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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE NO. **466**

January 29, 2007

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to education; providing property tax relief; increasing and indexing
1.3 equalization of the equity, transition, and referendum equalization levies;
1.4 amending Minnesota Statutes 2006, sections 126C.10, subdivisions 29, 32;
1.5 126C.17, subdivision 6, by adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2006, section 126C.10, subdivision 29, is amended to
1.8 read:

1.9 Subd. 29. **Equity levy.** To obtain equity revenue for fiscal year ~~2005~~ 2009 and later,
1.10 a district may levy an amount not more than the product of its equity revenue for the
1.11 fiscal year times the lesser of one or the ratio of its referendum market value per resident
1.12 marginal cost pupil unit to ~~\$476,000~~ the state first tier referendum equalizing factor as
1.13 defined in section 126C.17, subdivision 6a.

1.14 Sec. 2. Minnesota Statutes 2006, section 126C.10, subdivision 32, is amended to read:

1.15 Subd. 32. **Transition levy.** To obtain transition revenue for fiscal year ~~2005~~ 2009
1.16 and later, a district may levy an amount not more than the product of its transition revenue
1.17 for the fiscal year times the lesser of one or the ratio of its referendum market value per
1.18 resident marginal cost pupil unit to ~~\$476,000~~ the state first tier referendum equalizing
1.19 factor as defined in section 126C.17, subdivision 6a.

1.20 Sec. 3. Minnesota Statutes 2006, section 126C.17, subdivision 6, is amended to read:

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

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

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

2.9 Sec. 4. Minnesota Statutes 2006, section 126C.17, is amended by adding a subdivision
2.10 to read:

2.11 Subd. 6a. **State first and second tier referendum equalizing factors.** (a) The
2.12 state first tier referendum equalizing factor equals 125 percent of the quotient derived
2.13 by dividing the total referendum market value of all school districts in the state for the
2.14 year before the levy is certified by the total number of resident marginal cost pupil units
2.15 in all school districts in the state for the school year ending in the year prior to the year
2.16 the levy is certified.

2.17 (b) The state second tier referendum equalizing factor equals 75 percent of the
2.18 quotient derived by dividing the total referendum market value of all school districts in the
2.19 state for the year before the levy is certified by the total number of resident marginal cost
2.20 pupil units in all school districts in the state for the school year ending in the year prior
2.21 to the year the levy is certified.

2.22 Sec. 5. **EFFECTIVE DATE.**

2.23 Sections 1 to 4 are effective for taxes payable in 2008 and thereafter.