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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **837**

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 debt service equalization aid; indexing  
1.3 the equalizing factors for the debt service equalization aid program; amending  
1.4 Minnesota Statutes 2006, sections 123B.53, subdivision 5; 126C.01, by adding a  
1.5 subdivision.

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

1.7 Section 1. Minnesota Statutes 2006, section 123B.53, subdivision 5, is amended to read:

1.8 Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a  
1.9 district equals the sum of the first tier equalized debt service levy and the second tier  
1.10 equalized debt service levy.

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

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

1.16 (2) ~~\$3,200~~ 100 percent of the statewide adjusted net tax capacity equalizing factor.

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

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

1.22 (2) ~~\$8,000~~ 116 percent of the statewide adjusted net tax capacity equalizing factor.

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

2.1 Sec. 2. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision  
2.2 to read:

2.3 Subd. 2a. **Adjusted net tax capacity equalizing factor.** The adjusted net tax  
2.4 capacity equalizing factor equals the quotient derived by dividing the total adjusted net  
2.5 tax capacity of all school districts in the state for the year before the year the levy is  
2.6 certified by the total number of adjusted pupil units in the state for the school year prior  
2.7 to the year the levy is certified.

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