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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE NO. **467**

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 debt service equalization revenue; increasing and indexing equalization of the  
1.4 health and safety, deferred maintenance and operating capital levies amending  
1.5 Minnesota Statutes 2006, sections 123B.53, subdivisions 4, 5, 6, by adding  
1.6 a subdivision; 123B.57, subdivision 4; 123B.591, subdivision 3; 126C.10,  
1.7 subdivision 13a.

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

1.9 Section 1. Minnesota Statutes 2006, section 123B.53, subdivision 4, is amended to read:

1.10 Subd. 4. **Debt service equalization revenue.** ~~(a) The debt service equalization~~  
1.11 ~~revenue of a district equals the sum of the first tier debt service equalization revenue and~~  
1.12 ~~the second tier debt service equalization revenue.~~

1.13 ~~(b) The first tier debt service equalization revenue of a district equals the greater~~  
1.14 ~~of zero or the eligible debt service revenue minus the amount raised by a levy of 15 five~~  
1.15 ~~percent times the adjusted net tax capacity of the district minus the second tier debt service~~  
1.16 ~~equalization revenue of the district.~~

1.17 ~~(c) The second tier debt service equalization revenue of a district equals the greater~~  
1.18 ~~of zero or the eligible debt service revenue, excluding alternative facilities levies under~~  
1.19 ~~section 123B.59, subdivision 5, minus the amount raised by a levy of 25 percent times the~~  
1.20 ~~adjusted net tax capacity of the district.~~

1.21 Sec. 2. Minnesota Statutes 2006, section 123B.53, subdivision 5, is amended to read:

1.22 Subd. 5. **Equalized debt service levy.** ~~(a) The equalized debt service levy of a~~  
1.23 ~~district equals the sum of the first tier equalized debt service levy and the second tier~~  
1.24 ~~equalized debt service levy.~~

2.1 ~~(b) A district's first tier equalized debt service levy equals the district's first tier debt~~  
 2.2 ~~service equalization revenue times the lesser of one or the ratio of:~~

2.3 ~~(1) the quotient derived by dividing the adjusted net tax capacity of the district for~~  
 2.4 ~~the year before the year the levy is certified by the adjusted pupil units in the district for~~  
 2.5 ~~the school year ending in the year prior to the year the levy is certified; to~~

2.6 ~~(2) \$3,200 the state debt service equalizing factor.~~

2.7 ~~(c) A district's second tier equalized debt service levy equals the district's second tier~~  
 2.8 ~~debt service equalization revenue times the lesser of one or the ratio of:~~

2.9 ~~(1) the quotient derived by dividing the adjusted net tax capacity of the district for~~  
 2.10 ~~the year before the year the levy is certified by the adjusted pupil units in the district for~~  
 2.11 ~~the school year ending in the year prior to the year the levy is certified; to~~

2.12 ~~(2) \$8,000.~~

2.13 Sec. 3. Minnesota Statutes 2006, section 123B.53, subdivision 6, is amended to read:

2.14 Subd. 6. **Debt service equalization aid.** ~~(a) A district's debt service equalization~~  
 2.15 ~~aid is the sum of the district's first tier debt service equalization aid and the district's~~  
 2.16 ~~second tier debt service equalization aid.~~

2.17 ~~(b) A district's first tier debt service equalization aid equals the difference between~~  
 2.18 ~~the district's first tier debt service equalization revenue and the district's first tier equalized~~  
 2.19 ~~debt service levy.~~

2.20 ~~(c) A district's second tier debt service equalization aid equals the difference between~~  
 2.21 ~~the district's second tier debt service equalization revenue and the district's second tier~~  
 2.22 ~~equalized debt service levy.~~

2.23 Sec. 4. Minnesota Statutes 2006, section 123B.53, is amended by adding a subdivision  
 2.24 to read:

2.25 Subd. 8. **State debt service equalizing factor.** The state debt service equalizing  
 2.26 factor equals 125 percent of the quotient derived by dividing the total adjusted net tax  
 2.27 capacity of all school districts in the state for the year before the year the levy is certified  
 2.28 by the total number of adjusted pupil units in all school districts in the state for the school  
 2.29 year ending in the year prior to the year the levy is certified.

2.30 Sec. 5. Minnesota Statutes 2006, section 123B.57, subdivision 4, is amended to read:

2.31 Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district  
 2.32 may levy an amount equal to the district's health and safety revenue as defined in  
 2.33 subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by

3.1 dividing the adjusted net tax capacity of the district for the year preceding the year the  
3.2 levy is certified by the adjusted marginal cost pupil units in the district for the school year  
3.3 to which the levy is attributable, to ~~\$2,935~~ the state debt service equalizing factor as  
3.4 defined in section 123B.53, subdivision 8.

3.5 Sec. 6. Minnesota Statutes 2006, section 123B.591, subdivision 3, is amended to read:

3.6 Subd. 3. **Deferred maintenance levy.** To obtain deferred maintenance revenue for  
3.7 fiscal year 2008 and later, a district may levy an amount not more than the product of its  
3.8 deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of its  
3.9 adjusted net tax capacity per adjusted marginal cost pupil unit to ~~\$5,900~~ the state debt  
3.10 service equalizing factor as defined in section 123B.53, subdivision 8.

3.11 Sec. 7. Minnesota Statutes 2006, section 126C.10, subdivision 13a, is amended to read:

3.12 Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal  
3.13 year 2007 and later, a district may levy an amount not more than the product of its operating  
3.14 capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax  
3.15 capacity per adjusted marginal cost pupil unit to the operating capital equalizing factor.  
3.16 The operating capital equalizing factor equals \$22,222 for fiscal year 2006, ~~and~~ \$10,700  
3.17 for fiscal year 2007, and the greater of \$22,222 or the state debt service equalizing factor  
3.18 as defined in section 123B.53, subdivision 8, for fiscal year 2008 and later.

3.19 Sec. 8. **EFFECTIVE DATE.**

3.20 Sections 1 to 7 are effective for taxes payable in 2008 and thereafter.