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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2154**

March 15, 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 funding for low referendum districts;
1.3 amending Minnesota Statutes 2006, section 126C.10, subdivision 24.

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

1.5 Section 1. Minnesota Statutes 2006, section 126C.10, subdivision 24, is amended to
1.6 read:

1.7 Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

1.8 (1) the school district's adjusted marginal cost pupil unit amount of basic revenue,
1.9 supplemental revenue, transition revenue, and referendum revenue is less than the value of
1.10 the school district at or immediately above the 95th percentile of school districts in its
1.11 equity region for those revenue categories; and

1.12 (2) the school district's administrative offices are not located in a city of the first
1.13 class on July 1, 1999.

1.14 (b) Equity revenue for a qualifying district that receives referendum revenue under
1.15 section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal
1.16 cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school
1.17 district's equity index computed under subdivision 27.

1.18 (c) Equity revenue for a qualifying district that does not receive referendum revenue
1.19 under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal
1.20 cost pupil units for that year times \$13.

1.21 (d)(1) A school district's equity revenue is increased by the greater of zero or
1.22 an amount equal to the district's resident marginal cost pupil units times the difference
1.23 between ~~ten~~ 50 percent of the statewide average amount of referendum revenue per
1.24 resident marginal cost pupil unit for that year and the district's referendum revenue per

2.1 resident marginal cost pupil unit. A school district's revenue under this paragraph must not
2.2 exceed ~~\$100,000~~ \$200,000 for that year.

2.3 (2) A school district in statutory operating debt under section 123B.81 as of June 30
2.4 of the previous year that has referendum revenue per resident marginal cost pupil unit less
2.5 than the state average qualifies for equity revenue under this clause equal to the lesser of
2.6 \$200 per resident marginal cost pupil unit or \$200,000. A school district's equity revenue
2.7 under this paragraph equals the greater of the amount in clause (1) or (2).

2.8 (e) A school district's equity revenue for a school district located in the metro equity
2.9 region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

2.10 (f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school
2.11 district that has per pupil referendum revenue below the 95th percentile qualifies for
2.12 additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

2.13 (g) A district that does not qualify for revenue under paragraph (f) qualifies for
2.14 equity revenue equal to one-half of the per pupil allowance in paragraph (f) times its
2.15 adjusted marginal cost pupil units.

2.16 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.