision 4, for pupils with a disability between home or a respite care facility and school or other buildings where special instruction required by sections 120.17 and 120.1701 is provided.

(d) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling

services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(e) "Current year" means the school year for which aid will be paid.

(f) "Base year" means the second school year preceding the school year for which aid will be paid.

(g) "Base cost" means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in paragraph (b) plus the actual cost in the base year for excess transportation as defined in paragraph (c);

(2) to the sum of the number of weighted FTE's in the regular and excess categories in the base year.

(h) "Pupil weighting factor" for the excess transportation category for a school district means the lesser of one, or the result of the following computation:

(1) Divide the square mile area of the school district by the number of FTE's in the regular and excess categories in the base year.

(2) Raise the result in clause (1) to the one-fifth power.

(3) Divide four-tenths by the result in clause (2).

The pupil weighting factor for the regular transportation category is one.

(i) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(j) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE's by the district in the regular and excess categories in the base year.

(k) "Density index" for a school district means the greater of one or the result obtained by subtracting the product of the district's sparsity index times 20 from two.

(l) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(1) Multiply the district's sparsity index by 20.

(2) Select the lesser of one or the result in clause (1).

(3) Multiply the district's percentage of regular FTE's in the current year using vehicles that are not owned by the school district by the result in clause (2).

(m) "Adjusted predicted base cost" means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(n) "Regular transportation allowance" means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

Subd. 1a. [Repealed, 1987 c 398 art 2 s 14]

Subd. 2. [Repealed, 1981 c 358 art II s 14]

Subd. 3. [Repealed, 1991 c 265 art 2 s 20]

Subd. 3a. **Predicted base cost.** A district's predicted base cost equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is \$447 for the 1991-1992 base year and \$463 for the 1992-1993 base year.

(b) Multiply the result in paragraph (a) by the district's density index raised to the 35/100 power.

(c) Multiply the result in paragraph (b) by the district's contract transportation index raised to the 1/20 power.

Subd. 4. [Repealed, 1981 c 358 art 2 s 14]

Subd. 4a. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 4b. [Repealed, 1991 c 265 art 2 s 20]

Subd. 5. [Repealed, 1981 c 358 art 2 s 14]

Subd. 6. [Repealed, 1982 c 548 art 2 s 3]

Subd. 7. [Repealed, 1981 c 358 art 2 s 14]

Subd. 7a. **Base year softening formula.** Each district's predicted base cost determined according to subdivision 3a must be adjusted as provided in this subdivision to determine the district's adjusted predicted base cost for that year. The adjusted predicted base cost equals 50 percent of the district's base cost plus 50 percent of the district's predicted base cost, but the adjusted predicted base cost cannot be less than 80 percent, nor more than 105 percent, of the base cost.

Subd. 7b. **Inflation factors.** The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by 2.35 percent to determine the district's regular transportation allowance for the 1993-1994 school year and by 3.425 percent to determine the district's regular transportation allowance for the 1994-1995 school year, but the regular transportation allowance for a district cannot be less than the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t).

Subd. 7c. [Repealed, 1991 c 265 art 2 s 20]

Subd. 7d. **Transportation revenue.** Transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's by the district in the regular, desegregation, and handicapped categories in the current school year.

(b) For the 1992-1993 and later school years, the nonregular transportation revenue for each district equals the lesser of the district's actual cost in the current school year for nonregular transportation services or the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year according to section 124.17, subdivision 2, times the nonregular transportation inflation factor for the current year, minus the amount of regular transportation revenue attributable to FTE's in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the current year according to subdivision 7e. The nonregular transportation inflation factor is 1.0435 for the 1993-1994 school year and 1.03425 for the 1994-1995 school year.

Subd. 7e. **Excess nonregular transportation revenue.** A district's excess nonregular transportation revenue for 1992-1993 and later school years equals an amount equal to 80 percent of the difference between:

(1) the district's actual cost in the current year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), and

(2) the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times the nonregular transportation inflation factor for the current year, times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year.

Subd. 7f. **Reserved revenue for transportation safety.** A district shall reserve an amount equal to the greater of \$1,000 or one percent of the sum of the district's regular transportation revenue according to subdivision 7d, paragraph (a), and nonregular transportation revenue according to subdivision 7d, paragraph (b), for that school year to provide student transportation safety programs under section 123.799.

Subd. 8. [Repealed, 1981 c 358 art 2 s 14]

Subd. 8a. **Transportation aid.** (a) A district's transportation aid equals the product of:

(1) the difference between the transportation revenue and the sum of:

(i) the maximum basic transportation levy for that school year under section 275.125, subdivision 5, plus

(ii) the maximum nonregular transportation levy for that school year under section 124.226, subdivision 4, plus

(iii) the contracted services aid reduction under subdivision 8k,

(2) times the ratio of the sum of the actual amounts levied under section 124.226, subdivisions 1 and 4, to the sum of the permitted maximum levies under section 124.226, subdivisions 1 and 4.

(b) If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the transportation levy of off-formula districts in the same proportion.

Subd. 8b. [Repealed, 1991 c 265 art 2 s 20]

Subd. 8c. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8d. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8e. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8f. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8g. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8h. [Repealed, 1Sp1985 c 12 art 2 s 16]

Subd. 8i. [Repealed, 1991 c 265 art 2 s 20]

Subd. 8j. [Repealed, 1991 c 265 art 2 s 20]

Subd. 8k. **Contracted services aid reduction.** (a) Each year, a district's transportation aid shall be reduced according to the provisions of this subdivision, if the district contracted for some or all of the transportation services provided in the regular category.

(b) The department of education shall determine the subtraction by computing the district's regular transportation revenue, excluding revenue based on the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t), under two circumstances, once including the factor specified in subdivision 3a, paragraph (c), and once excluding the factor. The aid subtraction equals the difference between the district's revenue computed under the two circumstances.

Subd. 8l. **Alternative attendance programs.** A district that enrolls nonresident pupils in programs under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22, shall provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The state shall pay transportation aid attributable to the pupil to the nonresident district according to this section. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

Subd. 8m. **Transportation safety aid.** A district's transportation safety aid equals the district's reserved revenue for transportation safety under subdivision 7f for that school year.

Subd. 9. **District reports.** Each district shall report data to the department as required by the department to implement the transportation aid formula. If a district's final transportation aid payment is adjusted after the final aid payment has been made to all districts, the adjustment shall be made by increasing or decreasing the district's aid for the next fiscal year.

Subd. 10. **Depreciation.** Any school district that owns school buses or mobile units shall transfer annually from the undesignated fund balance account in its transportation fund to the reserved fund balance account for bus purchases in its transportation fund at least an amount equal to 15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 12-1/2 per-

cent per year for other districts of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, paragraph (b), clause (4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid or levy is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the district's transportation revenue under subdivision 7d.

Subd. 11. [Repealed, 1983 c 314 art 2 s 2]

Subd. 12. [Repealed, 1984 c 463 art 9 s 13]

**History:** 1979 c 334 art 2 s 8; 1980 c 609 art 2 s 2; 1981 c 356 s 167; 1981 c 358 art 2 s 3-13; 1Sp1981 c 2 s 8; 3Sp1981 c 2 art 2 s 9; 1982 c 548 art 2 s 3; 1983 c 314 art 2 s 2; 1Sp1985 c 12 art 2 s 3-10; 1Sp1986 c 1 art 9 s 7,8; 1987 c 398 art 2 s 2-7; art 7 s 42; 1988 c 486 s 35,36; 1988 c 718 art 2 s 5; art 7 s 29; 1989 c 222 s 14-25; 1989 c 329 art 2 s 3,9; 1990 c 562 art 2 s 5-7; 1991 c 130 s 37; 1991 c 199 art 2 s 10; 1991 c 265 art 2 s 6-14; art 3 s 38; 1991 c 277 s 17; 1992 c 499 art 12 s 29; 1993 c 224 art 2 s 5-9; art 7 s 10,11; 1994 c 647 art 2 s 2; art 3 s 24; art 12 s 8,9; art 13 s 7

#### 124.226 TRANSPORTATION LEVIES.

**Subdivision 1. Basic transportation.** Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation tax rate times the adjusted net tax capacity of the district for the preceding year. The commissioner of education shall establish the basic transportation tax rate by July 1 of each year for levies payable in the following year. The basic transportation tax rate shall be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax rate for transportation shall be the rate that raises \$64,300,000 for fiscal year 1993 and \$68,000,000 for fiscal year 1994 and subsequent fiscal years. The basic transportation tax rate certified by the commissioner of education must not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified.

**Subd. 2. Extra transportation.** When the transportation patterns of a district change as a result of leasing a school in another district, the district may, upon approval of the commissioner, levy for any increase in transportation cost above the cost that would occur without the leasing of the school. The commissioner shall approve a specific dollar amount which may be levied because of these increased costs. The levy authorized by this subdivision may be computed on the basis of estimated increased costs. In the first year a district makes the levy authorized by this subdivision, the commissioner may authorize a levy sufficient to pay for estimated increased costs resulting from leasing for two years. The amount provided by this levy shall not be included in the computation of the actual net operating cost per pupil transported in future years.

**Subd. 3. Off-formula adjustment.** In a district if the basic transportation levy under subdivision 1 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7d, and (2) the sum of the district's maximum nonregular levy under subdivision 4 and the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a, the district's transportation levy in the second year following each fiscal year must be reduced by the difference between the amount of the excess and the amount of the aid reduction for the same fiscal year according to subdivision 3a.

**Subd. 3a. Transportation levy equity.** (a) If a district's basic transportation levy for a fiscal year is adjusted according to subdivision 3, an amount must be deducted from the state payments that are authorized in chapter 273 and that are receivable for the same fiscal year. The amount of the deduction equals the difference between:

(1) the district's transportation revenue under section 124.225, subdivision 7d; and

(2) the sum of the district's maximum basic transportation levy under subdivision 1, the district's maximum nonregular levy under subdivision 4, the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a.

(b) Notwithstanding paragraph (a), for fiscal year 1995, the amount of the deduction is one-fourth of the difference between clauses (1) and (2); for fiscal year 1996, the amount of the deduction is one-half of the difference between clauses (1) and (2); and for fiscal year 1997, the amount of the deduction is three-fourths of the difference between clauses (1) and (2).

(c) The amount of the deduction in any fiscal year must not exceed the amount of state payments that are authorized in chapter 273 and that are receivable for the same fiscal year in the district's transportation fund.

**Subd. 4. Nonregular transportation.** A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision. The amount of the levy shall be the result of the following computation:

(a) multiply

(1) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7d, that is more than the product of \$60 times the district's average daily membership, by

(2) 50 percent;

(b) subtract the result in clause (a) from the district's total nonregular transportation revenue;

(c) multiply the result in clause (b) by the lesser of one or the ratio of (i) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the average daily membership in the district for the school year to which the levy is attributable, to (ii) \$8,000.

**Subd. 5. Excess transportation.** A school district may make a levy for excess transportation costs according to this subdivision. The amount of the levy shall be the result of the following computation:

(a) Multiply the lesser of (1) the regular transportation allowance for the fiscal year to which the levy is attributable, or (2) the base cost for the fiscal year to which the levy is attributable, by the number of weighted FTE pupils transported in the excess category in the district in the current school year.

(b) Add to the result in paragraph (a) the actual cost in the fiscal year to which the levy is attributable of other related services that are necessary because of extraordinary traffic, drug, or crime hazards.

**Subd. 6. Bus purchases.** A school district may levy the amount necessary to eliminate any projected deficit in the reserved fund balance account for bus purchases in its transportation fund as of June 30 of the school year beginning in the calendar year following the calendar year the levy is certified.

**Subd. 7. Contracted services.** A school district may levy an amount equal to the aid subtraction computed according to section 124.225, subdivision 8k, for the school year beginning in the year the levy is certified.

**Subd. 8. Post-secondary agreements.** A school district may levy an amount equal to the actual cost of transportation of secondary pupils enrolled in courses provided under an agreement authorized by section 123.33, subdivision 7, to and from a pupil's home and a secondary school or a post-secondary institution, between a secondary school and a post-secondary institution, or between post-secondary institutions.

**Subd. 9. Late activity buses.** (a) A school district may levy an amount equal to the lesser of:

(1) the actual cost of late transportation home from school, between schools within a district, or between schools in one or more districts that have an agreement under sec-

tions 122.241 to 122.248, 122.535, 122.541, or 124.494, for pupils involved in after school activities for the school year beginning in the year the levy is certified; or

(2) two percent of the sum of the district's regular transportation revenue and the district's nonregular transportation revenue for that school year according to section 124.225, subdivision 7d.

(b) A district that levies under this section must provide late transportation from school for students participating in any academic-related activities provided by the district if transportation is provided for students participating in athletic activities.

(c) Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified.

**History:** *Ex1971 c 31 art 20 s 8; 1973 c 683 s 19; 1974 c 521 s 30; 1975 c 432 s 75; 1976 c 271 s 82; 1977 c 447 art 2 s 8; 1980 c 609 art 2 s 3,4; 3Sp1981 c 2 art 2 s 10; 1982 c 548 art 2 s 5,6; 1983 c 314 art 2 s 3-6; 1Sp1985 c 12 art 2 s 11,12; 1986 c 444; 1987 c 398 art 2 s 8-12; 1988 c 486 s 84; 1988 c 718 art 2 s 6; 1988 c 719 art 5 s 84; 1989 c 222 s 32-34; 1989 c 329 art 2 s 4-7,9; art 13 s 20; 1Sp1989 c 1 art 2 s 11; art 6 s 9; art 9 s 44,45; 1990 c 562 art 2 s 8,9; art 10 s 6; 1991 c 265 art 2 s 15-17; 1992 c 499 art 2 s 2; art 12 s 29; 1992 c 511 art 4 s 12; 1993 c 224 art 2 s 10-12; 1994 c 647 art 2 s 3,4*

**124.23** [Repealed, 1977 c 403 s 13; 1977 c 447 art 6 s 13]

## BONDS; CAPITAL EXPENDITURE

### 124.239 ALTERNATIVE FACILITIES BONDING AND LEVY PROGRAM.

Subdivision 1. **To qualify.** An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

- (1) more than 66 students per grade;
- (2) over 1,850,000 square feet of space;
- (3) average age of building space is 20 years or older;
- (4) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and
- (5) a ten-year facility plan approved by the commissioner according to subdivision 2.

Subd. 2. **Ten-year plan.** (a) A qualifying district must have a ten-year facility plan approved by the commissioner that includes an inventory of projects and costs that would be eligible for:

- (1) health and safety revenue;
  - (2) disabled access levy; and
  - (3) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.
- (b) The school district must:
- (1) annually update the plan;
  - (2) biennially submit a facility maintenance plan; and
  - (3) indicate whether the district will issue bonds to finance the plan or levy for the costs.

Subd. 3. **Bond authorization.** A school district, upon approval of its school board and the commissioner, may issue general obligation bonds under this section to finance approved facilities plans. Chapter 475, except sections 475.58 and 475.59, must be complied with. The district may levy under subdivision 5 for the debt service revenue. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

Subd. 4. **Levy prohibited for capital projects.** A district that participates in the alternative facilities bonding and levy program is not eligible to levy and cannot receive aid for any capital projects under sections 124.83 and 124.84. A district may levy for health and safety environmental management costs and health and safety regulatory, hazard assessment, record keeping, and maintenance programs as defined in section 124.494, subdivision 2, and approved by the commissioner.

Subd. 5. **Levy authorized.** A district, after local board approval, may levy for costs related to an approved facility plan as follows:

(a) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued according to subdivision 3; or

(b) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to the schedule approved in the plan.

Subd. 6. **Separate account.** A district must establish a separate account under the uniform financial accounting and reporting standards (UFARS) for this program. If the district's levy exceeds the necessary interest and principal payments and noncapital health and safety costs, the district must reserve the revenue to replace future bonding authority, prepay bonds authorized under this program, or make payments on principal and interest.

**History:** 1993 c 224 art 5 s 3

**124.24** [Repealed, 1983 c 314 art 6 s 33]

**124.241** [Repealed, 1979 c 334 art 6 s 34]

#### **124.242 BUILDING BONDS FOR CALAMITIES.**

Subdivision 1. **Bonds.** When a building owned by a school district is substantially damaged by an act of God or other means beyond the control of the district, the district may issue general obligation bonds without an election to provide money immediately to carry out its adopted health and safety program. Each year the district must pledge an attributable share of its health and safety revenue to the repayment of principal and interest on the bonds. The pledged revenue shall be transferred to the debt redemption fund of the district. The district shall submit to the department of education the repayment schedule for any bonds issued under this section. The district shall deposit in the debt redemption fund all proceeds received for specific costs for which the bonds were issued, including but not limited to:

- (1) insurance proceeds;
- (2) restitution proceeds; and
- (3) proceeds of litigation or settlement of a lawsuit.

Before bonds are issued, the district must submit a combined application to the commissioner of education for health and safety revenue, according to section 124.83, and requesting review and comment, according to section 121.15, subdivisions 6, 7, 8, and 9. The commissioner shall complete all procedures concerning the combined application within 20 days of receiving the application. The publication provisions of section 121.15, subdivision 9, do not apply to bonds issued under this section.

Subd. 2. **Health and safety revenue.** For any fiscal year where the total amount of health and safety revenue is limited, the commissioner of education shall award highest priority to health and safety revenue pledged to repay building bonds issued under subdivision 1.

**History:** 1989 c 70 s 1; 1994 c 647 art 14 s 1

#### **124.243 CAPITAL EXPENDITURE; FACILITIES.**

Subdivision 1. A school board annually shall, by resolution adopted by a two-thirds vote of its governing body and after notice and hearing, adopt a capital expenditure facilities program. The district shall publish notice of the hearing in its official news-

paper at least 20 days before the hearing. A school board may amend its capital expenditure facilities program at any time. The program shall include plans for repair and restoration of existing district-owned facilities and plans for new construction. Plans for new construction and plans for repairs and restoration funded through bond proceeds must be included in the program before notice of the district's intended debt service levy is given to the commissioner for the project costs to be included in the district's required debt service levy under section 124.95 for that year. The program shall include specific provisions to correct any existing health and safety hazards. The program must set forth the facilities to be improved, a schedule of work not more than five years from the adoption or amendment of the program, the estimated cost of the improvements to be made, the estimated property tax effects of the program for the next fiscal year, and the proposed methods of financing the program.

**Subd. 2. Capital expenditure facilities revenue.** (a) For fiscal years 1994 and 1995, capital expenditure facilities revenue for a district equals \$128 times its actual pupil units for the school year.

(b) For fiscal years 1996 and later, capital expenditure facilities revenue for a district equals \$100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) A district's capital expenditure facilities revenue for a school year shall be reduced if the unreserved balance in the capital expenditure facilities account on June 30 of the prior school year exceeds \$675 times the fund balance pupil units in the prior year as defined in section 124A.26, subdivision 1. If a district's capital expenditure facilities revenue is reduced, the reduction equals the lesser of (1) the amount that the unreserved balance in the capital expenditure facilities account on June 30 of the prior year exceeds \$675 times the fund balance pupil units in the prior year, or (2) the capital expenditure facilities revenue for that year.

(d) For 1996 and later fiscal years, the previous formula revenue equals the amount of revenue computed for the district according to section 124.243 for fiscal year 1995.

(e) Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

(f) Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.

(g) Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.

(h) The revenue in paragraph (b) for a district that operates a program under section 121.585, is increased by an amount equal to \$15 times the number of actual pupil units at the site where the program is implemented.

**Subd. 2a. Exception to fund balance reduction.** A district may apply to the commissioner for approval for an unreserved fund balance in its capital expenditure facilities account that exceeds \$270 per fund balance pupil unit for a period not to exceed five years. If the commissioner approves the district's application, the district's capital expenditure facilities revenue shall not be reduced according to subdivision 2. The commissioner may approve a district's application for an exception only if the use of the district's capital expenditure facilities funds are consistent with plans adopted according to subdivision 1.

**Subd. 3. Capital expenditure facilities levy.** To obtain capital expenditure facilities revenue, a district may levy an amount not to exceed the capital expenditure facilities revenue determined in subdivision 2 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 100 percent of the equalizing factor for the school year to which the levy is attributable.

Subd. 4. [Repealed, 1989 c 329 art 5 s 22]

Subd. 5. **Capital expenditure facilities aid.** A district's capital expenditure facilities aid is the difference between the capital expenditure facilities revenue and the capital expenditure facilities levy. If the district does not levy the entire amount permitted, the aid is reduced in proportion to the actual amount levied. Capital expenditure facilities aid must not be reduced as a result of the reduction in capital expenditure facilities levy under section 121.912, subdivision 1.

Subd. 6. **Uses of revenue.** Capital expenditure facilities revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes, up to \$400,000;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;
- (12) to improve buildings that are leased according to section 123.36, subdivision 10;
- (13) to pay special assessments levied against school property but not to pay assessments for service charges;
- (14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298; and
- (15) to purchase or lease interactive telecommunications equipment.

Subd. 7. **Separate account.** Capital expenditure facilities revenue must be placed in a separate account within the capital expenditure fund.

Subd. 8. **Fund transfers.** (a) Money in the account for capital expenditure facilities revenue must not be transferred into any other account or fund, except as specified in this subdivision.

(b) The school board may, by resolution, transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475.

(c) Each fiscal year, if a district does not have any obligations outstanding under chapter 475, has not levied under section 124.239, subdivision 3 or 5, and has not received revenue under section 124.83, a school board may use up to one-third of its capital expenditure facilities revenue for equipment uses under section 124.244.

(d) Notwithstanding paragraph (c), a school board may transfer all or a part of its capital expenditure facilities revenue to its capital expenditure equipment account if:

- (1) the district has only one facility and that facility is less than ten years old; or
- (2) the district receives approval from the commissioner to make the transfer.

(e) In considering approval of a transfer under paragraph (d), clause (2), the commissioner must consider the district's facility needs.

**Subd. 9. Fund allocation.** Capital expenditure facilities revenue may be allocated to the capital expenditure fund or the debt redemption fund. Each year a district shall notify the department about the amount of the capital expenditure facilities revenue to be allocated to each fund. The department shall calculate the aid and levy for each fund and reduce the debt service levy of the district by the amount of the levy allocated to the debt redemption fund.

**Subd. 10. Interest income.** All interest income attributable to the capital expenditure facilities revenue account must be credited to the account.

**Subd. 11. Installment purchase contracts.** An installment contract to purchase a facility in excess of \$400,000 is subject to the review and comment provisions of section 121.15.

**Subd. 12. Maintenance cost index.** (a) A district's maintenance cost index is equal to the ratio of:

- (1) the total weighted square footage for all eligible district-owned facilities; and
- (2) the total unweighted square footage of these facilities.

(b) The department shall determine a district's maintenance cost index annually. Eligible district owned facilities shall include only instructional or administrative square footage owned by the district. The commissioner of education may adjust the age of a building or addition for major renovation projects.

(c) The square footage weighting factor for each original building or addition equals the lesser of:

- (1) one plus the ratio of the age in years to 100; or
- (2) 1.5.

(d) The weighted square footage for each original building or addition equals the product of the unweighted square footage times the square footage weighting factor.

**History:** 1988 c 718 art 8 s 4; 1988 c 719 art 5 s 84; 1989 c 329 art 5 s 5-7; 1Sp1989 c 1 art 6 s 3; 1990 c 562 art 5 s 6; 1991 c 265 art 3 s 38; 1992 c 499 art 5 s 2-4; 1993 c 224 art 5 s 4-9; 1994 c 647 art 5 s 1

#### 124.244 CAPITAL EXPENDITURE EQUIPMENT REVENUE.

**Subdivision 1. Revenue amount.** (a) For fiscal year 1995, the capital expenditure equipment revenue for each district equals \$66 times its actual pupil units for the school year.

(b) For fiscal years 1996 and later, the capital expenditure equipment revenue for each district equals \$69 times its actual pupil units for the school year.

(c) Of a district's capital expenditure equipment revenue, \$3 times its actual pupil units for the school year shall be reserved and used according to subdivision 4, paragraph (b).

**Subd. 2. Capital expenditure equipment levy.** To obtain capital expenditure equipment revenue, a district may levy an amount not to exceed the district's capital expenditure equipment revenue as determined in subdivision 1 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 100 percent of the equalizing factor for the school year to which the levy is attributable.

Subd. 3. **Capital expenditure equipment aid.** A district's capital expenditure equipment aid is the difference between the capital expenditure equipment revenue and the capital expenditure equipment levy. If a district does not levy the entire amount permitted, capital expenditure equipment aid must be reduced in proportion to the actual amount levied. Capital expenditure equipment aid must not be reduced as a result of a reduction of its capital expenditure equipment levy under section 121.912 or 124.2445.

Subd. 4. **Uses of revenue.** (a) Capital expenditure equipment revenue may be used only for the following purposes:

(1) to pay capital expenditure equipment related assessments of any entity formed under a cooperative agreement between two or more districts;

(2) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(3) to purchase or lease assistive technology or equipment for instructional programs;

(4) to purchase textbooks;

(5) to purchase new and replacement library books; and

(6) to purchase vehicles except those for which a levy is authorized under section 124.226, subdivision 6.

(b) The reserved capital expenditure equipment revenue shall only be used to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(1) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(2) managing student assessment, services, and achievement information required for students with individual education plans; and

(3) other classroom information management needs.

(c) The equipment obtained with reserved revenue shall be utilized, to the greatest extent possible given available funding, on a per instructor or per classroom basis. A school district may supplement its reserved revenue with other capital expenditure equipment revenue, and cash and in-kind grants from public and private sources.

**History:** 1987 c 398 art 6 s 4; 1988 c 718 art 8 s 5; 1988 c 719 art 5 s 84; 1989 c 329 art 5 s 8,9; 1Sp1989 c 1 art 6 s 4; 1991 c 130 s 18,37; 1992 c 499 art 5 s 5; art 12 s 29; 1993 c 224 art 5 s 10; 1994 c 647 art 5 s 2,3

#### 124.2442 CAPITAL EXPENDITURE PRORATION.

Subdivision 1. **Insufficient funds.** If the total appropriation for capital expenditure equipment aid or capital expenditure facilities aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's capital expenditure facilities and equipment revenue according to the calculations in subdivisions 2 to 4.

Subd. 2. **Allowance reduction.** If there are insufficient capital expenditure equipment and facility aid funds, the department must recompute the capital expenditure equipment and facility revenue by reducing the formula allowances to the levels that eliminate the deficiencies. The levy amounts must not be recomputed.

Subd. 3. **Aid reduction.** A district's proration aid reduction is equal to the lesser of zero, or the difference of the existing aid calculation minus the aid amount computed under subdivision 2.

Subd. 4. **Levy reduction.** If a district's proration aid reduction is less than its revenue reduction, its capital expenditure levy authority for the following year must be reduced by the amount of the difference between its revenue reduction and its aid reduction.

**History:** 1Sp1989 c 1 art 6 s 5; 1990 c 562 art 5 s 7

**124.2445 PURCHASE OF CERTAIN EQUIPMENT.**

The board of a school district may issue certificates of indebtedness or capital notes subject to the school district debt limits to purchase vehicles other than school buses, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board. The certificates or notes may be issued by resolution and without the requirement for an election. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. That tax levy for each year must not exceed the amount of the district's capital expenditure equipment levy under section 124.244 for the year the initial debt service levies are certified. The district's capital expenditure levy under section 124.244 for each year must be reduced by the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61.

**History:** 1988 c 718 art 8 s 6; 1989 c 222 s 26

**124.245 ADJUSTMENTS TO CAPITAL EXPENDITURE AIDS.**

Subdivision 1. [Repealed, 1987 c 398 art 6 s 20 subd 2]

Subd. 1a. [Repealed, 1984 c 463 art 6 s 17]

Subd. 2. [Repealed, 1Sp1986 c 1 art 9 s 64 subd 2; 1987 c 398 art 6 s 20 subd 2]

Subd. 3. [Repealed, 1988 c 718 art 8 s 27]

Subd. 3a. [Repealed, 1988 c 718 art 8 s 27]

Subd. 3b. [Repealed, 1988 c 718 art 8 s 27]

Subd. 4. [Repealed, 1988 c 486 s 102]

Subd. 5. [Repealed, 1Sp1986 c 1 art 9 s 64]

Subd. 6. **Alternative attendance programs.** The capital expenditure facilities aid under section 124.243 and the capital expenditure equipment aid under section 124.244 for districts must be adjusted for each pupil attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22. The adjustments must be made according to this subdivision.

(a) Aid paid to a district of the pupil's residence must be reduced by an amount equal to the revenue amount per actual pupil unit of the resident district times the number of pupil units of pupils enrolled in nonresident districts.

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue amount per actual pupil unit of the nonresident district times the number of pupil units of nonresident pupils enrolled in the district.

(c) If the amount of the reduction to be made from the aid of a district is greater than the amount of aid otherwise due the district, the excess reduction must be made from other state aids due the district.

**History:** 1977 c 447 art 6 s 4; 1979 c 334 art 1 s 13; art 6 s 20; 1980 c 609 art 4 s 8,9; 1981 c 358 art 6 s 18-21; 1982 c 548 art 6 s 7-9; 1983 c 314 art 6 s 12; 1984 c 463 art 6 s 2; 1Sp1985 c 12 art 6 s 6; 1Sp1986 c 1 art 9 s 9,10; 1987 c 398 art 6 s 5-7; 1988 c 486 s 37; 1988 c 718 art 7 s 30; 1988 c 719 art 5 s 84; 1989 c 222 s 27; 1989 c 329 art 5 s 10; 1991 c 199 art 2 s 11; 1991 c 265 art 3 s 38; 1993 c 224 art 3 s 10; 1994 c 465 art 3 s 32

**124.2455 BONDS FOR CERTAIN CAPITAL FACILITIES.**

(a) In addition to other bonding authority, with approval of the commissioner, a school district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 124.243, subdivision 6, capital expenditure facilities revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

- (2) the cost of energy modifications;
- (3) improving handicap accessibility to school buildings; and
- (4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with not more than 50 percent of current and anticipated revenue for capital facilities under this section or a successor section for the current year plus projected revenue not greater than that of the current year for the next ten years. Once finally authorized, the district must set aside the lesser of the amount necessary to make the principal and interest payments or 50 percent of the current year's revenue for capital facilities under this section or a successor section each year in a separate account until all principal and interest on the bonds is paid. The district must annually transfer this amount from its capital fund to the debt redemption fund. The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section.

**History:** 1993 c 224 art 5 s 11

**124.246** Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2a. [Repealed, 1984 c 463 art 6 s 17; 1987 c 398 art 1 s 27 subd 3]

Subd. 3. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 4. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 5. [Repealed, 1984 c 463 art 9 s 13; 1987 c 398 art 1 s 27 subd 3]

**124.247** Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 3. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 4. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 5. [Repealed, 1981 c 358 art 7 s 31; 1987 c 398 art 1 s 27 subd 3]

Subd. 6. [Repealed, 1Sp1985 c 12 art 6 s 31; art 8 s 65; 1987 c 398 art 1 s 27 subd 3]

## FUNDING FOR SPECIAL NEEDS

### 124.248 REVENUE FOR AN OUTCOME-BASED SCHOOL.

Subdivision 1. **General education revenue.** General education revenue shall be paid to an outcome-based school as though it were a school district. The general education revenue for each pupil unit is the state average general education revenue per pupil unit, calculated without compensatory revenue, plus compensatory revenue as though the school were a school district.

Subd. 2. **Capital expenditure equipment revenue.** Capital expenditure equipment aid shall be paid to an outcome-based school according to section 124.245, subdivision

6, as though it were a school district. Capital expenditure equipment aid shall equal capital expenditure equipment revenue. Notwithstanding section 124.244, subdivision 4, an outcome-based school may use the revenue for any purpose related to the school.

**Subd. 3. Special education aid.** Special education aid shall be paid to an outcome-based school according to section 124.32 as though it were a school district. The school may charge tuition to the district of residence as provided in section 120.17, subdivision 4. The outcome-based school shall allocate its special education levy equalization revenue to the resident districts of the pupils attending the outcome-based school as though it were a cooperative, as provided in section 124.321, subdivision 2, paragraph (a), clause (1). The districts of residence shall levy as though they were participating in a cooperative, as provided in section 124.321, subdivision 3.

**Subd. 4. Other aid, grants, revenue.** (a) An outcome-based school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district except that, notwithstanding section 124.195, subdivision 3, the payments shall be of an equal amount on each of the 23 payment dates unless an outcome-based school is in its first year of operation in which case it shall receive on its first payment date 15 percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 85 percent of the cumulative amount guaranteed. However, it may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(b) Any revenue received from any source, other than revenue that is specifically allowed for operational, maintenance, capital facilities revenue under paragraph (c), and capital expenditure equipment costs under this section, may be used only for the planning and operational start-up costs of an outcome-based school. Any unexpended revenue from any source under this paragraph must be returned to that revenue source or conveyed to the sponsoring school district, at the discretion of the revenue source.

(c) An outcome-based school may receive money from any source for capital facilities needs. Any unexpended capital facilities revenue must be reserved and shall be expended only for future capital facilities purposes.

**Subd. 5. Use of state money.** Money received from the state may not be used to purchase land or buildings. The school may own land and buildings if obtained through nonstate sources.

**History:** 1991 c 265 art 9 s 43; 1993 c 224 art 9 s 31; 1994 c 647 art 3 s 11; art 9 s 10

**124.25** [Repealed, 1977 c 447 art 6 s 13]

**124.251** [Repealed, 1983 c 314 art 9 s 13]

**124.252** [Repealed, 1991 c 265 art 8 s 20]

## **124.26 ADULT BASIC EDUCATION.**

Subdivision 1. [Repealed, 1987 c 398 art 4 s 17]

Subd. 1a. [Repealed, 1984 c 463 art 6 s 17]

**Subd. 1b. Program requirements.** An adult basic education program is a day or evening program offered by a district that is for people over 16 years of age through the 1999-2000 school year and over 18 years of age beginning with the 2000-2001 school year who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. Tuition and fees may not be charged to a learner for instruction paid under this section, except for a security deposit to assure return of materials, supplies, and equipment.

**Subd. 1c. Program approval.** (a) To receive aid under this section, a district, a consortium of districts, or a private nonprofit organization must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules; and
- (10) program expenditures that qualify for aid.

(b) The commissioner may grant adult basic education funds to a private, non-profit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under this provision must be approved and funded according to the same criteria used for district programs.

(c) Adult basic education programs may be approved under this subdivision for up to five years. Five-year program approval shall be granted to an applicant who has demonstrated the capacity to:

(1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;

(2) provide a participatory and experiential learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:

(i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations; and

(7) submit accurate and timely performance and fiscal reports.

Subd. 2. **Accounts; revenue; aid.** Each district, group of districts, or private non-profit organization providing adult basic 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 revenue received pursuant to this section shall be utilized solely for the purposes of adult basic education programs. In no case shall federal and state aid equal more than 100 percent of the actual cost of providing these programs.

Subd. 3. [Repealed, 1981 c 358 art 4 s 11]

Subd. 4. [Repealed, 1983 c 314 art 4 s 10]

Subd. 5. [Repealed, 1984 c 463 art 9 s 13]

Subd. 6. [Repealed, 1987 c 398 art 4 s 17]

Subd. 7. [Repealed, 1991 c 265 art 4 s 33]

Subd. 8. [Repealed, 1991 c 265 art 4 s 33]

**History:** *Ex 1959 c 71 art 5 s 26; 1969 c 864 s 1; 1971 c 827 s 1; 1975 c 432 s 42; 1976 c 271 s 50; 1977 c 447 art 4 s 2,3; 1981 c 358 art 4 s 1-4; 1982 c 548 art 6 s 14,15; 1983 c 314 art 4 s 1; 1Sp1985 c 12 art 4 s 3; 1987 c 398 art 4 s 8-10; 1988 c 718 art 7 s 31; 1989 c 329 art 4 s 7-9; 1Sp1989 c 1 art 2 s 11; 1990 c 562 art 10 s 2; 1991 c 265 art 4 s 8,9; 1993 c 224 art 4 s 19; art 12 s 19; 1994 c 647 art 4 s 16-18*

#### 124.2601 ADULT BASIC EDUCATION AID.

Subdivision 1. **Full-time equivalent.** In this section "full-time equivalent" means 408 contact hours for a student at the adult secondary instructional level and 240 contact hours for a student at a lower instructional level. "Full-time equivalent" for an English as a second language student means 240 contact hours.

Subd. 2. **Programs funded.** Adult basic education programs established under section 124.26 and approved by the commissioner are eligible for revenue under this section.

Subd. 3. **Aid.** Adult basic education aid for each approved program equals 65 percent of the general education formula allowance times the number of full-time equivalent students in its adult basic education program.

Subd. 4. **Levy.** A district with an eligible program may levy an amount not to exceed the amount raised by .12 percent times the adjusted tax capacity of the district for the preceding year.

Subd. 5. **Revenue.** Adult basic education revenue is equal to the sum of an approved program's adult basic education aid and its adult basic education levy.

Subd. 6. **Aid guarantee.** (a) For fiscal year 1994, any adult basic education program that receives less state aid under subdivisions 3 and 7 than from the aid formula for fiscal year 1992 shall receive the amount of aid it received in fiscal year 1992.

(b) For 1995 and later fiscal years, an adult basic education program that receives aid shall receive at least the amount of aid it received in fiscal year 1992 under subdivisions 3 and 7, plus aid equal to the amount of revenue that would have been raised for taxes payable in 1994 under Minnesota Statutes 1992, section 124.2601, subdivision 4, minus the amount raised under subdivision 4.

Subd. 7. **Proration.** If the total appropriation for adult basic education aid is insufficient to pay all approved programs the full amount of aid earned, the department of education shall proportionately reduce each approved program's aid.

**History:** *1991 c 265 art 4 s 10; 1992 c 499 art 4 s 6; 1993 c 224 art 4 s 20,21; 1994 c 647 art 4 s 19-21*

#### 124.2605 GED TEST FEES.

The commissioner of education shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of a GED test, but not more than \$20 for an eligible individual.

**History:** *1991 c 265 art 4 s 11; 1992 c 499 art 4 s 7*

#### 124.261 ADULT HIGH SCHOOL GRADUATION AID.

Subdivision 1. **Aid eligibility.** Adult high school graduation aid for eligible pupils age 21 or over, equals 65 percent of the general education formula allowance times 1.30 times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. Pupils age 21 or over may not be counted by the district for any purpose other than adult high school graduation aid.

Subd. 2. **Aid follows pupil.** Adult high school graduation aid accrues to the account and the fund of the eligible programs, under section 126.22, subdivision 3, that serve adult diploma students.

**History:** 1988 c 718 art 6 s 9; 1990 c 562 art 4 s 3; 1991 c 265 art 4 s 12

#### 124.2615 LEARNING READINESS AID.

Subdivision 1. **Program review and approval.** By February 15, 1992, for the 1991-1992 school year or by January 1 of subsequent school years, a district must submit to the commissioners of education, health, human services, and economic security:

- (1) a description of the services to be provided;
- (2) a plan to ensure children at greatest risk receive appropriate services;
- (3) a description of procedures and methods to be used to coordinate public and private resources to maximize use of existing community resources, including school districts, health care facilities, government agencies, neighborhood organizations, and other resources knowledgeable in early childhood development;
- (4) comments about the district's proposed program by the advisory council required by section 121.831, subdivision 7; and
- (5) agreements with all participating service providers.

Each commissioner may review and comment on the program, and make recommendations to the commissioner of education, within 30 days of receiving the plan.

Subd. 2. **Amount of aid.** A district is eligible to receive learning readiness aid if the program plan as required by subdivision 1 has been approved by the commissioner of education. The aid is equal to:

- (1) \$200 for fiscal year 1992 and \$300 for fiscal year 1993 times the number of eligible four-year old children residing in the district, as determined according to section 124.2711, subdivision 2; plus
- (2) \$100 for fiscal year 1992 and \$300 for fiscal year 1993 times the result of;
- (3) the ratio of the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program to the total number of pupils enrolled in the school district; times
- (4) the number of children in clause (1).

For fiscal year 1994 and thereafter, a district shall receive learning readiness aid equal to:

- (1) the number of eligible four-year old children in the district times the ratio of 50 percent of the total learning readiness aid for that year to the total number of eligible four-year old children reported to the commissioner for that year; plus
- (2) the number of participating eligible children times the ratio of 15 percent of the total learning readiness aid for that year to the total number of participating eligible children for that year; plus
- (3) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program times the ratio of 35 percent of the total learning readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program.

Subd. 3. **Use of aid.** Learning readiness aid shall be used only to provide a learning readiness program and may be used to provide transportation. Not more than five percent of the aid may be used for the cost of administering the program. Aid must be used to supplement and not supplant local, state, and federal funding. Aid may not be used for instruction and services required under section 120.17. Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings.

Subd. 4. **Separate accounts.** The district shall deposit learning readiness aid in a separate account within the community education fund.

**History:** 1991 c 265 art 7 s 13; 1992 c 363 art 2 s 5; 1992 c 499 art 7 s 2; 1993 c 224 art 4 s 22,23; 1994 c 483 s 1

**124.27** [Repealed, 1963 c 19 s 2]

**124.271** Subdivision 1. [Repealed, 1977 c 447 art 4 s 6]

- Subd. 1a. [Repealed, 1981 c 358 art 4 s 11]
- Subd. 2. [Repealed, 1Sp1985 c 12 art 4 s 13]
- Subd. 2a. [Repealed, 1Sp1985 c 12 art 4 s 13]
- Subd. 2b. [Repealed, 1989 c 329 art 4 s 20]
- Subd. 2c. [Repealed, 1Sp1985 c 12 art 4 s 13]
- Subd. 3. [Repealed, 1989 c 329 art 4 s 20]
- Subd. 4. [Repealed, 1989 c 329 art 4 s 20]
- Subd. 5. [Repealed, 1983 c 314 art 4 s 10]
- Subd. 6. [Repealed, 1984 c 463 art 9 s 13]
- Subd. 7. [Repealed, 1989 c 329 art 4 s 20]

**124.2711 EARLY CHILDHOOD FAMILY EDUCATION REVENUE.**

Subdivision 1. **Revenue.** The revenue for early childhood family education programs for a school district equals \$101.25 for 1993 and later fiscal years times the greater of:

- (1) 150; or
- (2) the number of people under five years of age residing in the school district on October 1 of the previous school year.

Subd. 2. **Population.** For the purposes of subdivision 1, data reported to the department of education may be used to determine the number of people under five years of age residing in the district. The commissioner, with the assistance of the state demographer, shall review the number reported by any district operating an early childhood family education program. If requested, the district shall submit to the commissioner an explanation of its methods and other information necessary to document accuracy. If the commissioner determines that the district has not provided sufficient documentation of accuracy, the commissioner may request the state demographer to prepare an estimate of the number of people under five years of age residing in the district and may use this estimate for the purposes of subdivision 1.

Subd. 2a. **Early childhood family education levy.** To obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of .626 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy shall equal the early childhood family education revenue.

Subd. 3. **Early childhood family education aid.** If a district complies with the provisions of section 121.882, it shall receive early childhood family education aid equal to the difference between the early childhood family education revenue and the early childhood family education levy. If the district does not levy the entire amount permitted, the early childhood family education aid shall be reduced in proportion to the actual amount levied.

Subd. 4. **Use of revenue restricted.** Early childhood family education revenue may be used only for early childhood family education programs. Not more than five percent of early childhood family education revenue may be used to administer early childhood family education programs. The increase in revenue for fiscal years 1992 and 1993 shall be used to:

- (1) increase participation of families so that the total participation in early childhood family education programs in the district more nearly reflects the demographic, racial, cultural, and ethnic diversity of the district; and
- (2) provide programs for families who, because of poverty and other barriers to learning, may need programs designed to meet their needs.

Subd. 5. **Home visiting levy.** A school district that enters into a collaborative agree-

ment to provide education services and social services to families with young children may levy an amount equal to \$1.60 times the number of people under five years of age residing in the district on September 1 of the last school year. Levy revenue under this subdivision shall not be included as revenue under subdivision 1. The revenue shall be used for home visiting programs under section 121.882, subdivision 2b.

Subd. 6. **Reserve account.** Early childhood family education revenue must be maintained in a reserve account within the community service fund.

**History:** 1984 c 463 art 4 s 3; 1Sp1985 c 12 art 4 s 6; 1987 c 398 art 4 s 13; 1988 c 486 s 39; 1989 c 329 art 4 s 10,11; 1991 c 265 art 4 s 13; 1993 c 224 art 4 s 24-26; art 14 s 10; 1994 c 647 art 4 s 22,23

#### 124.2712 ECFE REVENUE.

In addition to the revenue in section 124.2711, subdivision 1, in fiscal year 1994 a district is eligible for aid equal to \$1.60 times the greater of 150 or the number of people under five years of age residing in the school district on September 1 of the last school year. This amount may be used only for in-service education for early childhood family education parent educators, child educators, and home visitors for violence prevention programs and for home visiting programs under section 126.77. A district that uses revenue under this paragraph for home visiting programs shall provide home visiting program services through its early childhood family education program or shall contract with a public or nonprofit organization to provide such services. A district may establish a new home visiting program only where no existing, reasonably accessible home visiting program meets the program requirements in section 126.77.

**History:** 1992 c 571 art 10 s 29; 1993 c 224 art 4 s 39

#### 124.2713 COMMUNITY EDUCATION REVENUE.

Subdivision 1. **Total community education revenue.** Community education revenue equals the sum of a district's general community education revenue and youth service program revenue.

Subd. 2. **Eligibility.** To be eligible for community education revenue, a district must operate a community education program that complies with section 121.88.

Subd. 3. **General community education revenue.** The general community education revenue for a district equals \$5.95 times the greater of 1,335 or the population of the district. The population of the district is determined according to section 275.14.

Subd. 3a. [Repealed, 1989 c 329 art 4 s 20]

Subd. 4. [Repealed, 1991 c 265 art 4 s 33]

Subd. 5. **Youth service revenue.** Youth service program revenue is available to a district that has implemented a youth development plan and a youth service program. Youth service revenue equals \$1 times the greater of 1,335 or the population of the district.

Subd. 6. **Community education levy.** To obtain community education revenue, a district may levy the amount raised by a tax rate of 1.13 percent for fiscal year 1995 and thereafter, times the adjusted net tax capacity of the district. If the amount of the community education levy would exceed the community education revenue, the community education levy shall be determined according to subdivision 6a.

Subd. 6a. **Community education levy; districts off the formula.** If the amount of the community education levy for a district exceeds the district's community education revenue, the amount of the community education levy is limited to the sum of:

- (1) the district's community education revenue according to subdivision 1; plus
- (2) the amount of the aid reduction for the same fiscal year according to subdivision 6b.

For purposes of statutory cross-reference, a levy made according to this subdivision is the levy made according to subdivision 6.

Subd. 6b. **Community education levy equity.** (a) If a district's community education

levy for a fiscal year is determined according to subdivision 6a, an amount must be deducted from state aid authorized in this chapter receivable for the same fiscal year, and from state payments authorized in chapter 273 and receivable for the same fiscal year, the amount of the deduction equals the difference between:

- (1) the district's community education revenue according to subdivision 1; and
- (2) the district's maximum community education levy according to subdivision 6.

(b) The amount of the deduction in any fiscal year must not exceed the amount of state payments authorized in chapters 124 and 273 and receivable for the same fiscal year in the district's community service fund.

**Subd. 7. Community education aid.** A district's community education aid is the difference between its community education revenue and the community education levy. If the district does not levy the entire amount permitted, the community education aid shall be reduced in proportion to the actual amount levied.

**Subd. 8. Uses of general revenue.** General community education revenue may be used for:

- (1) nonvocational, recreational, and leisure time activities and programs;
  - (2) programs for adults with disabilities, if the programs and budgets are approved by the department of education;
  - (3) adult basic education programs, according to section 124.26;
  - (4) summer programs for elementary and secondary pupils;
  - (5) implementation of a youth development plan;
  - (6) implementation of a youth service program;
  - (7) early childhood family education programs, according to section 121.882; and
  - (8) extended day programs, according to section 121.88, subdivision 10.
- (9) In addition to money from other sources, a district may use up to ten percent of its community education revenue for equipment that is used exclusively in community education programs. This revenue may be used only for the following purposes:
- (i) to purchase or lease computers and related materials;
  - (ii) to purchase or lease equipment for instructional programs; and
  - (iii) to purchase textbooks and library books.

**Subd. 9. Use of youth service revenue.** Youth service revenue may be used to implement a youth development plan approved by the school board and to provide a youth service program according to section 121.88, subdivision 9.

**Subd. 10. Reserve account.** Community education revenue must be maintained in a reserve account within the community service fund.

**History:** 1989 c 329 art 4 s 12; 1Sp1989 c 1 art 2 s 11; 1990 c 562 art 3 s 13; art 10 s 3; 1991 c 265 art 4 s 14-18; 1993 c 224 art 4 s 27-30; art 12 s 20; 1994 c 647 art 4 s 24, 25

**NOTE:** Subdivision 5 was also amended by Laws 1993, chapter 146, article 5, section 15, to read as follows:

"Subd. 5. **Youth service revenue.** Youth service program revenue is available to a district that has implemented a youth development plan and a youth service program. Youth service revenue equals 85 cents for fiscal years 1993 and 1994 and \$1 for fiscal year 1995 and thereafter, times the greater of 1.335 or the population of the district."

#### 124.2714 ADDITIONAL COMMUNITY EDUCATION REVENUE.

(a) A district that is eligible under section 124.2713, subdivision 2, may levy an amount up to the amount authorized by Minnesota Statutes 1986, section 275.125, subdivision 8, clause (2).

(b) Beginning with levies for fiscal year 1995, this levy must be reduced each year by the amount of any increase in the levying district's general community education revenue under section 124.2713, subdivision 3, for that fiscal year over the amount received by the district under section 124.2713, subdivision 3, for fiscal year 1994.

(c) The proceeds of the levy may be used for the purposes set forth in section 124.2713, subdivision 8.

**History:** 1989 c 329 art 4 s 13; 1993 c 224 art 4 s 31; 1994 c 647 art 4 s 26

**124.2715 PROGRAM REVENUE; ADULTS WITH DISABILITIES.**

Subdivision 1. **Revenue amount.** A district that is eligible according to section 124.2713, subdivision 2, may receive revenue for a program for adults with disabilities. Revenue for the program for adults with disabilities for a district or a group of districts equals the lesser of:

- (1) the actual expenditures for approved programs and budgets; or
- (2) \$60,000.

Subd. 2. **Aid.** Program aid for adults with disabilities equals the lesser of:

- (1) one-half of the actual expenditures for approved programs and budgets; or
- (2) \$30,000.

Subd. 3. **Levy.** A district may levy for a program for adults with disabilities an amount up to the amount designated in subdivision 2. In the case of a program offered by a group of districts, the levy amount shall be apportioned among the districts according to the agreement submitted to the department of education.

Subd. 4. **Outside revenue.** A district may receive money from public or private sources to supplement revenue for the program for adults with disabilities. Aid may not be reduced as a result of receiving money from these sources.

Subd. 5. **Use of revenue.** Revenue for the program for adults with disabilities may be used only to provide programs for adults with disabilities.

**History:** 1989 c 329 art 4 s 14; 1990 c 562 art 3 s 13

**124.2716 EXTENDED DAY REVENUE.**

Subdivision 1. **Eligibility.** A school district that offers an extended day program according to section 121.88, subdivision 10, is eligible for extended day revenue for the additional costs of providing services to children with disabilities or to children experiencing family or related problems of a temporary nature who participate in the extended day program.

Subd. 2. **Extended day revenue.** The extended day revenue for an eligible school district equals the approved additional cost of providing services to children with disabilities or children experiencing family or related problems of a temporary nature who participate in the extended day program.

Subd. 3. **Extended day levy.** To obtain extended day revenue, a school district may levy an amount equal to the district's extended day revenue as defined in subdivision 2 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to \$3,700.

Subd. 4. **Extended day aid.** A district's extended day aid is the difference between its extended day revenue and its extended day levy. If a district does not levy the entire amount permitted, extended day aid must be reduced in proportion to the actual amount levied.

**History:** 1992 c 499 art 4 s 8; art 12 s 29; 1993 c 224 art 4 s 32

**124.272** [Repealed, 1987 c 398 art 1 s 27 subd 3]

**124.2721** Subdivision 1. MS 1992 [Repealed, 1993 c 224 art 6 s 32; 1993 c 374 s 15]

Subd. 1a. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]

Subd. 2. MS 1992 [Repealed, 1993 c 224 art 6 s 32; 1993 c 374 s 15]

Subd. 2a. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]

Subd. 3. MS 1992 [Repealed, 1993 c 224 art 6 s 32; 1993 c 374 s 15]

Subd. 3a. MS 1990 [Repealed, 1991 c 265 art 6 s 67 subd 3]

Subd. 3b. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]

- Subd. 4. MS 1992 [Repealed, 1993 c 224 art 6 s 32; 1993 c 374 s 15]
- Subd. 4a. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]
- Subd. 5. MS 1992 [Repealed, 1992 c 224 art 6 s 32; 1993 c 374 s 15]
- Subd. 5a. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]
- Subd. 5b. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]
- Subd. 6. MS 1992 [Repealed, 1993 c 224 art 6 s 32; 1993 c 374 s 15]

#### 124.2725 COOPERATION AND COMBINATION REVENUE.

Subdivision 1. **Eligibility.** A school district is eligible for cooperation and combination revenue if it has a plan approved by the commissioner according to section 122.243.

Subd. 2. **Cooperation and combination revenue.** Cooperation and combination revenue equals \$100 times the pupil units served in the district. For purposes of this section, pupil units served means the number of resident and nonresident pupil units in average daily membership receiving instruction in the cooperating or combined district. A district may not receive revenue under this section if it levies under section 124.912, subdivision 4.

Subd. 3. **Cooperation and combination levy.** To obtain cooperation and combination revenue, a district may levy an amount equal to the cooperation and combination revenue multiplied by the lesser of one or the following ratio:

(1) the quotient derived by dividing the adjusted net tax capacity for the district in the year preceding the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable, to

(2) the percentage, specified in subdivision 4, of the equalizing factor for the school year to which the levy is attributable.

Subd. 4. **Increasing levy.** (a) For districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and that combine without cooperating, the percentage in subdivision 3, clause (2), shall be:

- (1) 50 percent for the first year of combination; and
- (2) 25 percent for the second year of combination.

(b) For districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, the percentages in subdivision 3, clause (2), shall be:

- (1) 100 percent for the first year of combination;
- (2) 75 percent for the second year of combination;
- (3) 50 percent for the third year of combination; and
- (4) 25 percent for the fourth year of combination.

(c) For districts that combine after one year of cooperation, the percentage in subdivision 3, clause (2), shall be:

- (1) 100 percent for the first year of cooperation;
- (2) 75 percent for the first year of combination;
- (3) 50 percent for the second year of combination; and
- (4) 25 percent for the third year of combination.

(d) For districts that combine after two years of cooperation, the percentage in subdivision 3, clause (2), shall be:

- (1) 100 percent for the first year of cooperation;
- (2) 75 percent for the second year of cooperation;
- (3) 50 percent for the first year of combination; and
- (4) 25 percent for the second year of combination.

Subd. 5. **Cooperation and combination aid.** (a) Districts that did not enter into an

agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating shall receive cooperation and combination aid for the first two years of combination. Cooperation and combination aid shall not be paid after two years of combining.

(b) Districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating shall receive cooperation and combination aid for the first four years of combination. Aid must not be paid after four years of combination.

(c) Districts that combine after one year of cooperation shall receive cooperation and combination aid for the first year of cooperation and three years of combination. Aid shall not be paid after three years of combining.

(d) Districts that combine after two years of cooperation shall receive cooperation and combination aid for the first two years of cooperation and the first two years of combination. Aid shall not be paid after two years of combining.

(e) In each case, cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy.

**Subd. 6. Additional aid.** In addition to the aid in subdivision 5, districts shall receive aid according to the following:

(1) for districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, \$100 times the pupil units served in the district in the first year of combination; or

(2) for districts that combine after one or two years of cooperation, \$100 times the actual pupil units served in each district for the first year of cooperation and \$100 times the actual pupil units served in the combined district for the first year of combination; or

(3) for districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, \$100 times the pupil units served in the combined district for the first two years of combination.

**Subd. 7. Proportional aid.** If a district does not levy the entire amount permitted under subdivision 3, the aid in subdivisions 5 and 6 must be reduced in proportion to the actual amount levied.

**Subd. 8. MS 1992** [Repealed, 1993 c 224 art 6 s 32; 1993 c 374 s 15]

**Subd. 9. Subsequent districts.** If a district subsequently cooperates or combines with districts that have previously received revenue under this section, the new district shall receive revenue, according to subdivision 4 or 6, as follows:

(1) if the districts previously received revenue under subdivisions 4, paragraph (a), 5, paragraph (a), and 6, clause (1), the new district will receive two years of revenue under those provisions;

(2) if the districts previously received revenue under subdivisions 4, paragraph (b), (c), or (d), 5, paragraph (b), (c), or (d), and 6, clause (2) or (3), the new district shall receive four years of revenue under the applicable provisions of subdivisions 5, 6, and this subdivision. The previously cooperating or combined districts may not receive revenue, according to subdivision 6 or 10, as though parties to a new agreement.

As of the effective date of a cooperation and combination agreement between districts that have previously received revenue under this section and a new district, the new group of districts may not receive revenue in excess of the limit specified in subdivision 10.

**Subd. 10. Revenue limit.** Revenue under this section shall not exceed the revenue received by cooperating districts or a combined district with 2,000 pupil units served. Revenue for cooperating districts subject to the limitation in this subdivision shall be allocated according to the number of pupil units served in the districts.

Subd. 11. **Use of revenue.** Revenue under this section shall be used for expenses of cooperating and combining school districts, including, but not limited to:

(1) secondary course offerings in communications, mathematics, science, social studies, foreign languages, physical education, health, and career education if the courses have specific learner outcomes;

(2) participation by teachers in determining the learner outcomes;

(3) staff in-service related to cooperation and combination;

(4) any of the purposes set forth in sections 124.243, subdivision 6, clauses (3), (4), and (15), and 124.244, subdivision 4, clauses (2), (3), (4), (5), and (6), if the purposes are related to courses offered cooperatively; and

(5) incentives for superintendents, principals, teachers, and other licensed and nonlicensed employees, such as early retirement, severance pay, and health insurance benefits.

Subd. 12. **Joint purposes.** Cooperating district revenue may only be used for purposes of joint efforts between cooperating districts. The revenue shall be in a separate account. School boards shall mutually determine cooperative expenditures.

Subd. 13. **Failure to combine.** A district has failed to combine if the commissioner disapproves of the plan according to section 122.243, subdivision 1, or if a third referendum fails under section 122.243, subdivision 2, or if the commissioner of education determines that the districts involved are not making sufficient progress toward combination.

(a) If a district has failed to combine, cooperation and combination aid under subdivisions 5 and 6 shall not be paid and the authority to levy under subdivision 4 ceases. The commissioner shall reduce other aids due the district to recover an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 and the aid that would have been paid if the revenue had been \$50 times the pupil units served.

(b) If a district has failed to combine, the authority to levy for reorganization operating debt under section 122.531, subdivision 4a, and for severance pay or early retirement incentives under subdivision 15 ceases.

Subd. 14. **Cessation of revenue.** At any time the districts cease cooperating, aid shall not be paid and the authority to levy ceases. If a district ceases to cooperate for all or a portion of a fiscal year for which a levy has been certified under subdivision 3, the department of education shall adjust the next levy certified by the district by an amount in proportion to the part of the fiscal year that the district did not cooperate.

Subd. 15. **Retirement and severance levy.** A cooperating or combined district may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early as a result of the cooperation or combination.

Subd. 16. **Exclusion from fund balance.** Revenue received by a district under this section for each year of cooperation and the first three years of combination shall be excluded from the net unreserved operating fund balance, for the purposes of sections 124A.03, subdivision 3b, paragraph (c), and 124A.26.

**History:** 1989 c 329 art 6 s 37; 1990 c 562 art 6 s 22-26; 1991 c 130 s 37; 1991 c 265 art 6 s 34-38; 1992 c 499 art 6 s 16,17; art 12 s 29; 1993 c 224 art 6 s 9-15; art 13 s 37,38; 1994 c 647 art 1 s 11

#### 124.2726 CONSOLIDATION TRANSITION REVENUE.

Subdivision 1. **Eligibility and use.** A school district that has been reorganized under section 122.23 and has not received revenue under section 124.2725 is eligible for consolidation transition revenue. Revenue is equal to the sum of aid under subdivision 2 and levy under subdivision 3. Consolidation transition revenue may only be used according to this section. Revenue must initially be used for the payment of district costs for the early retirement incentives granted by the district under section 122.23, subdivision 20. Any revenue under subdivision 2 remaining after the payment of dis-

trict costs for the early retirement incentives must be used to reduce operating debt as defined in section 121.915. Any additional aid remaining after the reduction of operating debt must be deposited in the district's general fund. Revenue received under this section shall not be included in the determination of the reduction under section 124A.26, subdivision 1.

Subd. 2. **Aid.** Consolidation transition aid is equal to \$200 times the number of actual pupil units in the newly created district in the year of consolidation and \$100 times the number of actual pupil units in the first year following the year of consolidation. The number of pupil units used to calculate aid in either year shall not exceed 1,000.

Subd. 3. **Levy.** If the aid available in subdivision 2 is insufficient to cover the costs of the district under section 122.23, subdivision 20, the district may levy the difference over a period of time not to exceed three years.

Subd. 4. **New districts.** If a district consolidates with another district that has received consolidation transition aid within six years of the effective date of the new consolidation, only the pupil units in the district not previously reorganized shall be counted for aid purposes under subdivision 2. If two districts consolidate and both districts received aid under subdivision 2 within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district shall be used to determine aid under subdivision 2.

**History:** 1994 c 647 art 6 s 23

#### 124.2727 SCHOOL DISTRICT COOPERATION REVENUE.

Subdivision 1. [Repealed, 1992 c 499 art 6 s 39; 1992 c 603 s 10]

Subd. 2. [Repealed, 1992 c 499 art 6 s 39; 1992 c 603 s 10]

Subd. 3. [Repealed, 1992 c 499 art 6 s 39; 1992 c 603 s 10]

Subd. 4. [Repealed, 1992 c 499 art 6 s 39; 1992 c 603 s 10]

Subd. 5. [Repealed, 1992 c 499 art 6 s 39; 1992 c 603 s 10]

Subd. 6. [Repealed, 1994 c 647 art 6 s 42]

Subd. 6a. **District cooperation revenue.** A district's cooperation revenue is equal to the greater of \$67 times the actual pupil units or \$25,000.

Subd. 6b. **District cooperation levy.** To receive district cooperation revenue, a district may levy an amount equal to the district's cooperation revenue multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable to \$3,500.

Subd. 6c. **District cooperation aid.** A district's cooperation aid is the difference between its district cooperation revenue and its district cooperation levy. If a district does not levy the entire amount permitted, aid must be reduced in proportion to the actual amount levied.

Subd. 6d. **Revenue uses.** (a) A district must place its district cooperation revenue in a reserved account and may only use the revenue to purchase goods and services from entities formed for cooperative purposes or to otherwise provide educational services in a cooperative manner.

(b) A district that was a member of an intermediate school district organized pursuant to chapter 136D on July 1, 1994, must place its district cooperation revenue in a reserved account and must allocate a portion of the reserved revenue for instructional services from entities formed for cooperative services for special education programs and secondary vocational programs. The allocated amount is equal to the levy made according to section 124.2727, subdivision 6, for taxes payable in 1994 divided by the actual pupil units in the intermediate school district for fiscal year 1995 times the number of actual pupil units in the school district in 1995. The district must use 5/11 of the revenue for special education and 6/11 of the revenue for secondary vocational education. The district must demonstrate that the revenue is being used to provide the full

range of special education and secondary vocational programs and services available to each child served by the intermediate. The secondary vocational programs and service must meet the requirements established in an articulation agreement developed between the state board of education and the higher education board.

(c) A district that was not a member of an intermediate district organized under chapter 136D on July 1, 1994, must spend at least \$9 per pupil unit of its district cooperation revenue on secondary vocational programs.

Subd. 7. [Repealed, 1994 c 647 art 6 s 42]

Subd. 8. [Repealed, 1994 c 647 art 6 s 42]

Subd. 9. **Proration.** (a) If the total appropriation available for district cooperation aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's district cooperation revenue according to the calculations in paragraphs (b) to (d).

(b) If there is insufficient district cooperation aid available, the department must recompute the district cooperation revenue by proportionally reducing the formula allowance and the revenue minimum to the levels that result in an aid entitlement, adjusted by the percentage in section 124.195, subdivision 10, equal to the amount available. The levy amounts must not be recomputed.

(c) A district's proration aid reduction is equal to the lesser of zero, or the difference of the existing aid calculation minus the aid amount computed for the district under paragraph (b).

(d) If a district's proration aid reduction is less than its revenue reduction, its district cooperation levy authority for the following year must be reduced by the amount of the difference between its revenue reduction and its aid reduction.

**History:** 1991 c 265 art 6 s 39; 1992 c 499 art 6 s 18,19,39, subd 3; 1993 c 224 art 6 s 16; 1993 c 374 s 14; 1994 c 647 art 6 s 24-26,42

#### 124.2728 SPECIAL CONSOLIDATION AID.

Subdivision 1. **Eligibility.** A school district that reorganizes under section 122.23 or sections 122.241 to 122.248 effective on or after July 1, 1994, is eligible for special consolidation aid under this section. A district may receive aid under this section for only three years.

Subd. 2. **Aid calculation.** Special consolidation aid for a reorganized school district is calculated by computing the sum of:

(1) the difference between the total amount of early childhood family education revenue under section 124.2711 available to the districts involved in the reorganization in the fiscal year prior to the effective date of reorganization and the maximum amount of early childhood family education revenue available to the reorganized district in the current year; and

(2) the difference between the total amount of community education revenue under section 124.2713 available to the districts involved in the reorganization in the fiscal year prior to the reorganization and the maximum amount of community education revenue available to the reorganized district in the current year.

Subd. 3. **Aid amount.** In the fiscal year that the reorganization is effective, special combination aid is equal to the aid calculated under subdivision 2 times 100 percent. In the fiscal year following the effective date of reorganization, special combination aid is equal to the aid calculated under subdivision 2 times 67 percent. In the second fiscal year following the effective date of reorganization, special combination aid is equal to the aid calculated under subdivision 2 times 33 percent.

**History:** 1994 c 647 art 6 s 27

#### 124.273 LIMITED ENGLISH PROFICIENCY PROGRAMS AID.

Subdivision 1. [Repealed, 1983 c 314 art 3 s 18]

Subd. 1a. [Repealed, 1984 c 463 art 6 s 17]

Subd. 1b. **Teachers salaries.** Each year the state shall pay a school district a portion of the salary of one full-time equivalent teacher for each 40 pupils of limited English proficiency enrolled in the district. Notwithstanding the foregoing, the state shall pay a portion of the salary of one-half of a full-time equivalent teacher to a district with 20 or fewer pupils of limited English proficiency enrolled. The portion for a full-time teacher shall be the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time teacher shall be the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment. For the purposes of this subdivision, a teacher includes nonlicensed personnel who provide direct instruction to students of limited English proficiency under the supervision of a licensed teacher.

Subd. 2. [Repealed, 1983 c 314 art 3 s 18]

Subd. 2a. [Repealed, 1984 c 463 art 6 s 17]

Subd. 2b. [Repealed, 1987 c 398 art 3 s 41]

Subd. 2c. **Supply and equipment aid.** Each year the state shall pay a school district for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of \$47 in any one school year for each pupil of limited English proficiency receiving instruction.

Subd. 3. **Participation of nonpublic school pupils.** In counting the number of pupils of limited English proficiency for purposes of this section, districts may include pupils of limited English proficiency who attend nonpublic schools in the district. A district which counts those pupils and receives aid pursuant to this section shall offer those pupils the same programs on the same terms that it offers to pupils of limited English proficiency who attend the public school. A program provided for a nonpublic school pupil pursuant to this subdivision shall be provided at a public school or a neutral site as defined in section 123.932, subdivision 9. Nonpublic school pupils served by a district's educational program for pupils of limited English proficiency shall be counted for average daily membership pursuant to sections 124A.02, subdivisions 20 to 22, and 124A.034, subdivisions 1 to 2.

Subd. 4. **Application dates.** To obtain aid for limited English proficiency programs, a district shall submit information required by the department to implement this section.

Subd. 5. **Notification; aid payments.** The department must promptly inform each applicant district of the amount of aid it will receive pursuant to this section.

Subd. 6. **Records; audit.** A district which applies for aid pursuant to this section shall maintain records which support the information contained in all of its applications. The commissioner of education may audit these records upon request. A district which receives aid pursuant to this section shall keep such additional records in the manner prescribed by the commissioner to ensure that an educational program for pupils of limited English proficiency is implemented and operated in accordance with sections 126.261 to 126.269.

Subd. 7. **Money from other sources.** A school district providing a program for pupils of limited English proficiency shall be eligible to receive moneys for these programs from other government agencies and from private sources when these moneys are available.

**History:** 1981 c 358 art 3 s 10; 1982 c 548 art 3 s 8-11; 1983 c 314 art 1 s 22; art 3 s 8; 1Sp1985 c 12 art 3 s 10; 1987 c 398 art 3 s 17; art 7 s 26; 1989 c 329 art 3 s 4,5; 1991 c 265 art 3 s 5; 1993 c 224 art 3 s 11,12

124.274 [Repealed, 1992 c 499 art 7 s 30]

124.275 [Repealed, 1987 c 398 art 1 s 27 subd 3; art 6 s 20 subd 2]

**124.276 CAREER TEACHER AID.**

Subdivision 1. **Eligibility.** A school district that has a career teacher program, according to sections 125.70 to 125.705, for one or more of its teachers is eligible for aid to extend the teaching contract of a career teacher.

Subd. 2. **State share of extended contract.** The state shall pay two-thirds of the portion of the teaching contract, excluding fringe benefits, that is in addition to the standard teaching contract of the district. The district shall pay the remaining portion.

Subd. 3. **Commissioner approval.** The commissioner may approve plans and applications for districts throughout the state for career teacher aid. Application procedures and deadlines shall be established by the commissioner.

Subd. 4. **Use of aid.** Career teacher aid may be used only to implement a career teacher program.

**History:** 1989 c 329 art 7 s 4; 1991 c 130 s 37; 1993 c 224 art 13 s 39

**124.278 MINORITY TEACHER INCENTIVES.**

Subdivision 1. **Eligible district.** A district is eligible for reimbursement under this section if the district has:

- (1) a minority enrollment of more than ten percent; or
- (2) a desegregation/integration plan approved by the state board of education to provide equal educational opportunities for all students.

Subd. 2. **Eligible employee.** The following employees are eligible for reimbursement under this section:

- (1) a teacher who is a member of a minority group and who has not taught in a Minnesota school district during the school year before the year the teacher is employed according to this section; and
- (2) an aide or an education assistant who is a member of a minority group and who has not been employed as an aide or an education assistant in a Minnesota school district during the school year before the year the aide or education assistant is employed according to this section.

Subd. 3. **Reimbursement.** Reimbursement shall equal one-half of the salary and fringe benefits, but not more than \$20,000. The district shall receive reimbursement for each year a minority teacher, aide, or education assistant is employed. The department of education shall establish application or other procedures for districts to obtain the reimbursement. The department shall not prorate the reimbursement.

Subd. 4. **Minority group.** For the purposes of this section, a person is a member of a minority group if the person is African American, American Indian, Asian Pacific American, or an American of Mexican, Puerto Rican, or Spanish origin or ancestry.

**History:** 1991 c 265 art 8 s 4; 1994 c 647 art 8 s 6

**124.28** MS 1980 [Repealed, 1976 c 271 s 98 subd 3]

**124.281** MS 1980 [Repealed, 1976 c 271 s 98 subd 3]

**124.29** MS 1980 [Repealed, 1976 c 271 s 98 subd 3]

**124.30** [Repealed, 1977 c 447 art 6 s 13]

**124.31** [Repealed, 1973 c 683 s 30]

**124.311 ASSURANCE OF MASTERY REVENUE.**

Subdivision 1. **Instruction in regular classroom.** A school district may receive assurance of mastery revenue to provide direct instructional services to eligible pupils in the pupils' regular classroom.

Subd. 2. **Eligible districts.** To be eligible to receive assurance of mastery revenue, a district must have a policy adopted according to section 126.67, subdivision 3a, that identifies the direct instructional services to be used to assure that individual pupils master the learner outcomes in communications and mathematics.

Subd. 3. **Eligible pupils.** A pupil is eligible to receive services provided with assurance of mastery revenue if the pupil has not demonstrated mastery of learner outcomes in communications or mathematics, or both, after receiving instruction that was designed to enable the pupil to master the learner outcomes in a regular classroom setting. To determine pupil eligibility, a district must use the learner outcomes and the evaluation process, adopted by the school board under section 126.666, subdivision 1, paragraph (a), clauses (2) and (3), for the subjects and at the grade level at which the district uses the revenue.

Subd. 4. **Eligible services.** Assurance of mastery revenue must be used to provide direct instructional services to an eligible pupil, or group of eligible pupils, under the following conditions:

(a) Instruction may be provided at one or more grade levels from kindergarten through grade 8. If an assessment of pupils' needs within a district demonstrates that the eligible pupils in grades kindergarten through 8 are being appropriately served, a district may serve eligible pupils in grades 9 through 12.

(b) Instruction must be provided in the usual and customary classroom of the eligible pupil.

(c) Instruction must be provided under the supervision of the eligible pupil's regular classroom teacher. Instruction may be provided by the eligible pupil's classroom teacher, by another teacher, by a team of teachers, or by an education assistant or aide. A special education teacher may provide instruction, but instruction that is provided under this section is not eligible for aid under section 124.32.

(d) The instruction that is provided must differ from the initial instruction the pupil received in the regular classroom setting. The instruction may differ by presenting different curriculum than was initially presented in the regular classroom, or by presenting the same curriculum:

- (1) at a different rate or in a different sequence than it was initially presented;
- (2) using different teaching methods or techniques than were used initially; or
- (3) using different instructional materials than were used initially.

Subd. 5. **Revenue amount.** Assurance of mastery revenue is the sum of state and district money. The sum may equal up to \$45 for fiscal year 1991 and thereafter times the number of actual pupil units in kindergarten through grade 8 in the district. The district shall determine the amount of money it will provide and the state shall provide an equal amount of money.

Subd. 6. **Uses of revenue.** Assurance of mastery revenue may be used only to provide eligible services to eligible pupils.

Subd. 7. **District report.** A district that receives assurance of mastery revenue shall include the following in the report required by section 126.666, subdivision 4:

(a) A summary of initial assessment results used to determine pupil eligibility to receive instructional services must be included. The summary must include:

- (1) a description of the assessment device used;
  - (2) the number of pupils who were assessed; and
  - (3) the number of pupils who were determined to be eligible to receive services.
- (b) A description of the services provided to eligible pupils must be included.

(c) A summary of assessment results for eligible pupils obtained after providing the services must be included.

**History:** 1989 c 329 art 3 s 6; 1991 c 265 art 3 s 6

## 124.32 CHILDREN WITH A DISABILITY.

Subdivision 1. [Repealed, 1983 c 314 art 3 s 18]

Subd. 1a. [Repealed, 1984 c 463 art 3 s 2]

Subd. 1b. **Teachers salaries.** (a) Each year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for children

with a disability during the regular school year, whether the person is employed by one or more districts. The state shall also pay to the Minnesota state academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan.

(b) For the 1992-1993 school year and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time person is an amount not to exceed the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment.

Subd. 1c. **Basic revenue.** For purposes of this section, "basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

Subd. 1d. **Contract services.** For special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, the state shall pay each district 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract. For special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, the state shall pay each district 52 percent of the amount of the contract for that pupil.

Subd. 1e. [Repealed, 1984 c 463 art 3 s 2]

Subd. 1f. **Essential personnel.** For the purposes of this section and section 124.321, essential personnel means teachers, related services and support services staff providing direct services to students.

Subd. 2. **Supply and equipment aid.** The state shall pay each district for supplies and equipment purchased or rented for use in the instruction of children with a disability an amount equal to 47 percent of the sum actually expended by the district but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction.

Subd. 2a. [Repealed, 1984 c 463 art 3 s 2]

Subd. 2b. **Travel aid.** The state shall pay each district one-half of the sum actually expended by a district for necessary travel of essential personnel providing home-based services to children with a disability under age five and their families.

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

Subd. 3a. **Current funding.** Unless otherwise specified, the aids provided for educational programs for children with a disability shall be paid on a current funding basis.

Subd. 4. The aids provided for children with a disability shall be paid to the district providing the special instruction and services. General education aid shall be paid to the district of the pupil's residence. The total amount of aid paid may not exceed the amount expended for children with a disability in the year for which the aid is paid.

Subd. 5. [Repealed, 1993 c 224 art 3 s 40; 1993 c 374 s 10]

Subd. 5a. [Repealed, 1984 c 463 art 3 s 2]

Subd. 6. **Full state payment.** The state shall pay each district the actual cost incurred in providing instruction and services for a child with a disability whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply to a child placed in a foster home or a foster group home.

Upon following the procedure specified by the commissioner of education, the district may bill the state the actual cost incurred in providing the services including trans-

portation costs and a proportionate amount of capital expenditures and debt service, minus the amount of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for the child and the special education aid, transportation aid, and any other aid earned on behalf of the child. The limit set forth in subdivision 4 shall apply to aid paid pursuant to this subdivision.

To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose parent or guardian resides in that state. The commissioner may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states shall be paid to the state treasury and placed in the general fund.

**Subd. 7. Program and aid approval.** Before June 1 of each year, each district providing special instruction and services to children with a disability shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability pursuant to sections 120.17 and 120.1701. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may also withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time the commissioner determines that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

**Subd. 8.** When planning programs for the education of children with a disability in the regular classroom, school districts are encouraged to consider the size of the regular class and to provide the support services necessary to insure successful mainstreaming.

**Subd. 9.** [Repealed, 1983 c 314 art 3 s 18]

**Subd. 9a.** [Repealed, 1Sp1985 c 12 art 3 s 30]

**Subd. 10. Summer school.** The state shall pay aid for summer school programs for children with a disability on the basis of subdivisions 1b, 1d, and 5 for the current school year. The state shall also pay to the Minnesota state academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan. By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs.

## Subd. 11. [Expired]

Subd. 12. **Allocation from cooperative centers and intermediate districts.** For purposes of this section, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education aid for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

**History:** *Ex1959 c 71 art 5 s 32; 1961 c 559 s 1; 1965 c 870 s 1; 1967 c 853 s 1; 1969 c 913 s 1; 1969 c 981 s 6; 1971 c 25 s 33; 1973 c 501 s 3; 1973 c 683 s 14-16; 1975 c 162 s 41; 1975 c 432 s 48-50; 1976 c 271 s 52; 1977 c 447 art 3 s 9; 1978 c 764 s 58-62; 1979 c 334 art 3 s 6-10; 1981 c 358 art 3 s 11-17; 1Sp1981 c 2 s 10,11; 1982 c 548 art 3 s 12-21; 1983 c 314 art 1 s 22; art 3 s 9-11; 1Sp1985 c 12 art 3 s 11-17; 1Sp1986 c 1 art 9 s 14; 1Sp1986 c 3 art 1 s 17; 1987 c 384 art 2 s 33; 1987 c 398 art 3 s 18-21; 1988 c 486 s 41-45; 1989 c 329 art 3 s 7; 1991 c 265 art 3 s 7,8,38; 1993 c 224 art 3 s 13-16; 1994 c 647 art 13 s 10*

**124.321 SPECIAL EDUCATION LEVY EQUALIZATION REVENUE.**

Subdivision 1. **Levy equalization revenue.** Special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

(1) 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) 68 percent of the salaries paid to limited English proficiency program teachers in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable, plus

(4) the alternative delivery levy revenue determined according to section 124.322, subdivision 4, plus

(5) the amount allocated to the district by special education cooperatives or intermediate districts in which it participates according to subdivision 2.

A district that receives alternative delivery levy revenue according to section 124.322, subdivision 4, shall not receive levy equalization revenue under clause (1) or subdivision 2, clause (1), for the same fiscal year.

Subd. 2. **Revenue allocation from cooperatives and intermediate districts.** (a) For purposes of this section, a special education cooperative or an intermediate district shall allocate to participating school districts the sum of the following amounts:

(1) 68 percent of the salaries paid to essential personnel in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) 68 percent of the salaries paid to limited English proficiency program teachers in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable.

(b) A special education cooperative or an intermediate district that allocates amounts to participating school districts under this subdivision must report the amounts allocated to the department of education.

(c) For purposes of this subdivision, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to 68 percent of salaries paid to instructional aides in either academy minus the amount of state aid and any federal aid, if applicable, paid to either academy for salaries of these instructional aides under sections 124.32, subdivisions 1b and 10, for the year to each school district that assigns a child with an individual education plan requiring an instructional aide to attend either academy. The school districts that assign a child who requires an instructional aide may make a levy in the amount of the costs allocated to them by either academy.

(d) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates unreimbursed portions of salaries of instructional aides among school districts that assign a child who requires an instructional aide, for purposes of the districts making a levy under this subdivision, the academy shall provide information to the department of education on the amount of unreimbursed costs of salaries it allocated to the school districts that assign a child who requires an instructional aide.

**Subd. 3. Special education levy.** To receive special education levy revenue, a district may levy an amount equal to the district's special education levy equalization revenue as defined in subdivision 1 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) \$3,540.

**Subd. 4. Special education levy equalization aid.** A district's special education levy equalization aid is the difference between its special education levy equalization revenue and its special education levy. If a district does not levy the entire amount permitted, special education levy equalization aid must be reduced in proportion to the actual amount levied.

**Subd. 5. Proration.** In the event that the special education levy equalization aid for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

**History:** 1991 c 265 art 3 s 9; 1993 c 224 art 3 s 17,18; 1993 c 374 s 6

## 124.322 ALTERNATIVE DELIVERY REVENUE.

**Subdivision 1. Eligibility.** A district is eligible for alternative delivery revenue if the commissioner of education has approved the application of the district according to section 120.173.

**Subd. 1a. Definitions.** In this section, the definitions in this subdivision apply.

(a) "Base revenue" means the following:

(1) for the first fiscal year after approval of the district's application, base revenue means the sum of the district's revenue for the preceding fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1;

(2) for the second fiscal year after approval of a district's application, base revenue means the sum of the district's revenue for the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1; and

(3) for the third fiscal year after approval of a district's application, and thereafter, base revenue means the sum of the revenue a district would have been entitled to in the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1, based on activities

defined as reimbursable under state board rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education.

(b) "Base aid" means the following:

(1) for the first fiscal year after approval of a district's application, base aid means the sum of the district's gross aid for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10;

(2) for the second fiscal year after approval of a district's application, base aid means the sum of the district's gross aid for the second prior fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10; and

(3) for the third fiscal year after approval of a district's application and thereafter, base aid means the sum of the gross aid the district would have been entitled to in the second prior fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10, based on activities defined as reimbursable under state board of education rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education in the application plan.

(c) Notwithstanding paragraphs (a) and (b), base revenue and base aid for 1995 and later fiscal years must not include revenue and aid under section 124.32, subdivision 5.

(d) "Alternative delivery revenue inflator" means:

(1) for the first fiscal year after approval of a district's application, the greater of 1.017 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the previous fiscal year.

(2) for the second and later fiscal years, the greater of 1.034 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the second prior fiscal year.

(e) The commissioner of education shall adjust each district's base revenue and base aid to reflect any changes in special education services required by rule or statute.

**Subd. 2. Amount of alternative delivery revenue.** For the first fiscal year after approval of an application, a district's alternative delivery revenue equals its base revenue multiplied by the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the immediately preceding fiscal year. For the second and later fiscal years a district's alternative delivery revenue equals its base revenue multiplied by the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year.

**Subd. 3. Alternative delivery aid.** For the first fiscal year after approval of an application, a district's alternative delivery aid equals its base aid multiplied by the product of 1.017 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the preceding fiscal year. For the second and later fiscal years a district's alternative delivery aid equals its base aid multiplied by the product of 1.034 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year. A district that receives aid under this subdivision shall not receive aid under section 124.32, subdivisions 1b, 1d, 2, 5, and 10, for the same fiscal year.

**Subd. 4. Alternative delivery levy revenue.** A district shall receive alternative delivery levy revenue equal to the difference between the alternative delivery revenue and the alternative delivery aid. If the alternative delivery aid for a district is prorated, the alternative delivery levy revenue shall be increased by the amount not paid by the state

due to proration. The alternative delivery levy revenue shall be included under section 124.321, subdivision 1, for purposes of computing the special education levy under section 124.321, subdivision 3, and the special education levy equalization aid under section 124.321, subdivision 4.

Subd. 5. **Use of revenue.** Revenue under this section shall be used to implement the approved program.

**History:** 1991 c 265 art 3 s 10; 1993 c 224 art 3 s 19-22; art 14 s 11,12

### 124.323 SPECIAL EDUCATION EXCESS COST AID.

Subdivision 1. **Definitions.** In this section, the definitions in this subdivision apply.

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenue under sections 124.32, subdivisions 1b, 1d, 2, and 10, and 124.322, subdivision 2; plus

(2) expenditures for tuition bills received under section 120.17; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections 124.32, subdivisions 1b, 1d, 2, and 10; 124.321, subdivision 1, clause (1); and 124.322, subdivision 2; minus

(4) tuition receipts under section 120.17.

(b) "General revenue" means the sum of the general education revenue according to section 124A.22, subdivision 1, plus the total referendum revenue according to section 124A.03, subdivision 1e.

Subd. 2. **Excess cost aid.** For 1995 and later fiscal years, a district's special education excess cost aid equals the product of:

(1) 70 percent of the difference between (i) the district's unreimbursed special education cost per actual pupil unit and (ii) six percent of the district's general revenue per actual pupil unit, times

(2) the district's actual pupil units for that year.

**History:** 1993 c 224 art 3 s 23

124.33 [Repealed, 1969 c 981 s 7]

124.331 [Repealed, 1993 c 224 art 3 s 40]

124.332 [Repealed, 1993 c 224 art 3 s 40]

124.333 [Repealed, 1993 c 224 art 3 s 40]

124.34 [Repealed, 1969 c 9 s 97]

### 124.35 LOANS TO DISTRESSED DISTRICTS.

Financial aid to distressed districts shall be governed by the provisions of the maximum effort school aid law.

**History:** Ex1959 c 71 art 5 s 35

## MAXIMUM EFFORT SCHOOL AID LAW

### 124.36 CITATION, MAXIMUM EFFORT SCHOOL AID LAW.

Sections 124.36 to 124.46 may be cited as the "maximum effort school aid law."

**History:** Ex1959 c 27 s 1; 1994 c 465 art 2 s 1

### 124.37 POLICY AND PURPOSE.

The rates of increase in school population in Minnesota and population shifts and economic changes in recent years, and anticipated in future years, have required and will require large expenditures for performing the duty of the state and its subdivisions to provide a general and uniform system of public schools. The state policy has been

to require these school costs to be borne primarily by the local subdivisions. In most instances the local subdivisions have been, and will be, able to provide the required funds by local taxation as supplemented by the aids usually given to all school districts from state income tax and other state aids. There are, however, exceptional cases due to local conditions not found in most other districts where, either temporarily or over a considerable period of years, the costs will exceed the maximum which the local taxpayers can be reasonably expected to bear. In some districts having bonds of several issues outstanding, debt service tax levy requirements are excessive for some years because of heavy bond principal payments accumulating in some of the years due to overlapping or short term issues. The policy and purpose of sections 124.36 to 124.46 is to utilize the credit of the state, to a limited degree, to relieve those school districts, but only those, where the maximum effort by the district is inadequate to provide the necessary money. It is also the purpose of sections 124.36 to 124.46 to promote efficient use of school buildings. To that end, a district that receives a maximum effort loan is encouraged to design and use its facility to integrate social services and library services.

**History:** *Ex1959 c 27 s 2; 1993 c 224 art 5 s 12; 1994 c 465 art 2 s 1*

### 124.38 DEFINITIONS.

Subdivision 1. As used in sections 124.38 to 124.46, the terms defined in this section shall have the following meanings:

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

Subd. 3. "Indebtedness" or "debt" means the net debt of any district computed according to section 475.51, subdivision 4, excluding loans made under sections 124.36 to 124.46.

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. 4a. **Levy.** "Levy" means a district's net debt service levy after the reduction of debt service equalization aid under section 124.95, subdivision 5. For taxes payable in 1994 and later, each district's maximum effort debt service levy for purposes of subdivision 7, shall be reduced by an equal number of percentage points if the commissioner determines that the levy reduction will not result in a statewide property tax as would be required under Minnesota Statutes 1992, section 124.46, subdivision 3. A district's levy that is adjusted under this section shall not be reduced below 18.74 percent of the district's adjusted net tax capacity.

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

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

Subd. 7. **Maximum effort debt service levy.** "Maximum effort debt service levy" means the lesser of:

(1) a levy in whichever of the following amounts is applicable:

(a) in any school district receiving a debt service loan for a debt service levy payable in 1991 and thereafter, or granted a capital loan after January 1, 1990, a levy in a total dollar amount computed at a rate of 20 percent of adjusted net tax capacity for taxes payable in 1991 and thereafter;

(b) in any school district granted a debt service loan after July 31, 1981, or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as a tax rate of 13.08 percent on the adjusted gross tax capacity for taxes payable in 1990 or a tax rate of 18.42 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter;

(c) in any school district granted a debt service loan before August 1, 1981, or

granted a capital loan which was approved before August 1, 1981, a levy in a total dollar amount computed as a tax rate of 12.26 percent on the adjusted gross tax capacity for taxes payable in 1990 or a tax rate of 17.17 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter, until and unless the district receives an additional loan; or

(2) a levy in whichever of the following amounts is applicable:

(a) in any school district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount 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;

(b) in any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5-1/2 mills on the market value in each year, until and unless the district receives an additional loan;

(c) in any school district granted a debt service or capital loan between July 1, 1969, and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan;

(d) in any school district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted; provided, that the school board in any district affected by the provisions of clause (2)(d) may elect instead to determine the amount of its levy according to the provisions of clause (1); provided further that if a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)(d), the liability of the district for the amount of the difference between the amount it levied under clause (2)(d) and the amount it would have levied under clause (1), and for interest on the amount of that difference, shall not be satisfied and discharged pursuant to Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable, section 124.43, subdivision 4.

Subd. 8. "Adjusted net tax capacity" means, as of any date, the net tax capacity of all taxable property most recently determined by the commissioner of revenue in accordance with the provisions of section 124.2131. "Market value" means the value of all taxable property in the district on which its net debt limit is based as provided in section 475.53, subdivision 4.

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

Subd. 10. [Repealed, 1987 c 268 art 7 s 55]

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

Subd. 12. "School loan bonds" means bonds issued by the state under section 124.46 to support the fund and to refund bonds or certificates of indebtedness previously issued for that purpose.

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

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

**History:** *Ex 1959 c 27 s 3; 1961 c 562 s 4,5; 1963 c 601 s 1; 1965 c 875 s 1,2; 1967 c 583 s 1; 1969 c 6 s 21; 1969 c 1056 s 1,2; 1973 c 773 s 1; 1975 c 432 s 51-54; 1977 c 447 art 6 s 5; 1978 c 706 s 33; 1978 c 764 s 63; 1980 c 545 s 1; 1981 c 358 art 1 s 48; art 9 s 1; 1982 c 548 art 6 s 17; 1987 c 268 art 7 s 11; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 2,20; ISp1989 c 1 art 2 s 11; 1990 c 562 art 11 s 2; 1993 c 224 art 5 s 13; 1994 c 465 art 2 s 1*

**124.381 NET DEBT, DETERMINATION.**

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

**History:** 1967 c 583 s 7

**124.39 FUND ESTABLISHED; DIVISION INTO ACCOUNTS.**

Subdivision 1. There shall be maintained in the state treasury a "maximum effort school loan fund" for administration of moneys to be received and disbursed as authorized and required by sections 124.36 to 124.46, which fund shall be divided into three accounts for the purposes specified in subdivisions 2, 3, 4, and 5.

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

Subd. 3. There shall be a capital loan account, out of which loans under section 124.431 shall be made. There shall be transferred to it from the debt service loan account on November 1 of each year all moneys therein in excess of those required for debt service loans then agreed to be made. There shall be transferred from it to the debt service loan account on July 1 of each year all moneys therein in excess of those required for capital loans theretofore agreed to be made.

Subd. 4. There shall be a loan repayment account, into which shall be paid all principal and interest paid by school districts on debt service loans and capital loans made under section 124.42 or 124.431. The state's cost of administering the maximum effort school aid law shall be paid out of this account, to an amount not exceeding \$10,000 in any year. As soon as possible in each year after the committee has determined the ratio existing between the correct market value of all taxable property in each school district in the state and the "market value in money" of such property as recorded in accordance with section 270.13, the commissioner of revenue shall cause a list of all such ratios to be prepared. The clerical costs of preparation of such list shall be paid as a cost of administration of the maximum effort school aid law. The documents division of the department of administration may publish and sell copies of such list. There shall be transferred out of the loan repayment account to the state bond fund the sums required to pay the principal of and interest on all school loan bonds as provided in section 124.46.

Subd. 5. The commissioner shall transfer from the loan repayment account to the credit of the debt service loan account on November 1 of each year all money deposited to the credit of the loan repayment account that will not be required for the payment of principal and interest and costs as prescribed in subdivision 4 but that will be needed for debt service loans in the fiscal year beginning July 1, and those moneys are annually appropriated to that account for the purposes prescribed by the maximum effort school aid law. Money deposited to the credit of the loan repayment account and not required for the transfers or for the payment of principal and interest due on school loan bonds may be invested and reinvested in securities which are general obligations of the United States or the state of Minnesota. When all school loan bonds have been fully paid with interest accrued thereon, the balance remaining in the account shall be transferred to the state bond fund.

**History:** Ex1959 c 27 s 4; 1961 c 752 s 1,2; 1963 c 601 s 2; 1965 c 875 s 3; 1973 c 582 s 3; 1975 c 339 s 8; 1981 c 358 art 9 s 2; 1990 c 562 art 11 s 3,4; 1991 c 45 s 1,2; 1994 c 465 art 2 s 1

**124.40 APPROPRIATION.**

Subdivision 1. There is hereby appropriated to the fund, in addition to all sums which have been or may hereafter be appropriated thereto by any law, the net proceeds of sale of any state school loan bonds authorized to be issued under section 124.46, and all income received from the investment of said net proceeds is hereby appropriated to the school loan bond account in the state bond fund.

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

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

**History:** *Ex1959 c 27 s 5; 1963 c 601 s 3; 1967 c 583 s 2; 1981 c 358 art 9 s 3; 1991 c 45 s 3*

#### 124.41 SCHOOL LOANS.

Subdivision 1. **Consideration by commissioner.** The commissioner shall receive and consider applications for and grant or deny loans under sections 124.36 to 124.46.

Subd. 2. **Application forms; rules.** The commissioner, with the assistance of the attorney general or a designated assistant, shall prepare forms of applications for debt service loans and capital loans and instruments evidencing the loans. The state board shall promulgate rules to facilitate the commissioner's operations in compliance with sections 124.36 to 124.46. The rules shall be subject to the procedure set forth in sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62.

Subd. 3. **Clerk.** The commissioner may employ a clerk to administer the maximum effort school aid law. The commissioner may fix the clerk's compensation, which shall be paid out of the loan repayment account of the fund.

**History:** *Ex1959 c 27 s 6; 1961 c 562 s 6; 1969 c 6 s 22; 1973 c 582 s 3; 1975 c 61 s 9; 1975 c 162 s 30; 1976 c 2 s 60; 1978 c 706 s 34; 1981 c 358 art 9 s 4; 1982 c 424 s 130; 1982 c 560 s 44; 1986 c 444; 1994 c 465 art 2 s 1*

#### 124.42 DEBT SERVICE LOANS.

Subdivision 1. **Qualification; application; award; interest.** 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 that year. Applications shall be filed with the commissioner in each calendar year up to and including July 1. The commissioner shall determine whether the applicant is entitled to a loan and the amount thereof, and on or before October 1 shall certify to each applicant district the amount granted and its due date. The commissioner shall notify the county auditor of each county in which the district is located that the amount certified is available and appropriated for payment of principal and interest on its outstanding bonds, and the auditors shall reduce by that amount the taxes otherwise leviable as the district's debt service levy on the tax rolls for that year. Each debt service loan shall bear interest from its date at a rate equal to the average annual rate payable on Minnesota state school loan bonds most recently issued prior to the disbursement of the loan to the district, but in no event less than 3-1/2 percent per annum on the principal amount from time to time remaining unpaid, payable on December 15 of the year following that in which the loan is received and annually thereafter.

Subd. 2. **Note.** Each debt service loan shall be evidenced by a note which shall be executed on behalf of the district by the signatures of its chair or vice-chair 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 the county auditor has entered the debt service loan evidenced thereby in the auditor's bond register. The notes shall be delivered to the commissioner

not later than November 15 of the year in which executed. The commissioner shall cause a record to be made and preserved showing the obligor district and the date and principal amount of each note.

Subd. 3. The commissioner shall issue to each district whose note has been so received a warrant on the debt service loan account of the maximum effort school loan fund, payable on presentation to the state treasurer out of any money in such account. The warrant shall be issued by the commissioner in sufficient time to coincide with the next date on which the district is obligated to make principal or interest payments on its bonded debt in the ensuing year. Interest shall accrue from the date such warrant is issued. The proceeds thereof shall be used by the district to pay principal or interest on its bonded debt falling due in the ensuing year.

Subd. 4. Each district receiving a debt service loan shall levy 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 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 September 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.

**History:** *Ex1959 c 27 s 7; 1961 c 752 s 3,4; 1965 c 875 s 4,5; 1969 c 1056 s 3,4; 1973 c 492 s 14; 1975 c 432 s 55-57; 1981 c 358 art 9 s 5,6; 1986 c 444; 1989 c 271 s 29; 1Sp1989 c 1 art 9 s 2,3*

**124.43** [Repealed, 1990 c 562 art 11 s 11]

### **124.431 CAPITAL LOANS.**

Subdivision 1. **Capital loan requests and uses.** Capital loans are available only to qualifying districts. Capital loans must not be used for the construction of swimming pools, ice arenas, athletic facilities, auditoriums, bus garages, or heating system improvements. Proceeds of the loans may be used only for sites for education facilities and for acquiring, bettering, furnishing, or equipping education facilities. Contracts must be entered into within 18 months after the date on which each loan is granted. For purposes of this section, "education facilities" includes space for Head Start programs and social service programs.

Subd. 1a. **Capital loans eligibility.** Beginning July 1, 1992, a district is not eligible for a capital loan unless the district's estimated net debt tax rate as computed by the commissioner after debt service equalization aid would be more than 20 percent of adjusted net tax capacity. The estimate must assume a 20-year maturity schedule for new debt.

Subd. 2. **District request for review and comment.** A school district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 121.15 on or before July 1. The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 121.15, subdivision 7, the commissioner shall consider the following criteria in determining whether to make a positive review and comment.

(a) To grant a positive review and comment the commissioner must determine that all of the following conditions are met:

(1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;

(2) the district will serve, on average, at least 80 pupils per grade or is eligible for sparsity revenue;

(3) no form of cooperation with another district would provide the necessary facilities;

(4) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;

(5) the facilities are comparable in size and quality to facilities recently constructed in other districts that are financed without a capital loan;

(6) the district is projected to maintain or increase its average daily membership over the next five years or is eligible for sparsity revenue;

(7) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes;

(8) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility;

(9) the district has made a good faith effort to encourage integration of social service programs within the new facility; and

(10) evaluations by school boards of adjacent districts have been received.

(b) The commissioner may grant a negative review and comment if:

(1) the state demographer has examined the population of the communities to be served by the facility and determined that the communities have not grown during the previous five years;

(2) the state demographer determines that the economic and population bases of the communities to be served by the facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;

(3) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;

(4) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or

(5) if the application is for new construction, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

**Subd. 3. Multiple district proposals; review and comment.** In addition to the requirements of subdivision 2, the commissioner may use additional requirements to determine a positive review and comment on projects that are designed to serve more than one district. These requirements may include:

(1) reducing or increasing the number of districts that plan to use the facility;

(2) location of the facility; and

(3) formation of a joint powers agreement among the participating districts.

**Subd. 4. Adjacent district comments.** The district shall present the proposed project to the school board of each adjacent district at a public meeting of that district. The board of an adjacent district shall make a written evaluation of how the project will affect the future education and building needs of the adjacent district. The board shall submit the evaluation to the applying district within 30 days of the meeting.

**Subd. 5. District application for capital loan.** The school board of a district desiring a capital 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. Applications for loans must be accompanied by a copy of the adopted board resolution and copies of the adjacent district evaluations. The evaluation shall be retained by the commissioner as part of a permanent record of the district submitting the evaluation.

Applications must be in the form and accompanied by the additional data required by the commissioner. Applications must be received by the commissioner by November 1. A district must resubmit an application each year. Capital loan applications that do not receive voter approval or are not approved in law cancel July 1 of the year following application. When an application is received, the commissioner shall obtain from the commissioner of revenue the information in the revenue department's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.

**Subd. 6. State board review; district proposals.** By January 1 of each year, the state board must review all applications for capital loans that have received a positive review and comment. When reviewing applications, the state board shall consider whether the criteria in subdivision 2 have been met. The state board may not approve an application if all of the required deadlines have not been met. The state board may either approve or reject an application for a capital loan.

**Subd. 7. Recommendations of the commissioner.** The commissioner shall examine and consider applications for capital loans that have been approved by the state board of education, and promptly notify any district rejected by the state board of the state board's decision.

The commissioner shall report each capital loan that has been approved by the state board and that has received voter approval to the education committees of the legislature by February 1 of each year. The commissioner must not report a capital loan that has not received voter approval. The commissioner shall also report on the money remaining in the capital loan account and, if necessary, request that another bond issue be authorized.

**Subd. 8. Loan amount limits.** (a) A loan must not be recommended for approval for a district exceeding an amount computed as follows:

- (1) the amount requested by the district under subdivision 5;
- (2) plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 305 percent of its adjusted net tax capacity as most recently determined, whichever is less;
- (3) less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or 305 percent of its adjusted net tax capacity as most recently determined, whichever is less;
- (4) less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted.

(b) The loan may be approved in an amount computed as provided in paragraph (a), clauses (1) to (3), subject to later reduction according to paragraph (a), clause (4).

**Subd. 9. Legislative action.** Each capital loan must be approved in a law.

If the aggregate amount of the capital loans exceeds the amount that is or can be made available, the commissioner shall allot the available amount among any number of qualified applicant districts, according to the commissioner's judgment and discretion, based upon the districts' respective needs.

**Subd. 10. District referendum.** After receipt of the review and comment on the project and before February 1, the question authorizing the borrowing of money for the facilities must be submitted by the school board to the voters of the district at a regular or special election. The question submitted must state the total amount to be borrowed from all sources. Approval of a majority of those voting on the question is sufficient to authorize the issuance of the obligations on public sale in accordance with chapter 475. The face of the ballot must include the following statement: "APPROVAL OF THIS QUESTION DOES NOT GUARANTEE THAT THE SCHOOL DISTRICT WILL RECEIVE A CAPITAL LOAN FROM THE STATE. THE LOAN MUST BE APPROVED BY THE STATE LEGISLATURE AND IS DEPENDENT ON AVAIL-

ABLE FUNDING." The district shall mail to the commissioner of education a certificate by the clerk showing the vote at the election.

Subd. 11. **Contract.** Each capital loan must be evidenced by a contract between the school district and the state acting through the commissioner. The contract must obligate the state to reimburse the district, from the maximum effort school loan fund, for eligible capital expenses for construction of the facility for which the loan is granted, an amount computed as provided in subdivision 8. The commissioner must receive from the school district a certified resolution of the school board estimating the costs of construction and 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 estimated costs of construction in excess of the amount of the loan. The contract must 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 equal to the weighted average annual rate payable on Minnesota state school loan bonds issued for the project and disbursed to the districts on a reimbursement basis, but in no event less than 3-1/2 percent per year 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 the required debt service levy may be reduced by a loan under section 124.42. On November 20 of each year each district having an outstanding capital loan shall compute the excess amount in the debt redemption fund. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. A completed copy of this form shall be sent to the commissioner before December 1 of each year. The commissioner may recompute the excess amount and shall promptly notify the district of the recomputed amount. On December 15 of each year, the district shall remit to the commissioner an amount equal to the excess amount in the debt redemption fund. When 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 part of the debt service tax collections, including penalties and interest that 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 in this subdivision. Interest on capital loans must be paid on December 15 of the year after the year the loan is granted and annually in later years. On or before September 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. The 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.

Subd. 12. **Loan forgiveness.** If any capital loan is not paid within 50 years after it is granted from maximum effort debt service levies in excess of required debt service levies, the liability of the school district on the loan is satisfied and discharged and interest on the loan ceases.

Subd. 13. **Participation by county auditor; record of contract; payment of loan.** The school district shall file a copy of the capital loan contract with the county auditor of each county in which any part of the district is situated. The county auditor shall enter the capital loan, evidenced by the contract, in the auditor's bond register. The commissioner shall keep a record of each capital loan and contract showing the name and address of the district, the date of the contract, and the amount of the loan initially approved. On receipt of the resolution required in subdivision 11, the commissioner shall issue warrants, which may be dispersed in accordance with the schedule in the contract, on the capital loan account for the amount that may be disbursed under subdivision 1. Interest on each disbursement of the capital loan amount accrues from the date on which the state treasurer issues the warrant.

Subd. 14. **Bond sale limitations.** A district having an outstanding state loan must

not issue and sell any bonds on the public market, except to refund state loans, unless it agrees to make the maximum effort debt service levy in each later year at the higher rate provided in section 124.38, subdivision 7, and unless it schedules the maturities of the bonds according to section 475.54, subdivision 2. A district that refunds bonds at a lower interest rate may continue to make the maximum effort debt service levy in each later year at the current rate provided in section 124.38, subdivision 7, if the district can demonstrate to the commissioner's satisfaction that the district's repayments of the state loan will not be reduced below the previous year's level. The district shall report each sale to the commissioner of education.

After a district's capital loan has been outstanding for 20 years, the district must not issue bonds on the public market except to refund the loan.

**History:** 1990 c 562 art 11 s 5; 1992 c 499 art 5 s 6; 1993 c 224 art 5 s 14-17

**NOTE:** For capital loans granted prior to April 1, 1993, contracts must be entered into within 30 months after the date on which the loan is granted. See Laws 1993, chapter 18, section 1.

**124.435** [Repealed, 1988 c 718 art 8 s 27]

#### **124.44 PREPAYMENTS.**

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

**History:** Ex1959 c 27 s 9; 1961 c 752 s 7

#### **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.

**History:** Ex1959 c 27 s 10; 1975 c 432 s 62

#### **124.46 ISSUANCE AND SALE OF BONDS.**

Subdivision 1. On or before October 1 in each year, the commissioner shall certify to the commissioner of finance the amount anticipated to be needed for debt service loans and capital loans to be made under the maximum effort school aid law prior to October 1 in the following year. Each such certification of the commissioner shall also state an estimate of the dates and amounts the certified amount will be needed in the maximum effort school loan fund and an estimate as to the years and amounts in which payments on debt service loans and capital loans will be received.

Subd. 2. Upon receipt of each such certification, subject to authorization as provided in subdivision 4, the commissioner of finance shall from time to time as needed issue and sell state of Minnesota school loan bonds in the aggregate principal amount stated in the commissioner's certificate, for the prompt and full payment of which, with the interest thereon, the full faith, credit, and taxing powers of the state are hereby irrev-

ably pledged, and shall credit the net proceeds of their sale to the purposes for which they are appropriated by section 124.40, subdivision 1. Such bonds shall be issued and sold at such price, in such manner, in such number of series, at such times, and in such form and denominations, shall bear such dates of issue and of maturity, either without option of prior redemption or subject to prepayment upon such notice and at such times and prices, shall bear interest at such rate or rates and payable at such intervals, shall be payable at such bank or banks within or without the state, with such provisions for registration, conversion, and exchange, and for the issuance of notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further provisions as the commissioner of finance shall determine subject to the limitations stated in this subdivision (but not subject to the provisions of sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62). The maturity date shall in no case be more than 20 years after the date of issue of any bond and the principal amounts and due dates shall conform as near as may be with the commissioner's estimates of dates and amounts of payments to be received on debt service and capital loans. The bonds and any interest coupons appurtenant to them shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signatures of these officers and their seals may be printed, lithographed, stamped, engraved, or otherwise reproduced thereon. Each bond shall be authenticated by the manual signature on its face of one of the officers or a person authorized to sign on behalf of a bank or trust company designated by the commissioner to act as registrar or other authenticating agent. The commissioner of finance is authorized and directed to ascertain and certify to purchasers of the bonds the performance and existence of all acts, conditions, and things necessary to make them valid and binding general obligations of the state of Minnesota in accordance with their terms.

Subd. 3. The commissioner of finance shall maintain a separate school loan bond account in the state bond fund, showing all money transferred to that fund for the payment of school loan bonds and all income received from the investment of such money. On the first day of December in each year there shall be transferred to the bond account all or so much of the money then on hand in the loan repayment account in the maximum effort school loan fund as will be sufficient, with the balance then on hand in said bond account, to pay all principal and interest then and theretofore due and to become due within the next ensuing year and to and including July 1 in the second ensuing year on school loan bonds issued and sold pursuant to this section. In the event that moneys are not available for such transfer in the full amount required, and if any principal or interest on school loan bonds should become due at any time when there is not on hand a sufficient amount from any of the sources herein appropriated for the payment thereof, the moneys shall be paid out of the general fund in the state treasury according to section 16A.641, and the amount necessary therefor is hereby appropriated.

Subd. 4. Bonds shall be issued pursuant to this section only when authorized by a law specifying the purpose thereof and the maximum amount of the proceeds authorized to be expended for that purpose. Any act authorizing the issuance of bonds in the manner provided in this section shall, together with this section, constitute complete authority for the issue, and the bonds shall not be subject to the restrictions or limitations contained in any other law. Bonds issued pursuant hereto may be sold at public or private sale and shall be deemed "authorized securities" within the provisions of section 50.14 and acts amendatory thereof or supplemental thereto.

**History:** *Ex1959 c 27 s 12; 1963 c 601 s 4; 1965 c 875 s 13; 1969 c 399 s 49; 1973 c 492 s 14; 1980 c 509 s 34; 1980 c 607 art 14 s 29; 1982 c 424 s 130; 1983 c 301 s 135; 1Sp1985 c 14 art 4 s 22; 1986 c 444; 1991 c 45 s 4; 1994 c 647 art 5 s 4*

**124.47** [Repealed, 1991 c 199 art 2 s 29]

**124.471** [Repealed, 1Sp1985 c 13 s 376]

**124.472 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1965.**

For the purpose of providing money to be loaned to school districts as agencies and

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

**History:** 1965 c 875 s 14; 1987 c 384 art 2 s 34; 1994 c 465 art 2 s 1

#### **124.473 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1967.**

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

**History:** 1967 c 583 s 6; 1994 c 465 art 2 s 1

#### **124.474 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1969.**

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

**History:** 1969 c 1056 s 12; 1973 c 492 s 14; 1981 c 358 art 9 s 12; 1994 c 465 art 2 s 1

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

**124.476 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1980.**

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

*History: 1980 c 545 s 4; 1981 c 358 art 9 s 13; 1994 c 465 art 2 s 1*

**124.477 BOND ISSUE; MAXIMUM EFFORT SCHOOL LOANS; 1988.**

To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$22,000,000, in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum effort school loan fund and must be spent under the direction of the commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.46. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.

*History: 1988 c 718 art 8 s 12; 1989 c 300 art 2 s 1; 1991 c 45 s 5; 1994 c 465 art 2 s 1*

**124.478 BOND ISSUE; MAXIMUM EFFORT LOANS; 1990.**

To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$23,000,000, in addition to the bonds already authorized for this purpose. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.

*History: 1990 c 610 art 1 s 45; 1992 c 499 art 5 s 35*

**124.479 BOND ISSUE; MAXIMUM EFFORT SCHOOL LOANS, 1991.**

To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$45,065,000, in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum effort school loan fund and must be spent under the direction of the commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.46. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.

**History:** 1991 c 265 art 12 s 1; 1992 c 464 art 1 s 21; 1992 c 499 art 5 s 7; 1992 c 558 s 29; 1994 c 465 art 2 s 1

**INDIAN SCHOLARSHIPS AND GRANTS****124.48 INDIAN SCHOLARSHIPS.**

**Subdivision 1. Awards.** The state board, with the advice and counsel of the Minnesota Indian scholarship committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the board, has the capabilities to benefit from further education. Scholarships shall be for advanced or specialized education in accredited or approved colleges or in business, technical or vocational schools. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a standardized need analysis. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study without special approval of the Minnesota Indian scholarship committee.

**Subd. 2.** [Repealed, 1991 c 265 art 11 s 26]

**Subd. 3. Indian scholarship committee.** The Minnesota Indian scholarship committee is established. Members shall be appointed by the state board with the assistance of the Indian affairs council as provided in section 3.922, subdivision 6. Members shall be reimbursed for expenses as provided in section 15.059, subdivision 6. The state board shall determine the membership terms and duration of the committee, which expires no later than June 30, 1997. The committee shall provide advice to the state board in awarding scholarships to eligible American Indian students and in administering the state board's duties regarding awarding of American Indian post-secondary preparation grants to school districts.

**History:** Ex1959 c 71 art 5 s 36; 1971 c 176 s 1; 1977 c 384 s 1; 1983 c 258 s 28; 1Sp1985 c 11 s 12; 1988 c 629 s 28; 1988 c 718 art 3 s 3; 1993 c 224 art 9 s 32; art 13 s 40; 1993 c 374 s 23

**124.481 INDIAN POST-SECONDARY PREPARATION GRANTS.**

The state board of education, with the advice of the Minnesota Indian scholarship committee, may make grants to school districts to support post-secondary preparation for secondary pupils who are of one-fourth or more Indian ancestry and who, in the opinion of the superintendent, have the capabilities to benefit from higher education. Distribution of the grants must be in accordance with a plan prepared by the state board, with the advice of the Minnesota Indian scholarship committee, that describes the objectives and methods of implementing the grant program, including the manner in which grants will be distributed in proportion to the geographical distribution of the Indian population of the state.

**History:** *1Sp1985 c 11 s 13*

**COOPERATIVE SECONDARY  
FACILITIES GRANT ACT**

**124.491 CITATION.**

Sections 124.492 to 124.495 may be cited as the "cooperative secondary facilities grant act."

**History:** *1987 c 400 s 33,59; 1989 c 300 art 2 s 13; 1991 c 199 art 2 s 1*

**124.492 POLICY AND PURPOSE.**

Because of the rates of decline in school-aged population, population shifts and economic changes that the state has experienced in recent years and anticipates in future years, and because in some instances local school districts have not, and will not be able to provide the required construction funds through local property taxes, the purpose of the cooperative secondary facilities grant program is to provide an incentive to encourage cooperation in making available to all secondary students those educational programs, services and facilities that are most efficiently and effectively provided by a cooperative effort of several school districts. The policy and purpose of sections 124.493 to 124.495 is to use the credit of the state, to a limited degree, to provide grants to cooperating groups of school districts to improve and expand the educational opportunities and facilities available to their secondary students.

**History:** *1987 c 400 s 34,59; 1989 c 300 art 2 s 13*

**124.493 APPROVAL AUTHORITY; APPLICATION FORMS.**

Subdivision 1. **Approval by commissioner.** To the extent money is available, the commissioner of education may approve projects from applications submitted under section 124.494. The grant money must be used only to acquire, construct, remodel or improve the building or site of a cooperative secondary facility under contracts to be entered into within 15 months after the date on which each grant is awarded.

Subd. 2. [Repealed, 1991 c 265 art 6 s 67]

Subd. 3. **Cooperation and combination.** Districts that receive a cooperative secondary facilities grant after May 1, 1991, shall:

(1) submit a plan as set forth in section 122.242 for approval by the state board of education; and

(2) hold a referendum on the question of combination no later than four years after a grant is awarded under subdivision 1.

The districts are eligible for cooperation and combination revenue under section 124.2725.

**History:** *1987 c 400 s 35,59; 1989 c 300 art 2 s 13; 1991 c 265 art 6 s 40; 1992 c 499 art 5 s 8,9*

**124.494 GRANT APPLICATION PROCESS.**

Subdivision 1. **Qualification.** Any group of school districts that meets the criteria

required under subdivision 2 may apply for an incentive grant for construction of a new secondary facility or for remodeling and improving an existing secondary facility. A grant for new construction must not exceed the lesser of \$5,000,000 or 75 percent of the approved construction costs of a cooperative secondary education facility. A grant for remodeling and improving an existing facility must not exceed \$200,000.

**Subd. 2. Review by commissioner.** (a) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

(1) a minimum of two or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils, enter into a joint powers agreement;

(2) a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;

(3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;

(4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;

(5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;

(6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;

(7) an educational plan is prepared, that includes input from both community and professional staff;

(8) a combined seniority list for all participating districts is developed by the joint powers board;

(9) an education program is developed that provides for more learning opportunities and course offerings, including the offering of advanced placement courses, for students than is currently available in any single member district;

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical; and

(11) the joint powers board established under clause (2) discusses with technical colleges located in the area how vocational education space in the cooperative secondary facility could be jointly used for secondary and post-secondary purposes.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purpose of paragraph (a), clause (8), each school district must be considered to have started school each year on the same date.

(d) The districts may develop a plan that provides for the location of social service, health, and other programs serving pupils and community residents within the cooperative secondary facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(e) The districts shall schedule and conduct a meeting on library services. The school districts, in cooperation with the regional public library system and its appropriate member libraries, shall discuss the possibility of including jointly operated library services at the cooperative secondary facility.

(f) The school board of a district that has reorganized under section 122.23 or 122.243 and that is applying for a grant for remodeling or improving an existing facility may act in the place of a joint powers board to meet the criteria of this subdivision.

**Subd. 2a. Reorganizing districts.** A school district that is a member of a joint powers board established under subdivision 2 and that is planning to reorganize under section 122.21, 122.22, or 122.23 must notify the joint powers board one year in advance of the effective date of the reorganization. Notwithstanding section 471.59 or any other law to the contrary, the board of a district that reorganizes under section 122.21, 122.22, or 122.23 may appoint representatives to the joint powers board who will serve on the joint powers board for two years after the effective date of the reorganization if authorized in the agreement establishing the joint powers board to govern the cooperative secondary facility. These representatives shall have the same powers as representatives of any other school district under the joint powers agreement.

**Subd. 3. District procedures.** A joint powers board of a secondary district established under subdivision 2 or a school board of a reorganized district that intends to apply for a grant shall adopt a resolution stating the proposed costs of the project, the purpose for which the costs are to be incurred, and an estimate of the dates when the facilities for which the grant is requested will be contracted for and completed. Applications for the state grants must be accompanied by (a) a copy of the resolution, (b) a certificate by the clerk and treasurer of the joint powers board showing the current outstanding indebtedness of each member district, and (c) a certificate by the county auditor of each county in which a portion of the joint powers district lies showing the information in the auditor's official records that 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 of each member district, 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 and necessary data must be in the form prescribed by the commissioner and the rules of the state board of education. When an application is received, the commissioner shall obtain from the commissioner of revenue, and from the public utilities commission when required, the information in their official records that is required to be used in computing the debt limit of the joint powers district under section 475.53, subdivision 4.

**Subd. 4. Award of grants.** The commissioner shall examine and consider all applications for grants, and if any district is found not qualified, the commissioner shall promptly notify that board.

A grant award is subject to verification by the district as specified in subdivision 6. A grant award for a new facility must not be made until the site of the secondary facility has been determined. A grant award to remodel or improve an existing facility must not be made until the districts have reorganized. If the total amount of the approved applications exceeds the amount that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commissioner shall promptly certify to each qualified district the amount, if any, of the grant awarded to it.

**Subd. 4a. Collocation grant.** A group of districts that receives a grant for a new facility under subdivision 4 is also eligible to receive an additional grant in the amount of \$1,000,000. To receive the additional grant, the group of districts must develop a plan under subdivision 2, paragraph (d), that provides for the location of a significant number of noneducational student and community service programs within the cooperative secondary facility.

**Subd. 5. Referendum; bond issue.** Within 180 days after being awarded a grant for a new facility under subdivision 4, the joint powers board shall submit the question of authorizing the borrowing of funds for the secondary facility to the voters of the joint powers district at a special election, which may be held in conjunction with the annual election of the school board members of the member districts. The question submitted shall state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the joint powers board to accept the grant and to issue the bonds on public sale in accordance with chapter 475. The clerk of the joint powers board must certify the vote of the bond election to the

commissioner of education. If the question is approved by the voters, the commissioner shall notify the approved applicant districts that the grant amount certified under subdivision 4 is available and appropriated for payment under this subdivision. If a majority of those voting on the question do not vote in the affirmative, the grant must be canceled.

**Subd. 6. Contract.** Each grant must be evidenced by a contract between the board and the state acting through the commissioner. The contract obligates the state to pay to the board an amount computed according to subdivision 4, and according to a schedule, and terms and conditions acceptable to the commissioner of finance.

**Subd. 7. Consolidation.** A group of districts that operates a cooperative secondary facility that was acquired, constructed, remodeled, or improved under this section and implements consolidation proceedings according to section 122.23, may propose a temporary school board structure in the petition or resolution required under section 122.23, subdivision 2. The districts may propose the number of existing school board members of each district to become members of the school board of the consolidated district and a method to gradually reduce the membership to six or seven. The proposal shall be approved, disapproved, or modified by the state board of education. The election requirements of section 122.23, subdivision 18, do not apply to a proposal approved by the state board. Elections conducted after the effective date of the consolidation are subject to the Minnesota election law.

**History:** 1987 c 400 s 36,59; 1988 c 718 art 8 s 13-15; 1989 c 300 art 2 s 2-4,13; 1989 c 329 art 6 s 38; 1990 c 562 art 6 s 27; 1992 c 409 s 2; 1992 c 499 art 5 s 10-12; 1993 c 224 art 5 s 18-20; 1994 c 643 s 55-61

#### **124.4945 LEVY FOR SEVERANCE PAY.**

A joint powers board established under section 124.494 may make a levy to provide severance pay and early retirement incentives under section 125.611, for any teacher as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement. A joint powers board making a levy shall certify to each participating district tax levies sufficient to raise the amount necessary to provide the district's portion of severance pay and early retirement incentives. The tax levy certified to each district must be expressed as a local tax rate, that, when applied to the adjusted net tax capacity of all of the participating districts raises the amount necessary to provide severance pay and early retirement incentives. Each participating school district shall include the levy in the next tax roll which it shall certify to the county auditor, and shall remit the collections of the levy to the joint powers board.

**History:** 1988 c 718 art 8 s 16; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11

#### **124.4946 TRANSPORTATION.**

The joint powers board representing the districts that have entered into a joint powers agreement under section 124.494, subdivision 2, or the boards of the districts that are contiguous to the districts that have entered into a joint powers agreement, may transport nonresident pupils without charge between a school within the district and a point within a district that has entered into a joint powers agreement chosen by the pupil on a route traveled by a bus from the district.

**History:** 1989 c 329 art 6 s 39

#### **124.495 STATE BOND AUTHORIZATION.**

To provide money for the cooperative secondary facilities grant program, the commissioner of finance, upon the request of the commissioner of education, shall issue and sell bonds of the state up to the amount of \$14,000,000 in the manner, upon the terms and with the effect prescribed by sections 16A.631 to 16A.675 and the Minnesota Constitution, article XI, sections 4 to 7.

**History:** 1987 c 400 s 37; 1988 c 718 art 8 s 17; 1989 c 300 art 2 s 5

- 124.496** [Repealed, 1989 c 329 art 9 s 34]  
**124.50** [Repealed, 1975 c 432 s 98]  
**124.51** [Repealed, Ex1971 c 31 art 20 s 24]

### COUNTY FUNDS; REORGANIZED DISTRICTS

#### **124.511 SURPLUS COUNTY SCHOOL TAX FUNDS; DISTRIBUTION.**

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

**History:** 1973 c 157 s 1

- 124.52** [Renumbered 136C.21]  
**124.53** [Repealed, 1983 c 258 s 72]  
**124.54** [Renumbered 136C.211]  
**124.55** [Renumbered 136C.212]  
**124.56** [Renumbered 136C.213]  
**124.561** [Repealed, 1983 c 314 art 5 s 17]  
**124.5611** [Renumbered 136C.25]  
**124.5612** [Renumbered 136C.26]  
**124.5613** Subdivision 1. [Repealed, 1984 c 463 art 5 s 37]  
    Subd. 2. [Renumbered 136C.27 subdivision 1]  
    Subd. 3. [Renumbered 136C.27 subd 2]  
**124.5614** [Renumbered 136C.28]  
**124.5615** [Renumbered 136C.29]  
**124.5616** [Renumbered 136C.31]  
**124.5617** [Renumbered 136C.32]  
**124.5618** [Renumbered 136C.33]  
**124.5619** [Renumbered 136C.34]  
**124.562** [Repealed, 1983 c 314 art 5 s 17]  
**124.5621** [Repealed, 1983 c 314 art 5 s 17]  
**124.5622** [Repealed, 1983 c 314 art 5 s 17]  
**124.5623** [Repealed, 1983 c 314 art 5 s 17]  
**124.5624** [Repealed, 1983 c 314 art 5 s 17]  
**124.5625** [Repealed, 1983 c 314 art 5 s 17]  
**124.5626** [Repealed, 1983 c 314 art 5 s 17]  
**124.5627** [Repealed, 1983 c 314 art 5 s 17]  
**124.5628** [Renumbered 136C.35]  
**124.5629** [Renumbered 136C.36]  
**124.563** [Repealed, 1979 c 334 art 5 s 29]  
**124.564** [Renumbered 136C.41]  
**124.565** Subdivision 1. [Renumbered 136C.13 subdivision 1]  
    Subd. 2. [Repealed, 1977 c 447 art 5 s 17]  
    Subd. 3. [Repealed, 1984 c 463 art 5 s 37]  
    Subd. 4. [Repealed, 1984 c 463 art 5 s 37]  
    Subd. 5. [Repealed, 1977 c 447 art 5 s 16]  
    Subd. 6. [Renumbered 136C.13 subd 2]  
    Subd. 7. [Renumbered 136C.13 subd 3]

- 124.566** [Repealed, 1981 c 358 art 5 s 47]
- 124.57** Subdivision 1. [Repealed, 1977 c 447 art 5 s 17]
- Subd. 2. [Renumbered 136C.37]
- Subd. 3. [Repealed, 1977 c 447 art 5 s 17]
- 124.571** [Repealed, 1981 c 358 art 5 s 47]
- 124.572** Subdivision 1. [Renumbered 136C.38 subdivision 1]
- Subd. 1a. [Renumbered 136C.38 subd 2]
- Subd. 2. [Renumbered 136C.38 subd 3]
- Subd. 2a. [Repealed, 1984 c 463 art 5 s 37]
- Subd. 3. [Renumbered 136C.38 subd 4]
- Subd. 3a. [Renumbered 136C.38 subd 5]
- Subd. 4. [Renumbered 136C.38 subd 6]
- Subd. 5. [Renumbered 136C.38 subd 7]
- Subd. 6. [Renumbered 136C.38 subd 8]
- Subd. 7. [Renumbered 136C.38 subd 9]
- Subd. 8. [Repealed, 1984 c 463 art 5 s 37]
- Subd. 8a. [Repealed, 1984 c 463 art 9 s 13]
- Subd. 9. [Renumbered 136C.38 subd 10]
- Subd. 10. [Renumbered 136C.38 subd 11]

## SECONDARY VOCATIONAL EDUCATION

### 124.573 CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.

Subdivision 1. The state shall pay aids for secondary vocational programs on a current funding basis.

Subd. 2. **Limit.** The commissioner may withhold all or any portion of the aid paid under this section for a secondary vocational education program which receives funds from any other source. In no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Subd. 2a. [Repealed, 1984 c 463 art 5 s 37]

Subd. 2b. **Secondary vocational aid.** A district's secondary vocational education aid for a fiscal year equals the lesser of:

- (a) \$80 times the district's average daily membership in grades 10 to 12; or
- (b) 25 percent of approved expenditures for the following:
  - (1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved secondary vocational education programs;
  - (2) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 3a;
  - (3) necessary travel between instructional sites by licensed secondary vocational education personnel;
  - (4) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;
  - (5) curriculum development activities that are part of a five-year plan for improvement based on program assessment;
  - (6) necessary travel by licensed secondary vocational education personnel for non-collegiate credit bearing professional development; and

(7) specialized vocational instructional supplies.

(c) Up to ten percent of a district's secondary vocational aid may be spent on equipment purchases. Districts using secondary vocational aid for equipment purchases must report to the department of education on the improved learning opportunities for students that result from the investment in equipment.

Subd. 2c. [Repealed, 1993 c 224 art 3 s 40; 1993 c 374 s 10]

Subd. 2d. [Repealed, 1993 c 224 art 3 s 40]

Subd. 2e. **Allocation from cooperative centers and intermediate districts.** For purposes of subdivisions 2b, paragraph (b), and 2f, paragraph (b), a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational education programs among participating school districts. For purposes of subdivision 2f, paragraph (a), a cooperative center or an intermediate district shall allocate its secondary vocational aid for fiscal year 1994 among participating school districts. For 1995 and later fiscal years, secondary vocational aid for services provided by a cooperative center or an intermediate district shall be paid to the participating school district.

Subd. 2f. **Aid guarantee.** Notwithstanding subdivision 2b, the secondary vocational education aid for a school district is not less than the lesser of:

(a) 95 percent of the secondary vocational education aid the district received for the previous fiscal year; or

(b) 40 percent of the approved expenditures for secondary vocational programs included in subdivision 2b, paragraph (b).

Subd. 3. **Compliance with rules.** Aid shall be paid under this section only for services rendered or for costs incurred in secondary vocational education programs approved by the commissioner and operated in accordance with rules promulgated by the state board. These rules shall provide minimum student-staff ratios required for a secondary vocational education program area to qualify for this aid. The rules must not require the collection of data at the program or course level to calculate secondary vocational aid. The rules shall not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. The state board shall not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board. Licensed personnel means persons holding a valid secondary vocational license issued by the commissioner, except that when an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved post-secondary program at intermediate district No. 287, 916, or 917, licensed personnel means persons holding a valid vocational license issued by the commissioner or the state board for vocational technical education. Notwithstanding section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid under this section without proceeding under section 124.15 at any time. To do so, the commissioner must determine that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Subd. 3a. **Aid for contracted services.** In addition to the provisions of subdivisions 2 and 3, a school district or cooperative center may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision

of secondary vocational education services. The state board shall promulgate rules relating to program approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 4, the district or cooperative center contracting for these services shall be construed to be providing the services.

Subd. 3b. [Repealed, 1984 c 463 art 5 s 37]

Subd. 4. [Repealed, 1993 c 374 s 10]

Subd. 5. [Repealed, 1984 c 463 art 5 s 37]

Subd. 5a. **District reports.** Each district or cooperative center shall report data to the department for all secondary vocational education programs as required by the department to implement the secondary vocational aid formula.

Subd. 6. [Repealed, 1984 c 463 art 9 s 13]

**History:** 1976 c 271 s 62; 1977 c 447 art 5 s 10; 1978 c 764 s 69-71; 1979 c 334 art 5 s 27; 1981 c 358 art 5 s 39-42; 1982 c 548 art 5 s 12-15; 1984 c 463 art 5 s 24; 1Sp1985 c 12 art 6 s 9,10; 1Sp1986 c 1 art 9 s 12,13; 1987 c 398 art 3 s 22; 1989 c 329 art 3 s 8-11; 1990 c 562 art 3 s 3; 1991 c 265 art 3 s 13,14; 1993 c 224 art 3 s 24,25; art 13 s 41; 1993 c 374 s 7,8; 1994 c 647 art 3 s 12-15

#### 124.574 SECONDARY VOCATIONAL EDUCATION FOR CHILDREN WITH A DISABILITY.

Subdivision 1. The purpose of this section is to provide a method to fund programs for secondary vocational education for children with a disability. As used in this section, the term "children with a disability" shall have the meaning ascribed to it in section 120.03.

Subd. 2. [Repealed, 1984 c 463 art 5 s 37]

Subd. 2a. [Repealed, 1984 c 463 art 5 s 37]

Subd. 2b. **Salaries.** (a) Each year the state shall pay to any district or cooperative center a portion of the salary of each essential licensed person who provides direct instructional services to students, employed during that fiscal year for services rendered in that district's or center's secondary vocational education programs for children with a disability.

(b) For fiscal year 1993 and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time person is the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment.

Subd. 3. **Equipment, travel, and supplies.** In addition to the provisions of subdivision 2b, the state shall pay for each school year:

(a) 47 percent of the costs of necessary equipment for these secondary vocational education programs for children with a disability;

(b) 47 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of children with a disability, but not including travel to and from local, regional, district, state or national vocational student organization meetings; and

(c) 47 percent of the costs of necessary supplies for these secondary vocational education programs for children with a disability, but not to exceed an average of \$47 in any one school year for each child with a disability receiving these services.

Subd. 3a. [Repealed, 1984 c 463 art 5 s 37]

Subd. 4. **Aid for contracted services.** In addition to the provisions of subdivisions 2b and 3, a school district may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education programs for children with a disability. The formula for payment of aids for these contracts shall be that provided in section 124.32, subdivision 1d. The state board shall promulgate rules relating to approval procedures and criteria for these

contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 6, the district or cooperative center contracting for these services shall be construed to be providing these services.

**Subd. 4a. Additional aid.** A school district may contract with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12. The state shall pay the school district an amount equal to 52 percent of the amount of the contract for that pupil. The contracts must be approved by the commissioner.

**Subd. 5.** The aid provided pursuant to this section shall be paid only for services rendered as designated in subdivision 2 or for the costs designated in subdivision 3 which are incurred in secondary vocational education programs for children with a disability which are approved by the commissioner of education and operated in accordance with rules promulgated by the state board. These rules shall be subject to the restrictions provided in section 124.573, subdivision 3. The procedure for application for approval of these programs shall be as provided in section 124.32, subdivisions 7 and 10, and the application review process shall be conducted by the vocational education section of the state department.

**Subd. 6.** All aid pursuant to this section shall be paid to the district or cooperative center providing the services. All aid received by a district or center from any source for secondary vocational education for children with a disability shall be utilized solely for that purpose.

**Subd. 7.** A district shall not receive aid pursuant to section 124.32 or 124.573 for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

**Subd. 8.** [Repealed, 1984 c 463 art 9 s 13]

**Subd. 9. Allocation from cooperative centers and intermediate districts.** For purposes of this section, a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational programs for children with a disability among participating school districts. Aid for secondary vocational programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

**History:** 1978 c 764 s 72; 1979 c 334 art 5 s 28; 1981 c 358 art 5 s 43-45; 1982 c 548 art 5 s 16-18; 1Sp1985 c 12 art 3 s 18; 1987 c 398 art 3 s 23-25; 1Sp1987 c 4 art 1 s 1; 1989 c 329 art 3 s 12-14; 1991 c 265 art 3 s 15,38; 1993 c 224 art 3 s 26-28; 1993 c 374 s 9

**124.575** Subdivision 1. MS 1992 [Repealed, 1993 c 374 s 15]

Subd. 1a. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]

Subd. 2. MS 1992 [Repealed, 1993 c 224 art 6 s 32; 1993 c 374 s 15]

Subd. 2a. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]

Subd. 3. MS 1992 [Repealed, 1993 c 374 s 15]

Subd. 3b. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]

Subd. 4. MS 1992 [Repealed, 1993 c 224 art 6 s 32; 1993 c 374 s 15]

Subd. 4a. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]

Subd. 5. MS 1991 Supp [Repealed, 1992 c 499 art 6 s 39]

**124.58** [Renumbered 136C.22]

**124.59** [Renumbered 136C.221]

**124.60** [Renumbered 136C.222]

**124.61** [Renumbered 136C.223]

**124.611** [Repealed, 1983 c 314 art 10 s 18]

**124.615** [Repealed, 1993 c 224 art 12 s 32]

**124.62** [Repealed, 1993 c 224 art 12 s 32]

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

## VETERANS TRAINING PROGRAM

**124.625 VETERANS TRAINING.**

The commissioner shall continue the veterans training program. All receipts to the veterans training revolving fund for the veterans training program are appropriated to the commissioner to pay the necessary expenses of operation of the program. The department of education shall act as the state agency for approving educational institutions for purposes of United States Code, title 38, chapter 36, relating to educational benefits for veterans and other persons. The state board may adopt rules to fulfill its obligations as the state approving agency. All federal money received for purposes of the veterans training program shall be deposited in the veterans training revolving fund and is appropriated to the department for those purposes.

**History:** 1979 c 335 s 16; 1993 c 224 art 13 s 42

## NATIONAL FOREST LAND FUNDS

**124.63 NATIONAL FOREST LAND FUNDS, HANDLING AND DISPOSITION.**

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

**History:** Ex1959 c 71 art 5 s 51

**124.64** [Repealed, 1993 c 224 art 12 s 32]

**124.645** [Repealed, 1993 c 224 art 12 s 32]

## SCHOOL FOOD

**124.646 LUNCH AID; FOOD SERVICE ACCOUNTING.**

Subdivision 1. **School lunch aid computation.** Each school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 6.5 cents for each full paid, reduced, and free student lunch served to students in the district.

Subd. 2. [Repealed, 1992 c 499 art 12 s 30]

Subd. 3. School districts shall apply to the state department of education for this payment on forms provided by the department.

Subd. 4. **School food service fund.** (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each school district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program must be charged to the general fund.

That portion of superintendent and fiscal manager costs that can be documented

as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund, the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department of education.

(d) Capital expenditures for the purchase of food service equipment must be made from the capital fund and not the food service fund, unless two conditions apply:

(1) the unreserved balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased; and

(2) the department of education has approved the purchase of the equipment.

(e) If the two conditions set out in paragraph (d) apply, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of that second fiscal year. However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be eliminated by a payment from the food service management company.

(g) Notwithstanding paragraph (f), a district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year.

(h) If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general fund according to paragraph (c) and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.

**History:** 1977 c 447 art 6 s 6; 1979 c 334 art 6 s 22; 1981 c 358 art 6 s 26; 1983 c 314 art 6 s 17; 1Sp1985 c 12 art 6 s 11; 1987 c 398 art 6 s 11; 1989 c 209 art 1 s 12; 1991 c 265 art 8 s 5; 1992 c 499 art 8 s 6

#### 124.6462 LACTOSE REDUCED MILK.

If a nonpublic school or school district

(1) receives school lunch aid under section 124.646 or participates in the school breakfast program; and

(2) receives a written request from the parent of a pupil who is lactose intolerant, the nonpublic school or school district shall make available lactose reduced milk; milk fortified with lactase in liquid, tablet, granular, or other form; or milk to which lactobacillus acidophilus has been added for the pupil. Notwithstanding any law, local ordinance, or local regulation to the contrary, a school may pour or serve portions of any product required by this section from a large container of the product at the time and place the pupil is being served.

**History:** 1988 c 510 s 1

#### 124.6469 SCHOOL BREAKFAST PROGRAM.

Subdivision 1. **Purpose.** The purpose of the school breakfast program is to provide affordable morning nutrition to children so that they can effectively learn.

Subd. 2. **Program.** The state school breakfast program enables schools participating in the federal School Breakfast Program to cover their costs for breakfast.

Subd. 3. **Program reimbursement.** (a) State funds are provided to reimburse school breakfasts. Each school year, the state shall reimburse schools in the amount of 5.1 cents for each fully paid breakfast and for each free and reduced price breakfast not eligible for the "severe need" rate.

(b) In addition to paragraph (a), each school year the state shall reimburse schools 10.5 cents for each free and reduced price breakfast not eligible for the "severe need" rate if between 33 and 40 percent of the school lunches served during the second preceding school year were served free or at a reduced price.

**History:** 1993 c 224 art 8 s 2; 1994 c 647 art 8 s 7

#### **124.647 WAIVER; PILOT SCHOOL BREAKFAST PROGRAMS.**

The commissioner of education shall request a waiver from the United States government as necessary to allow pilot school breakfast programs to be implemented in school districts where no program currently exists. The pilot school breakfast program shall provide students with breakfasts designed to be taken with the student and consumed away from the school site.

**History:** 1986 c 404 s 4

#### **124.6471 SCHOOL BREAKFAST INCENTIVE.**

The commissioner of education may provide a cash incentive to schools to increase participation in school breakfast programs or to initiate a school breakfast program if none currently exists.

**History:** 1986 c 404 s 5

#### **124.6472 SCHOOL BREAKFAST PROGRAM**

Subdivision 1. **Breakfast required.** A school district shall offer a school breakfast program in every school building in which at least 33 percent of the school lunches served during the second preceding school year were served free or at a reduced price.

Subd. 2. **Exemption.** Subdivision 1 does not apply to a school in which fewer than 25 pupils are expected to take part in the program. It also does not apply to a school district that does not participate in the national school lunch program.

**History:** 1989 c 329 art 8 s 5; 1990 c 562 art 8 s 27; 1991 c 265 art 8 s 6; 1994 c 647 art 8 s 8

#### **124.648 MILK PROGRAM.**

Subdivision 1. **Legislative findings.** The legislature finds that for best health and well-being, school children in the state should receive at least one serving of milk each day. The school milk program established in this section is to provide school districts in the state with added resources so that all kindergarten students in public and nonpublic schools may have access to wholesome milk on a daily basis.

Subd. 2. **Establishment; school participation.** Each school district in the state is encouraged to participate in the state-supported school milk program for kindergartners. Participating districts shall provide one serving of milk on each school day to each kindergarten student attending a public or nonpublic school in the district. No student is required to accept the milk that is provided by the district. The program must be promoted and operated under the direction of the commissioner or the commissioner's designee.

Subd. 3. **Program guidelines; duties of the commissioner.** (a) The commissioner shall:

- (1) encourage all districts to participate in the school milk program for kindergartners;
- (2) prepare program guidelines, not subject to chapter 14, which will effectively and efficiently distribute appropriated and donated money to participating districts; and
- (3) seek donations and matching funds from appropriate private and public sources.

(b) Program guidelines may provide for disbursement to districts through a mechanism of prepayments or by reimbursement for approved program expenses.

(c) It is suggested that the benefits of the school milk program may reach the largest number of kindergarten students if districts are allowed to submit annual bids stating the per-serving level of support that would be acceptable to the district for their participation in the program. The commissioner would review all bids received and approve bids in sufficient number and value to maximize the provision of milk to kindergarten students consistent with available funds.

Subd. 4. **Reimbursement.** In accordance with program guidelines, the commissioner shall prepay or reimburse participating school districts for the state share of the district's cost for providing milk to kindergarten students.

**History:** 1988 c 688 art 16 s 1

**124.65** [Repealed, 1987 c 398 art 1 s 27 subd 1]

**124.66** [Repealed, 1987 c 398 art 1 s 27 subd 1]

**124.67** [Repealed, 1993 c 224 art 12 s 32]

**124.68** [Repealed, 1993 c 224 art 12 s 32]

**124.69** [Repealed, 1993 c 224 art 12 s 32]

### TAX ANTICIPATION BORROWING

#### 124.71 TAX AND AID ANTICIPATION BORROWING; DEFINITIONS.

Subdivision 1. School district as used in sections 124.71 to 124.76 means any school district in the state of Minnesota, however organized and wherever located.

Subd. 2. Commissioner as used in sections 124.71 to 124.76 means the commissioner of education or, for certificates for a technical college, the chancellor of vocational technical education.

**History:** 1963 c 371 s 1; 1981 c 1 s 3; 1Sp1986 c 1 art 10 s 5; 1987 c 258 s 12; 1989 c 246 s 2; 1990 c 375 s 3

#### 124.72 APPLICATION OF LIMITING TAX LEGISLATION.

Notwithstanding the provisions of section 471.69 or section 471.75, or of any other provision of law which by per capita limitation, local tax rate limitation, or otherwise, limits the power of a school district to incur any debt or to issue any warrant or order, a school district has the powers in sections 124.71 to 124.76 specifically conferred upon it and all powers incident and necessary to carrying out the purposes of sections 124.71 to 124.76.

**History:** 1963 c 371 s 2; 1981 c 1 s 4; 1988 c 719 art 5 s 84; 1Sp1989 c 1 art 2 s 11

#### 124.73 AUTHORITY TO BORROW MONEY, LIMITATIONS.

Subdivision 1. The board of any school district may borrow money upon negotiable tax anticipation certificates of indebtedness, in the manner and subject to the limitations set forth in sections 124.71 to 124.76, for the purpose of anticipating general taxes theretofore levied by the district for school purposes, but the aggregate of such borrowing under this subdivision shall never exceed 75 percent of such taxes which are due and payable in the calendar year, and as to which taxes no penalty for nonpayment or delinquency has attached. In determining the amount of taxes due and payable in the calendar year, any amounts paid by the state to replace such taxes, whether paid in that calendar year or not, shall be included.

Subd. 2. The board may also borrow money in the manner and subject to the limitations set forth in sections 124.71 to 124.76 in anticipation of receipt of state aids for schools as defined in Minnesota Statutes and of federal school aids to be distributed by or through the state department of education. The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids which are receivable by said school district in the school year (from July 1 to June 30) in which the money is borrowed, as estimated and certified by the commissioner.

**History:** 1963 c 371 s 3; 1981 c 1 s 5; 1982 c 642 s 18; 1993 c 224 art 1 s 5

**124.74 ENABLING RESOLUTION; FORM OF CERTIFICATES OF INDEBTEDNESS.**

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

*History: 1963 c 371 s 4; 1978 c 764 s 73*

**124.75 REPAYMENT; MATURITY DATE OF CERTIFICATES; INTEREST.**

The proceeds of the current tax levies and future state aid receipts or other school funds which may become available shall be applied to the extent necessary to repay such certificates and the full faith and credit of the school district shall be pledged to their payment. Certificates issued in anticipation of receipt of aids shall mature not later than the anticipated date of receipt of the aids so anticipated as estimated by the commissioner, but in no event later than three months after the close of the school year in which issued. Certificates issued in anticipation of receipt of taxes shall mature not later than the anticipated date of receipt in full of the taxes so anticipated, but in no event later than three months after the close of the calendar year in which issued. The certificates shall be sold at not less than par. The certificates shall bear interest after maturity until paid at the rate they bore before maturity and any interest accruing before or after maturity shall be paid from any available school funds.

*History: 1963 c 371 s 5; 1969 c 874 s 1*

**124.755 STATE PAYMENT OF DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.**

Subdivision 1. **Definitions.** For the purposes of this section, the term "debt obligation" means either a tax or aid anticipation certificate of indebtedness or a general obligation bond.

Subd. 2. **Notifications; payment; appropriation.** (a) If a school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner of education of that fact as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice shall include the name of the school district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of education of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner of education shall notify the commissioner of finance of the potential default.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner of education, which must include a final figure as to the amount due that the school district will be unable to repay on the date due, the commissioner of finance shall issue a warrant and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department of education from the state general fund.

(c) The departments of education and finance shall jointly develop detailed proce-

dures for school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

**Subd. 3. School district bound; interest rate on state paid amount.** If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's debt obligation on a specific date, the school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the state treasurer's invested cash rate as it is certified by the commissioner of finance. Interest shall only accrue on the amounts paid and outstanding less the reduction in aid under subdivision 4 and other payments received from the district.

**Subd. 4. Pledge of district's full faith and credit.** If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's debt obligation on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district to repay the principal and interest due on those debt obligations shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district to repay to the state the amount paid, with interest. Amounts paid by the state shall be repaid in the order in which the state payments were made.

**Subd. 5. Aid reduction for repayment.** Except as provided in this subdivision, the state shall reduce the state aid payable to the school district under chapters 124, 124A, and 273, according to the schedule in section 124.155, subdivision 2, by the amount paid by the state under this section on behalf of the school district, plus the interest due on it, and the amount reduced shall revert from the appropriate account to the state general fund. Payments from the school endowment fund or any federal aid payments shall not be reduced. If, after review of the financial situation of the school district, the commissioner of education advises the commissioner of finance that a total reduction of the aids would cause an undue hardship on or an undue disruption of the educational program of the school district, the commissioner of education, with the approval of the commissioner of finance, may establish a different schedule for reduction of those aids to repay the state. The amount of aids to be reduced are decreased by any amounts repaid to the state by the school district from other revenue sources.

**Subd. 6. Tax levy for repayment.** (a) With the approval of the commissioner of education, a school district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner of education must require the school district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivi-

sion 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95 or any successor provision. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

**Subd. 7. Election as to mandatory application.** A school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of education of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the school district obligates itself to be bound by this section, it shall covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner of education under subdivision 1 that it will be unable to make all or a portion of that payment. A school district that has obligated itself shall include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner of education if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. If a school district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, it shall continue to make payments on the remaining issues.

**Subd. 8. Mandatory plan; technical assistance.** If the state makes payments on behalf of a district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, it shall submit a plan to the commissioner of education for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department shall provide technical assistance to the school district in preparing its plan. If the commissioner determines that a school district's plan is not adequate, the commissioner shall notify the school district that the plan has been disapproved, the reasons for the disapproval, and that the state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the school district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.

**Subd. 9. State bond rating.** If the commissioner of finance determines that the credit rating of the state would be adversely affected thereby, the commissioner shall not issue warrants under subdivision 2 for the payment of principal or interest on any debt obligations for which a school district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

**History:** 1993 c 224 art 1 s 6

## **124.76 SALE OF CERTIFICATES; DISBURSEMENT OF PROCEEDS.**

**Subdivision 1.** The clerk of the board shall give notice of the proposed sale as required by chapter 475. At the time and place so fixed, such certificates may be sold by the board, or its officers if authorized by the board, to the bidder who will agree to purchase the same on terms deemed most favorable to the district. Such certificates shall be executed and delivered as required by chapter 475. The money so received shall be disbursed solely for the purposes for which such taxes are levied or aids are receivable. The purchaser of such certificates shall not be obligated to see to such application of the proceeds.

**Subd. 2. Public sale exception.** Public sale of tax and aid anticipation certificates

of indebtedness according to subdivision 1 shall not be required (1) if the proposed borrowing is in an amount less than \$400,000, and if the sum of all outstanding tax and aid anticipation certificates issued by the board within the preceding six months does not exceed \$400,000 or, (2) if the certificates mature no later than 13 months after their date of issue. If no public sale is held, the certificates of indebtedness may be sold in accordance with the most favorable of two or more proposals solicited privately or the interest rates may be determined by direct negotiation.

**History:** 1963 c 371 s 6; 1974 c 406 s 15; 1978 c 764 s 74; 1Sp1985 c 12 art 7 s 20; 1987 c 344 s 1

- 124.77 [Repealed, 1981 c 1 s 7]  
 124.78 [Repealed, 1981 c 1 s 7]  
 124.781 [Repealed, 3Sp1981 c 1 art 1 s 9]  
 124.79 [Repealed, 1993 c 224 art 12 s 32]  
 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]

## SCHOOL BUILDINGS

### 124.82 BUILDING CONSTRUCTION DOWN PAYMENT PROGRAM.

**Subdivision 1. Creation of a down payment account.** A school district may create a down payment account as a separate account in its construction fund. All proceeds from the down payment levy must be deposited in the capital expenditure fund and transferred to this account. Interest income attributable to the down payment account must be credited to the account.

**Subd. 2. Uses of the account.** Money in the down payment account must be used as a down payment for the future costs of acquisition and betterment for a project that has been reviewed under section 121.15 and has been approved according to subdivision 3.

**Subd. 3. Facilities down payment levy referendum.** A district may levy the local tax rate approved by a majority of the electors voting on the question to provide funds for a down payment for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the school board. A referendum for a project not receiving a positive review and comment by the commissioner under section 121.15 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:

- (1) separately, before an election for the issuance of obligations for the project under chapter 475; or
- (2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or
- (3) notwithstanding section 475.59, as a conjunctive question authorizing both the down payment levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner of education, state the maximum amount of the down payment levy as a percentage of net tax capacity, state the amount that will be raised by that local tax rate in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

The ballot must contain a textual portion with the information required in this section and a question stating substantially the following:

“Shall the down payment levy proposed by the board of ..... School District No. .... be approved?”

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years approved.

In the event a conjunctive question proposes to authorize both the down payment levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

The district must notify the commissioner of education of the results of the referendum.

**Subd. 4. Excess building construction fund levy proceeds.** Any funds remaining in the down payment account that are not applied to the payment of the costs of the approved project before its final completion must be transferred to the district's debt redemption fund.

**History:** 1988 c 718 art 8 s 18; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 4; 1Sp1989 c 1 art 2 s 11

#### 124.829 HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT.

“Health, safety, and environmental management” means school district activities necessary for a district's compliance with state law and rules of the departments of health, labor and industry, public safety, and pollution control agency as well as any related federal standards. These activities include hazard assessment, required training, record keeping, and program management.

**History:** 1993 c 224 art 5 s 21

#### 124.83 CAPITAL EXPENDITURE; HEALTH AND SAFETY.

**Subdivision 1. Health and safety program.** To receive health and safety revenue for any fiscal year a district must submit to the commissioner of education an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year.

**Subd. 2. Contents of program.** A district must adopt a health and safety program. The program must include plans, where applicable, for hazardous substance removal, fire and life safety code repairs, regulated facility and equipment violations, and health, safety, and environmental management.

(a) A hazardous substance plan must contain provisions for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296.01. If a district has already developed a plan for the removal or encapsulation of asbestos as required by the federal Asbestos Hazard Emergency Response Act of 1986, the district may use a summary of that plan, which includes a description and schedule of response actions, for purposes of this section. The plan must also contain provisions to make modifications to existing facilities and equipment necessary to limit personal exposure to hazardous substances, as regulated by the federal Occupational Safety and Health Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is determined by the commissioner to present a significant risk to district staff or student health and safety as a result of foreseeable use, handling, accidental spill, exposure, or contamination.

(b) A fire and life safety plan must contain a description of the current fire and life safety code violations, a plan for the removal or repair of the fire and life safety hazard, and a description of safety preparation and awareness procedures to be followed until the hazard is fully corrected.

(c) A facilities and equipment violation plan must contain provisions to correct health and safety hazards as provided in department of labor and industry standards pursuant to section 182.655.

(d) A health, safety, and environmental management plan must contain a description of training, record keeping, hazard assessment, and program management as defined in section 124.829.

(e) A plan to test for and mitigate radon produced hazards.

Subd. 3. **Health and safety revenue.** A district's health and safety revenue for a fiscal year equals:

(1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, minus

(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable, plus (c) the amount of other federal, state, or local receipts for the district's hazardous substance or health and safety programs for fiscal year 1985 through the fiscal year to which the levy is attributable.

Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to 50 percent of the equalizing factor.

Subd. 5. **Health and safety aid.** A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied. Health and safety aid may not be reduced as a result of reducing a district's health and safety levy according to section 121.912.

Subd. 6. **Uses of health and safety revenue.** Health and safety revenue may be used only for approved expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01, labor and industry regulated facility and equipment hazards, and health, safety, and environmental management. Health and safety revenue must not be used for the construction of new facilities or the purchase of portable classrooms. The revenue may not be used for a building or property or part of a building or property used for post-secondary instruction or administration or for a purpose unrelated to elementary and secondary education.

Subd. 7. **Proration.** In the event that the health and safety aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

Subd. 8. **Health, safety, and environmental management cost.** (a) A district's cost for health, safety, and environmental management is limited to the lesser of:

(1) actual cost to implement their plan; or

(2) an amount determined by the commissioner, based on enrollment, building age, and size.

(b) Effective July 1, 1993, the department of education may contract with regional service organizations, private contractors, Minnesota safety council, or state agencies to provide management assistance to school districts for health and safety capital projects. Management assistance is the development of written programs for the identification, recognition and control of hazards, and prioritization and scheduling of district health and safety capital projects.

(c) Notwithstanding paragraph (b), the department may approve revenue, up to the limit defined in paragraph (a) for districts having an approved health, safety, and environmental management plan that uses district staff to accomplish coordination and provided services.

**History:** 1988 c 718 art 8 s 19; 1988 c 719 art 5 s 84; 1989 c 329 art 5 s 11-13; 1Sp1989 c 1 art 6 s 6; art 9 s 4; 1990 c 562 art 5 s 8; art 10 s 5; 1990 c 604 art 8 s 1,2; 1991 c 130 s 19,20; 1991 c 265 art 5 s 6; 1993 c 224 art 5 s 22-26; 1994 c 647 art 6 s 28

#### 124.84 HANDICAPPED ACCESS AND FIRE SAFETY IMPROVEMENTS TO SCHOOL BUILDINGS.

Subdivision 1. **Removal of architectural barriers.** If a school board has insufficient money in its capital expenditure fund to remove architectural barriers from a building it owns in order to allow a pupil to attend a school in the pupil's attendance area or to meet the needs of an employee with a disability, a district may submit an application to the commissioner of education containing at least the following:

(1) program modifications that the board considered, such as relocating classrooms, providing an accessible unisex bathroom, providing alternative library resources, or using special equipment, such as bookcarts, and the reasons the modifications were not feasible;

(2) a description of the proposed building modifications and the cost of the modifications; and

(3) the age and market value of the building.

Individuals developing an application for a school district shall complete a workshop, developed jointly by the commissioner of education and the council on disability, about access criteria.

In consultation with the council on disability, the commissioner shall develop criteria to determine the cost-effectiveness of removing barriers in older buildings.

The commissioner shall approve or disapprove an application within 60 days of receiving it.

Subd. 2. **Fire safety modifications.** If a school district has insufficient money in its capital expenditure fund to make modifications to a school building required by a fire inspection conducted according to section 121.1502, the district may submit an application to the commissioner of education containing information required by the commissioner. The commissioner shall approve or disapprove of the application according to criteria established by the commissioner. The criteria shall take into consideration the cost-effectiveness of making modifications to older buildings.

Subd. 3. **Levy authority.** The district may levy up to \$300,000 under this section, as approved by the commissioner. The approved amount may be levied over five or fewer years.

Subd. 4. **Levy authority in combined districts.** Notwithstanding subdivision 3, a district that has combined or consolidated may levy up to 50 percent times \$300,000 times the number of former districts that operated on June 30, 1991, in the area that now makes up the combined or consolidated district. The approved amount is reduced by any amount levied under subdivision 3 in the consolidated or combined district or in the former districts that make up the consolidated or combined district. Levy authority under this subdivision expires at the same time as levy authority under subdivision 3.

**History:** 1991 c 265 art 5 s 7; 1992 c 499 art 5 s 13; 1994 c 647 art 5 s 5

**NOTE:** This section was added by Laws 1991, chapter 265, article 5, section 7, effective for revenue for fiscal year 1994. See Laws 1991, chapter 265, article 5, section 25.

**124.85 ENERGY EFFICIENCY PROJECTS.**

Subdivision 1. **Definitions.** The definitions in this subdivision apply to this section.

(a) "Energy conservation measure" means a training program or facility alteration designed to reduce energy consumption or operating costs and includes:

- (1) insulation of the building structure and systems within the building;
- (2) storm windows and doors, caulking or weatherstripping, multiglazed windows and doors, heat absorbing or heat reflective glazed and coated window and door systems, additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;
- (3) automatic energy control systems;
- (4) heating, ventilating, or air conditioning system modifications or replacements;
- (5) replacement or modifications of lighting fixtures to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility, unless such increase in illumination is necessary to conform to the applicable state or local building code for the lighting system after the proposed modifications are made;
- (6) energy recovery systems;
- (7) cogeneration systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings;
- (8) energy conservation measures that provide long-term operating cost reductions.

(b) "Guaranteed energy savings contract" means a contract for the evaluation and recommendations of energy conservation measures, and for one or more energy conservation measures. The contract must provide that all payments, except obligations on termination of the contract before its expiration, are to be made over time, but not to exceed 15 years from the date of final installation, and the savings are guaranteed to the extent necessary to make payments for the systems.

(c) "Qualified provider" means a person or business experienced in the design, implementation, and installation of energy conservation measures. A qualified provider to whom the contract is awarded shall give a sufficient bond to the school district for its faithful performance.

(d) "Commissioner" means the commissioner of public service.

Subd. 2. **Energy efficiency contract.** (a) Notwithstanding any law to the contrary, a school district may enter into a guaranteed energy savings contract with a qualified provider to significantly reduce energy or operating costs.

(b) Before entering into a contract under this subdivision, the board shall comply with clauses (1) to (5).

(1) The board shall seek proposals from multiple qualified providers by publishing notice of the proposed guaranteed energy savings contract in the board's official newspaper and in other publications if the board determines that additional publication is necessary to notify multiple qualified providers.

(2) The school board shall select the qualified provider that best meets the needs of the board. The school board shall provide public notice of the meeting at which it will select the qualified provider.

(3) The contract between the board and the qualified provider must describe the methods that will be used to calculate the costs of the contract and the operational and energy savings attributable to the contract.

(4) The qualified provider shall issue a report to the board giving a description of all costs of installations, modifications, or remodeling, including costs of design, engineering, installation, maintenance, repairs, or debt service, and giving detailed calculations of the amounts by which energy or operating costs will be reduced and the projected payback schedule in years.

(5) The board shall provide published notice of the meeting in which it proposes to award the contract, the names of the parties to the proposed contract, and the contract's purpose.

Subd. 2a. **Evaluation by commissioner.** Upon request of the school board, the commissioner of public service shall review the report required in subdivision 2 and provide an evaluation to the board on the proposed contract within 15 working days of receiving the report. In evaluating the proposed contract, the commissioner shall determine whether the detailed calculations of the costs and of the energy and operating savings are accurate and reasonable. The commissioner may request additional information about a proposed contract as the commissioner deems necessary. If the commissioner requests additional information, the commissioner shall not be required to submit an evaluation to the board within fewer than ten working days of receiving the requested information.

Subd. 2b. **Review of savings under contract.** Upon request of the school board, the commissioner shall conduct a review of the energy and operating cost savings realized under a guaranteed energy savings contract every three years during the period a contract is in effect. The commissioner shall compare the savings realized under the contract during the period under review with the calculations of savings included in the report required under subdivision 2 and provide an evaluation to the board concerning the performance of the system and the accuracy and reasonableness of the claimed energy and operating cost savings.

Subd. 3. **Contract provisions.** Guaranteed energy savings contracts that include a written guarantee that savings will meet or exceed the cost of energy conservation measures is not subject to competitive bidding requirements. The contract is not subject to section 123.37 or 471.345.

Subd. 4. **District action.** A district may enter into a guaranteed energy savings contract with a qualified provider if, after review of the report and the commissioner's evaluation if requested, the board finds that the amount it would spend on the energy conservation measures recommended in the report is not likely to exceed the amount to be saved in energy and operation costs over 15 years from the date of installation if the recommendations in the report were followed, and the qualified provider provides a written guarantee that the energy or operating cost savings will meet or exceed the costs of the system. The guaranteed energy savings contract may provide for payments over a period of time, not to exceed 15 years. Notwithstanding section 121.912, a district annually may transfer from the general fund to the capital expenditure fund an amount up to the amount saved in energy and operation costs as a result of guaranteed energy savings contracts.

Subd. 5. **Installation contracts.** A school district may enter into an installment payment contract for the purchase and installation of energy conservation measures. The contract must provide for payments of not less than 1/15 of the price to be paid within two years from the date of the first operation, and the remaining costs to be paid monthly, not to exceed a 15-year term from the date of the first operation.

Subd. 6. **Contract continuance.** Guaranteed energy savings contracts may extend beyond the fiscal year in which they become effective. The school district shall include in its annual appropriations measure for each later fiscal year any amounts payable under guaranteed energy savings contracts during the year. Failure of a board to make such an appropriation does not affect the validity of the guaranteed energy savings contract or the school district's obligations under the contracts.

Subd. 7. **Public information.** A guaranteed energy savings contract must provide that all work plans and other information prepared by the qualified provider in relation to the project, including a detailed description of the project, are public data after the contract is entered into, except information defined as trade secret information under section 13.37, subdivision 1, shall remain nonpublic data.

**History:** 1989 c 263 s 1; 1992 c 499 art 7 s 3; 1993 c 224 art 5 s 27-29; 1994 c 647 art 5 s 6-12

## AMERICAN INDIAN SCHOOLS

**124.86 STATE REVENUE FOR AMERICAN INDIAN TRIBAL CONTRACT OR GRANT SCHOOLS.**

Subdivision 1. **Authorization.** Each year each American Indian-controlled tribal contract or grant school authorized by the United States Code, title 25, section 450f, that is located on a reservation within the state is eligible to receive tribal contract or grant school aid subject to the requirements in this subdivision.

(a) The school must plan, conduct, and administer an education program that complies with the requirements of this chapter and chapters 120, 121, 122, 123, 124A, 124C, 125, 126, 129, and 268A.

(b) The school must comply with all other state statutes governing independent school districts.

(c) The state tribal contract or grant school aid must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government.

Subd. 2. **Revenue amount.** An American Indian-controlled tribal contract or grant school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive tribal contract or grant school aid. The amount of aid is derived by:

(1) multiplying the formula allowance under section 124A.22, subdivision 2, times the difference between (a) the actual pupil units as defined in section 124A.02, subdivision 15, in average daily membership, excluding section 124.17, subdivision 2f, and (b) the number of pupils for the current school year, weighted according to section 124.17, subdivision 1, receiving benefits under section 123.933 or 123.935 or for which the school is receiving reimbursement under section 126.23;

(2) subtracting from the result in clause (1) the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39.11, paragraph (b), for the base rate as applied to kindergarten through twelfth grade, excluding small school adjustments and additional weighting, but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 126.23;

(3) dividing the result in clause (2) by the actual pupil units in average daily membership, excluding section 124.17, subdivision 2f; and

(4) multiplying the actual pupil units, including section 124.17, subdivision 2f, in average daily membership by the lesser of \$1,500 or the result in clause (3).

Subd. 3. **Waiver.** Notwithstanding subdivision 1, paragraphs (a) and (b), a tribal contract or grant school:

(1) is not subject to the Minnesota election law;

(2) has no authority under this section to levy for property taxes, issue and sell bonds, or incur debt; and

(3) may request through its managing tribal organization a recommendation of the state board of education, for consideration of the legislature, that a tribal contract or grant school not be subject to specified statutes related to independent school districts.

Subd. 4. **Early childhood family education revenue.** A school receiving aid under this section is eligible to receive early childhood family education revenue to provide early childhood family education programs for parents and children who are enrolled or eligible for enrollment in a federally recognized tribe. The revenue equals 1.5 times the statewide average expenditure per participant under section 124.2711, times the number of children and parents participating full time in the program. The program

shall comply with section 121.882, except that the school is not required to provide a community education program or establish a community education advisory council. The program shall be designed to improve the skills of parents and promote American Indian history, language, and culture. The school shall make affirmative efforts to encourage participation by fathers. Admission may not be limited to those enrolled in or eligible for enrollment in a federally recognized tribe.

**History:** 1989 c 329 art 3 s 15; 1990 c 426 art 1 s 16; 1990 c 562 art 3 s 4,5; 1991 c 265 art 3 s 16; 1994 c 647 art 9 s 11

### MEDICAL ASSISTANCE PAYMENTS TO SCHOOL DISTRICTS

#### 124.90 MEDICAL ASSISTANCE PAYMENTS TO SCHOOL DISTRICTS.

**Subdivision 1. Eligibility.** A school district may enroll as a provider in the medical assistance program and receive medical assistance payments for covered special education services provided to persons eligible for medical assistance under chapter 256B. To receive medical assistance payments, the school district must comply with relevant provisions of state and federal statutes and regulations governing the medical assistance program.

**Subd. 2. Funding.** A school district that provides a covered service to an eligible person and complies with relevant requirements of the medical assistance program shall be entitled to receive payment for the service provided, including that portion of the payment that will subsequently be reimbursed by the federal government, in the same manner as other medical assistance providers. The school district is not required to provide matching funds or pay part of the costs of the service, as long as the rate charged for the service does not exceed medical assistance limits that apply to all medical assistance providers.

**Subd. 3. Contract for services.** A school district may contract for the provision of medical assistance-covered services, and may contract with a third party agency to assist in administering and billing for these services.

**Subd. 4. Private insurers.** A school district may enroll as a provider for insurance companies to provide covered special education services to eligible persons. To receive payments, the district must comply with relevant state and federal statutes. A district may contract for services, and may contract with a third party agency to assist in administering and billing for these services.

**Subd. 5. No reduction in revenue.** A school district's revenue for special education programs shall not be reduced by any payments for medical assistance or insurance received according to this section.

**History:** 1989 c 191 s 1; 1990 c 562 art 3 s 6; 1994 c 647 art 3 s 16

### LEVIES

#### 124.91 CAPITAL LEVIES.

**Subdivision 1. To lease building or land.** When a district finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the capital expenditure facilities revenues authorized under section 124.243 are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the finan-

cial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building to itself.

**Subd. 2. Pre-July 1990 lease purchase, installment buys.** A district may annually levy the amount needed to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payment agreement authorized by Minnesota Statutes 1989 Supplement, section 465.71, if:

- (1) the agreement was approved by the commissioner before July 1, 1990, according to Minnesota Statutes 1989 Supplement, section 275.125, subdivision 11d; or
- (2) the district levied in 1989 for the payments.

**Subd. 3. Post-June 1992 lease purchase, installment buys.** (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b)(1) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law.

(2) An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) In this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with the state board of education rules relating to equality of educational opportunity and school desegregation; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) Projects may be approved under this section by the commissioner in fiscal years 1993, 1994, and 1995 only.

(g) For the purposes of this subdivision, any references in subdivision 1 to building or land shall be deemed to include personal property.

**Subd. 4. Cooperating districts.** A district that has an agreement according to section 122.535 or 122.541 may levy for the repair costs, as approved by the department of education, of a building located in another district that is a party to the agreement.

**Subd. 5. Interactive television.** (a) A school district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may apply to the commissioner of education for ITV revenue up to the greater of .5 percent of the adjusted net tax capacity of the district or \$25,000 for the construction, maintenance, and lease costs of an interactive television system for instructional purposes. The approval by the commissioner of education and the application procedures set forth in subdivision 1 shall apply to the revenue in this sub-

division. In granting the approval, the commissioner must consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable; to

(2) 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

(d) The revenue in the first year after reorganization for a district that has reorganized under section 122.22, 122.23, or 122.241 to 122.247 shall be the greater of:

(1) the revenue computed for the reorganized district under paragraph (a), or

(2)(i) for two districts that reorganized, 75 percent of the revenue computed as if the districts involved in the reorganization were separate, or

(ii) for three or more districts that reorganized, 50 percent of the revenue computed as if the districts involved in the reorganization were separate.

**Subd. 6. Energy conservation.** The school district may annually levy, without the approval of a majority of the voters in the district, an amount sufficient to repay the annual principal and interest of the loan made pursuant to sections 216C.37 and 298.292 to 298.298.

**History:** 1974 c 521 s 30; 1977 c 447 art 1 s 20; art 6 s 9; 1983 c 323 s 4; 1984 c 502 art 7 s 9; 1984 c 583 s 32; 1986 c 444; 1988 c 718 art 8 s 21; 1988 c 719 art 5 s 84; 1989 c 222 s 36; 1989 c 329 art 5 s 14; art 6 s 49; art 13 s 20; 1Sp1989 c 1 art 2 s 11; 1990 c 562 art 5 s 9,10; 1991 c 130 s 30; 1991 c 265 art 5 s 13; art 6 s 56; 1992 c 499 art 5 s 22; art 6 s 30; art 12 s 29; 1993 c 224 art 5 s 30; art 7 s 12; 1994 c 465 art 2 s 1; art 3 s 25; 1994 c 614 s 1; 1994 c 647 art 5 s 13; art 6 s 29

**NOTE:** Subdivision 11h of section 275.125, renumbered subdivision 3 of this section, was added by Laws 1992, chapter 499, article 5, section 22, and is repealed July 1, 1995. Levies may continue to be made under this subdivision until installment contracts and lease purchase agreements have been satisfied. See Laws 1992, chapter 499, article 5, section 36.

#### 124.912 MISCELLANEOUS LEVIES.

**Subdivision 1. Statutory obligations.** (a) A school district may levy the amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; the amounts necessary to pay the district's obligations under section 122.533; and for severance pay required by sections 120.08, subdivision 3, and 122.535, subdivision 6.

(b) An education district that negotiates a collective bargaining agreement for teachers under section 122.937 may certify to the department of education the amount necessary to pay all of the member districts' obligations and the education district's obligations under section 268.06, subdivision 25.

The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.

(c) Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in paragraph (b) minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

Subd. 2. **Desegregation.** Each year, special school district No. 1, Minneapolis, may levy an amount not to exceed \$197 times its actual pupil units for that fiscal year; independent school district No. 625, St. Paul, may levy an amount not to exceed \$197 times its actual pupil units for that fiscal year; and independent school district No. 709, Duluth, may levy an amount not to exceed the sum of \$660,000 and the amount raised by a tax rate of 2.0 percent times the adjusted net tax capacity of the district. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

Subd. 3. **Rule compliance.** Each year a district that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0200 to 3535.2200, may levy an amount not to exceed a net tax rate of 2.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. A district that levies according to subdivision 2 may not levy according to this subdivision. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

Subd. 4. [Repealed, 1993 c 224 art 6 s 32; 1993 c 374 s 15]

Subd. 5. [Repealed, 1993 c 224 art 6 s 32; 1993 c 374 s 15]

Subd. 6. **Crime related costs.** For taxes levied in 1991 and subsequent years, payable in 1992 and subsequent years, each school district may make a levy on all taxable property located within the school district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to \$1 multiplied by the population of the school district. For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for reimbursing the cities and counties who contract with the school district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services in the district's middle and secondary schools and (2) to pay the costs for a drug abuse prevention program as defined in Minnesota Statutes 1991 Supplement, section 609.101, subdivision 3, paragraph (f) in the elementary schools. The school district must initially attempt to contract for these services with the police department of each city or the sheriff's department of the county within the school district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision is not included in determining the school district's levy limitations.

Subd. 7. **Ice arena levy.** (a) Each year, an independent school district operating and maintaining an ice arena, may levy for the net operational costs of the ice arena. The levy may not exceed the net actual costs of operation of the arena for the previous year. Net actual costs are defined as operating costs less any operating revenues.

(b) Any school district operating and maintaining an ice arena must demonstrate to the satisfaction of the office of monitoring in the department of education that the district will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sports offerings.

Subd. 8. **Outplacement levy.** Upon the recommendation of a school's mentoring team, a school district may levy the amounts necessary to pay the cost of outplacement services for licensed teachers, including counseling and job search costs.

Subd. 9. **Abatement levy.** (a) Each year, a school district may levy an amount to replace the net revenue lost to abatements that have occurred under chapter 278, section 270.07, 375.192, or otherwise. The maximum abatement levy is the sum of:

(1) the amount of the net revenue loss determined under section 124.214, subdivision 2, that is not paid in state aid including any aid amounts not paid due to proration;

(2) the difference of (i) the amount of any abatements that have been reported by the county auditor for the first six months of the calendar year during which the abatement levy is certified that the district chooses to levy, (ii) less any amount actually levied under this clause that was certified in the previous calendar year for the first six months of the previous calendar year; and

(3) an amount equal to any interest paid on abatement refunds.

(b) A district may spread this levy over a period not to exceed three years.

By July 15, the county auditor shall separately report the abatements that have occurred during the first six calendar months of that year to the commissioner of education and each school district located within the county.

**History:** 1975 c 432 s 75; 1976 c 271 s 81; 1977 c 447 art 6 s 8; 1978 c 764 s 105; 1982 c 548 art 6 s 21; 1983 c 314 art 6 s 24; 1984 c 463 art 6 s 6; 1986 c 444; 1987 c 398 art 1 s 21; art 6 s 12; 1988 c 486 s 85; 1988 c 718 art 6 s 20,21; 1988 c 719 art 5 s 84; 1989 c 329 art 6 s 48; art 13 s 9-11,20; 1Sp1989 c 1 art 2 s 11; 1990 c 426 art 2 s 1; 1990 c 562 art 6 s 33; art 7 s 10; art 10 s 9-11; 1990 c 596 s 3; 1991 c 130 s 29; 1991 c 265 art 5 s 12; 1991 c 291 art 4 s 1; 1992 c 499 art 6 s 29; art 7 s 11,26; art 12 s 29; 1992 c 511 art 2 s 21; art 5 s 9; 1992 c 603 s 11; 1993 c 224 art 7 s 13; art 8 s 3,4; 1994 c 647 art 8 s 9

#### 124.914 OPERATING DEBT LEVIES.

**Subdivision 1. 1977 statutory operating debt.** (1) In each year in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977, and certified and adjusted by the commissioner. This levy shall not be made in more than 30 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall be an amount which is equal to the amount raised by a levy of a net tax rate of 1.66 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter; provided that in the last year in which the district is required to make this levy, it shall levy an amount not to exceed the amount raised by a levy of a net tax rate of 1.66 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 121.912, subdivision 4, equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(2) The district shall establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which is required to levy pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year.

(4) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

**Subd. 2. 1983 operating debt.** (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of a net tax rate of 1.85 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year as determined by the commissioner. However, the total amount of this levy for all years it is made shall not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2, section 2, but excluding clauses (l), (m), (n), (o), and (p), and Laws 1982, Third Special Session chapter 1, article 3, section 6, to the

district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivisions 2 and 2a, in that same year.

**Subd. 3. 1985 operating debt.** (1) Each year, a district may levy to eliminate a deficit in the net unappropriated balance in the general fund of the district, determined as of June 30, 1985, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the amount raised by a levy of a net tax rate of 1.85 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year. However, the total amount of this levy for all years it is made shall not exceed the amount of the deficit in the net unappropriated balance in the general fund of the district as of June 30, 1985. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) A district, if eligible, may levy under this subdivision or subdivision 2 but not both.

(3) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(4) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year.

**Subd. 4. 1992 operating debt.** (a) For taxes payable for calendar year 2003 and earlier, a district that has filed a plan pursuant to section 121.917, subdivision 4, may levy, with the approval of the commissioner, to eliminate a deficit in the net unappropriated balance in the operating funds of the district, determined as of June 30, 1992, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the lesser of:

(1) an amount raised by a levy of a net tax rate of one percent times the adjusted net tax capacity; or

(2) \$100,000.

This amount shall be reduced by referendum revenue authorized under section 124A.03 pursuant to the plan filed under section 121.917. However, the total amount of this levy for all years it is made shall not exceed the amount of the deficit in the net unappropriated balance in the operating funds of the district as of June 30, 1992. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(b) A district, if eligible, may levy under this subdivision or subdivision 2 or 3, or under section 122.531, subdivision 4a, or Laws 1992, chapter 499, article 7, sections 16 or 17, but not under more than one.

(c) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(d) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year.

**History:** 1976 c 271 s 88; 1977 c 447 art 7 s 26; 1981 c 358 art 1 s 40; 1983 c 314 art 6 s 26; 1984 c 463 art 6 s 8; art 7 s 20; 1986 c 444; 1Sp1986 c 1 art 9 s 20; 1987 c 268 art 7 s 42; 1988 c 486 s 88,101 subd 2; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 14-16,20; 1Sp1989 c 1 art 2 s 11; 1992 c 499 art 12 s 29; 1993 c 224 art 6 s 17; 1Sp1993 c 6 s 6; 1994 c 647 art 8 s 10,11

**124.916 BENEFITS LEVIES.**

Subdivision 1. **Health insurance.** (a) A school district may levy the amount necessary to make employer contributions for insurance for retired employees under this subdivision. Notwithstanding section 121.904, 50 percent of the amount levied shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

(b) The school board of a joint vocational technical district formed under sections 136C.60 to 136C.69 and the school board of a school district may provide employer-paid hospital, medical, and dental benefits to a person who:

(1) is eligible for employer-paid insurance under collective bargaining agreements or personnel plans in effect on June 30, 1992;

(2) has at least 25 years of service credit in the public pension plan of which the person is a member on the day before retirement or, in the case of a teacher, has a total of at least 25 years of service credit in the teachers retirement association, a first-class city teacher retirement fund, or any combination of these;

(3) upon retirement is immediately eligible for a retirement annuity;

(4) is at least 55 and not yet 65 years of age; and

(5) retires on or after May 15, 1992, and before July 21, 1992.

A school board paying insurance under this subdivision may not exclude any eligible employees.

(c) An employee who is eligible both for the health insurance benefit under this subdivision and for an early retirement incentive under a collective bargaining agreement or personnel plan established by the employer must select either the early retirement incentive provided under the collective bargaining agreement personnel plan or the incentive provided under this subdivision, but may not receive both. For purposes of this subdivision, a person retires when the person terminates active employment and applies for retirement benefits. The retired employee is eligible for single and dependent coverages and employer payments to which the person was entitled immediately before retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans, for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when the employee chooses not to receive the retirement benefits for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.

(d) An employee who retires under this subdivision using the rule of 90 must not be included in the calculations required by section 356.85.

(e) Unilateral implementation of this section by a public employer is not an unfair labor practice for purposes of chapter 179A. The authority provided in this subdivision for an employer to pay health insurance costs for certain retired employees is not subject to the limits in section 179A.20, subdivision 2a.

(f) If a school district levies according to this subdivision, it may not also levy according to section 122.531, subdivision 9, for eligible employees.

**Subd. 2. Retired employee health benefits.** For taxes payable in 1994 and 1995 only, a school district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed \$300,000.

Notwithstanding section 121.904, 50 percent of the proceeds of this levy shall be recognized in the fiscal year in which it is certified.

**Subd. 3. Retirement levies.** (1) In addition to the excess levy authorized in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under Minnesota Statutes 1974, section 275.127 and chapter 422A may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under Minnesota Statutes 1974, section 275.127 and chapter 422A, divided by the number of pupil units in the district in 1976-1977.

(2) In 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (1) shall be allowed to levy the same amount as levied for retirement in 1978 under this clause reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, section 275.127 and chapter 422A.

(3) In 1991 and each year thereafter, a district to which this subdivision applies may levy an additional amount required for contributions to the Minneapolis employees retirement fund as a result of the maximum dollar amount limitation on state contributions to the fund imposed under section 422A.101, subdivision 3. The additional levy shall not exceed the most recent amount certified by the board of the Minneapolis employees retirement fund as the district's share of the contribution requirement in excess of the maximum state contribution under section 422A.101, subdivision 3.

(4) For taxes payable in 1994 and thereafter, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy for the increase in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5, section 1. Notwithstanding section 121.904, the entire amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

(5) If the employer retirement fund contributions under section 354A.12, subdivision 2a, are increased for fiscal year 1994 or later fiscal years, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy in payable 1994 or later an amount equal to the amount derived by applying the net increase in the employer retirement fund contribution rate of the respective teacher retirement fund association between fiscal year 1993 and the fiscal year beginning in the year after the levy is certified to the total covered payroll of the applicable teacher retirement fund association. Notwithstanding section 121.904, the entire amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155. If an applicable school district levies under this paragraph, they may not levy under paragraph (4).

(6) In addition to the levy authorized under paragraph (5), special school district No. 1, Minneapolis, may also levy in payable 1994 or later an amount equal to the state aid contribution under section 354A.12, subdivision 3b. Notwithstanding section 121.904, the entire amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

**Subd. 4. Minneapolis health insurance subsidy.** Each year special school district No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by a net tax rate of .10 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

"Eligible teacher" means a retired teacher who was a basic member of the Minneapolis teachers retirement fund association, who retired before May 1, 1974, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district shall notify eligible teachers that a subsidy is available. To obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts for health insurance premiums paid. The school district shall disburse the health insurance premium subsidy to each eligible teacher according to a schedule determined by the district, but at least

annually. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher's health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year's health insurance subsidy levy, minus the previous year's required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

**History:** 1976 c 271 s 84; 1979 c 303 art 2 s 22; 1981 c 224 s 38; 1983 c 314 art 1 s 21; 1986 c 444; 1987 c 384 art 2 s 68; 1987 c 398 art 6 s 14; 1988 c 719 art 5 s 84; 1989 c 15 s 1; 1989 c 329 art 13 s 10,20; 1Sp1989 c 1 art 2 s 11; 1990 c 562 art 10 s 7,12; 1991 c 345 art 4 s 1; 1992 c 499 art 7 s 12,13; art 12 s 29; 1992 c 603 s 7; 1993 c 224 art 8 s 5,6

### 124.918 LEVY PROCEDURE.

**Subdivision 1. Certify levy limits.** By September 1, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to section 124.918, subdivision 3, as well as adjustments to final pupil unit counts.

A school district may require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over two calendar years.

**Subd. 2. Notice to commissioner; forms.** By September 15 of each year each district shall notify the commissioner of education of the proposed levies in compliance with the levy limitations of this chapter and chapters 124A, 124B, 136C, and 136D. By January 15 of each year each district shall notify the commissioner of education of the final levies certified. The commissioner of education shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

**Subd. 3. Adjustments.** If any school district levy is found to be excessive as a result of a decision of the tax court or a redetermination by the commissioner of revenue under section 124.2131, subdivisions 2 to 11, or for any other reason, the amount of the excess shall be deducted from the levy certified in the next year for the same purpose; provided that if no levy is certified in the next year for the same purpose or if the amount certified is less than the amount of the excess, the excess shall be deducted from that levy and the levy certified pursuant to section 124A.23, subdivision 2. If the amount of any aid would have been increased in a prior year as a result of a decision of the tax court or a redetermination by the commissioner, the amount of the increase shall be added to the amount of current aid for the same purposes.

**Subd. 4. Applicability.** Notwithstanding any other charter provision, general or special laws to the contrary, every school district in the state shall abide by the terms and provisions of this section and chapter 124A.

**Subd. 5. Estimates.** The computation of levy limitations pursuant to this chapter and chapters 124A, 124B, 136C, and 136D shall be based on estimates where necessary. If as a result of using estimates for these computations the amount of any levy is different from the amount which could actually have been levied if actual data had been available, levy limitations in the first year when the actual data is known shall be adjusted to reflect for this difference. The amount of any adjustment to levy limitations pursuant to this subdivision shall be recognized as revenue in the school year when the levy for which the levy limitation is so adjusted is recognized as revenue.

**Subd. 6. Adjustments for law changes.** Whenever a change enacted in law changes the levy authority for a school district or an intermediate school district for a fiscal year

after the levy for that fiscal year has been certified by the district under section 275.07, the department of education shall adjust the next levy certified by the district by the amount of the change in levy authority for that fiscal year resulting from the change. Notwithstanding section 121.904, the entire amount for fiscal year 1992 and 50 percent for fiscal years thereafter of the levy adjustment must be recognized as revenue in the fiscal year the levy is certified, if sufficient levy resources are available under generally accepted accounting principles in the district fund where the adjustment is to occur. School districts that do not have sufficient levy resources available in the fund where the adjustment is to occur shall recognize in the fiscal year the levy is certified an amount equal to the levy resources available. The remaining adjustment amount shall be recognized as revenue in the fiscal year after the levy is certified.

**Subd. 7. Reporting.** For each tax settlement, the county auditor shall report to each school district by fund, the school district tax settlement revenue defined in section 121.904, subdivision 4a, clause (a), and the amount levied pursuant to section 124.914, subdivision 1, on the form specified in section 276.10. The county auditor shall send to the school district a copy of the spread levy report specified in section 275.124.

**Subd. 8. Taconite payment and other reductions.** (1) Reductions in levies pursuant to section 124.918, subdivision 1, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 298.018; 298.23 to 298.28, except an amount distributed under section 298.28, subdivision 4, paragraph (c), clause (ii); 298.34 to 298.39; 298.391 to 298.396; 298.405; and any law imposing a tax upon severed mineral values, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this chapter and chapter 124A by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under Minnesota Statutes 1986, sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a, to the total levy allowed the district under this section and Minnesota Statutes 1986, sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 124A.20, subdivision 2, for levies certified in 1986.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.23, to an amount less than the amount raised by a levy of a net tax rate of 6.82 percent times the adjusted net tax capacity for taxes payable in 1990 and thereafter of that district for the preceding year as determined by the commissioner. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2, shall not be reduced pursuant to this subdivision. The amount of any levy authorized by section 124.912, subdivision 1, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure facilities levy authorized by section 124.243, the capital expenditure equipment levy authorized by section 124.244, the health and safety levy authorized by sections 124.83 and 124.91, subdivision 6, the commissioner shall ascertain from each affected school district the amount it proposes to levy under each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in

any fiscal year pursuant to sections 298.018; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values; and not deducted from general education aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the St. Louis county auditor in the following amount by March 15 of each year, the amount required to be subtracted from the previous fiscal year's general education aid pursuant to section 124A.035, subdivision 5, which is in excess of the general education aid earned for that fiscal year. The county auditor shall deposit any amounts received pursuant to this clause in the St. Louis county treasury for purposes of paying the taconite homestead credit as provided in section 273.135.

**History:** *Ex1971 c 31 art 20 s 8; 1973 c 683 s 19; 1975 c 432 s 75,78,80,81; 1976 c 2 s 97; 1976 c 271 s 87,90; 1977 c 447 art 1 s 20; 1978 c 764 s 106,109,111; 1979 c 334 art 1 s 22,24; art 2 s 13; 1980 c 509 s 112; 1980 c 607 art 7 s 9; 1980 c 609 art 1 s 13; art 4 s 16; 1981 c 358 art 1 s 39,42; 1986 c 441 s 1; 1986 c 444; 1Sp1986 c 1 art 4 s 27; 1Sp1986 c 3 art 2 s 36; 1987 c 268 art 7 s 41,43; art 9 s 8; 1987 c 398 art 7 s 39; 1Sp1987 c 4 art 1 s 5; 1988 c 486 s 87,89; 1988 c 719 art 5 s 84; 1989 c 222 s 35; 1989 c 329 art 13 s 13,20; 1Sp1989 c 1 art 2 s 11; art 6 s 10,11; 1990 c 604 art 3 s 29; 1991 c 130 s 31,32; 1992 c 499 art 12 s 25,29; 1992 c 511 art 3 s 8*

## DEBT SERVICE EQUALIZATION

### 124.95 DEBT SERVICE EQUALIZATION PROGRAM.

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 124.91, subdivisions 2 and 3, minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 124.2445;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or northeast Minnesota economic protection trust;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and

(4) obligations under section 124.2455.

(c) For purposes of this section, if a preexisting school district reorganized under section 122.22, 122.23, or 122.241 to 122.248 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting school districts.

Subd. 2. **Eligibility.** (a) The following portions of a district's debt service levy qualify for debt service equalization:

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 121.15, if the com-

missioner has determined that the district has met the criteria under section 124.431, subdivision 2, and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

(b) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:

(i) serves an average of at least 66 pupils per grade in the grades to be served by the facility; or

(ii) is eligible for sparsity revenue.

(c) The criterion described in section 124.431, subdivision 2, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

(d) Districts identified in Laws 1990, chapter 562, article 11, section 8, do not need to meet the criteria of section 124.431, subdivision 2, to qualify.

**Subd. 2a. Notification.** A district eligible for debt service equalization revenue under subdivision 2 must notify the commissioner of the amount of its intended debt service revenue calculated under subdivision 1 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified.

**Subd. 3. Debt service equalization revenue.** (a) For fiscal years 1995 and later, the debt service equalization revenue of a district equals the eligible debt service revenue minus the amount raised by a levy of ten percent times the adjusted net tax capacity of the district.

(b) For fiscal year 1993, debt service equalization revenue equals one-third of the amount calculated in paragraph (a).

(c) For fiscal year 1994, debt service equalization revenue equals two-thirds of the amount calculated in paragraph (a).

**Subd. 4. Equalized debt service levy.** To obtain debt service equalization revenue, a district must levy an amount not to exceed the district's debt service equalization revenue times the lesser of one or the ratio of:

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

(2) 50 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

**Subd. 5. Debt service equalization aid.** A district's debt service equalization aid is the difference between the debt service equalization revenue and the equalized debt service levy. If the amount of debt service equalization aid actually appropriated for the fiscal year in which this calculation is made is insufficient to fully fund debt service equalization aid, the commissioner shall prorate the amount of aid across all eligible districts.

**Subd. 6. Debt service equalization aid payment schedule.** Debt service equalization aid must be paid as follows: one-third before September 15, one-third before December 15, and one-third before March 15 of each year.

**History:** 1991 c 265 art 5 s 8; 1992 c 499 art 5 s 14-19; 1993 c 224 art 5 s 31-34; 1994 c 647 art 5 s 14, 15

#### **124.961 DEBT SERVICE APPROPRIATION.**

(a) \$17,000,000 in fiscal year 1994, \$26,000,000 in fiscal year 1995, and \$31,600,000 in fiscal year 1996 and each year thereafter is appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. The 1994 appropriation includes \$3,000,000 for 1993 and \$14,000,000 for 1994.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

**History:** 1992 c 499 art 5 s 20; 1993 c 224 art 5 s 35; 1994 c 647 art 1 s 12

# MINNESOTA STATUTES 1994

## **124.962 1993 AND 1994 APPROPRIATIONS.**

Notwithstanding section 124.95, subdivision 6, one-half of the aid appropriation in section 124.961 for fiscal year 1993 shall be paid to districts on March 15, 1993. One-half of the appropriation for fiscal year 1993 shall cancel to the general fund. Notwithstanding section 124.95, subdivision 6, of the appropriation for fiscal year 1994 in section 124.961, \$3,000,000 shall be paid to districts on September 15, 1993, and the remaining appropriation for fiscal year 1994 shall be paid according to section 124.95, subdivision 6.

**History:** *1992 c 499 art 5 s 21*

## **124.97 DEBT SERVICE LEVY.**

A school district may levy the amounts necessary to make payments for bonds issued and for interest on them, including the bonds and interest on them, issued as authorized by Minnesota Statutes 1974, section 275.125, subdivision 3, clause (7)(C); and the amounts necessary for repayment of debt service loans and capital loans, minus the amount of debt service equalization revenue of the district.

**History:** *1991 c 265 art 5 s 10*