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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **836**

February 12, 2007

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

1.1 A bill for an act  
1.2 relating to education finance; increasing state aid for the debt service equalization  
1.3 aid program; appropriating money; amending Minnesota Statutes 2006, sections  
1.4 123B.53, subdivisions 4, 5; 126C.01, by adding a subdivision.

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

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

1.7 Subd. 4. **Debt service equalization revenue.** ~~(a) The debt service equalization~~  
1.8 ~~revenue of a district equals the sum of the first tier debt service equalization revenue and~~  
1.9 ~~the second tier debt service equalization revenue.~~

1.10 ~~(b) The first tier debt service equalization revenue of a district equals the greater~~  
1.11 ~~of zero or the eligible debt service revenue minus the amount raised by a levy of 15 10~~  
1.12 ~~percent times the adjusted net tax capacity of the district minus the second tier debt service~~  
1.13 ~~equalization revenue of the district.~~

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

1.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2009.

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

1.20 Subd. 5. **Equalized debt service levy.** ~~(a) The equalized debt service levy of a~~  
1.21 ~~district equals the sum of the first tier equalized debt service levy and the second tier~~  
1.22 ~~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~~ 120 percent of the 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 **EFFECTIVE DATE.** This section is effective for taxes payable in 2008.

2.14 Sec. 3. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision  
 2.15 to read:

2.16 **Subd. 2a. Debt service equalizing factor.** The debt service equalizing factor  
 2.17 equals the quotient derived by dividing the total adjusted net tax capacity of all school  
 2.18 districts in the state for the year before the year the levy is certified by the total number  
 2.19 of adjusted pupil units in the state for the school year ending in the year prior to the  
 2.20 year the levy is certified.

2.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2008.