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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 1422

February 26, 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; indexing school finance equalizing factors;
1.3 amending Minnesota Statutes 2006, sections 124D.135, subdivision 3; 124D.20,
1.4 subdivision 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 124D.135, subdivision 3, is amended to
1.7 read:

1.8 Subd. 3. **Early childhood family education levy.** ~~For fiscal year 2001~~ To obtain
1.9 early childhood family education revenue, a district may levy an amount equal to the tax
1.10 rate of .5282 percent times the adjusted tax capacity of the district for the year preceding
1.11 the year the levy is certified. ~~Beginning with levies for fiscal year 2002, by September~~
1.12 ~~30 of each year, the commissioner shall establish a tax rate for~~ not to exceed the product
1.13 of its early childhood education revenue that raises \$21,027,000 for fiscal year 2002 and
1.14 \$22,135,000 in fiscal year 2003 and each subsequent year. If the amount of the early
1.15 childhood family education levy would exceed the early childhood family education
1.16 revenue, the early childhood family education levy must equal the early childhood family
1.17 education revenue for the fiscal year times the lesser of one or the ratio of its adjusted net
1.18 tax capacity per adjusted marginal cost pupil unit to ... percent of the statewide adjusted
1.19 net tax capacity equalizing factor.

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

1.21 Sec. 2. Minnesota Statutes 2006, section 124D.20, subdivision 5, is amended to read:

1.22 Subd. 5. **Total community education levy.** To obtain total community education
1.23 revenue, a district may levy the an amount raised by a maximum tax rate of .9 percent

2.1 ~~times the adjusted net tax capacity of the district~~ not to exceed the product of its total
 2.2 community education revenue for the fiscal year times the lesser of one or the ratio of
 2.3 its adjusted net tax capacity per adjusted marginal cost pupil unit to ... percent of the
 2.4 statewide adjusted net tax capacity equalizing factor. ~~If the amount of the total community~~
 2.5 ~~education levy would exceed the total community education revenue, the total community~~
 2.6 ~~education levy shall be determined according to subdivision 6.~~

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

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

2.10 **Subd. 2a. Adjusted net tax capacity equalizing factor.** The adjusted net tax
 2.11 capacity equalizing factor equals the quotient derived by dividing the total adjusted net
 2.12 tax capacity of all school districts in the state for the year before the year the levy is
 2.13 certified by the total number of adjusted marginal cost pupil units in the state for the
 2.14 current school year.

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