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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2286**

March 21, 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; modifying the distribution of taconite proceeds to
1.3 school districts; amending Minnesota Statutes 2006, section 298.28, subdivision
1.4 4.

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

1.6 Section 1. Minnesota Statutes 2006, section 298.28, subdivision 4, is amended to read:

1.7 Subd. 4. **School districts.** (a) 17.15 cents per taxable ton plus the increase provided
1.8 in paragraph (d) must be allocated to qualifying school districts to be distributed, based
1.9 upon the certification of the commissioner of revenue, under paragraphs (b) and (c),
1.10 except as otherwise provided in paragraph (f).

1.11 (b) 3.43 cents per taxable ton must be distributed to the school districts in which
1.12 the lands from which taconite was mined or quarried were located or within which the
1.13 concentrate was produced. The distribution must be based on the apportionment formula
1.14 prescribed in subdivision 2.

1.15 (c)(i) 13.72 cents per taxable ton, less any amount distributed under paragraph (e),
1.16 shall be distributed to a group of school districts comprised of those school districts which
1.17 qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a
1.18 qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion
1.19 to school district indexes as follows: for each school district, its pupil units determined
1.20 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
1.21 average adjusted net tax capacity per pupil unit for school districts receiving aid under
1.22 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year
1.23 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.

2.1 Each district shall receive that portion of the distribution which its index bears to the sum
2.2 of the indices for all school districts that receive the distributions.

2.3 (ii) Notwithstanding clause (i), each school district that receives a distribution
2.4 under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this
2.5 clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on
2.6 severed mineral values after reduction for any portion distributed to cities and towns under
2.7 section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy
2.8 reduction under section 126C.48, subdivision 8, for the second year prior to the year of the
2.9 distribution shall receive a distribution equal to the difference; the amount necessary to
2.10 make this payment shall be derived from proportionate reductions in the initial distribution
2.11 to other school districts under clause (i).

2.12 (d) Any school district described in paragraph (c) where a levy increase pursuant to
2.13 section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001,
2.14 shall receive a distribution of 21.3 cents per ton. Each district shall receive ~~\$175~~ \$225
2.15 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second
2.16 previous year or the 1983-1984 school year, whichever is greater, less the product of ~~1.8~~
2.17 2.0 percent times the district's taxable net tax capacity in the second previous year.

2.18 If the total amount provided by paragraph (d) is insufficient to make the payments
2.19 herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly
2.20 so as not to exceed the funds available. Any amounts received by a qualifying school
2.21 district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general
2.22 education aid which the district receives pursuant to section 126C.13 or the permissible
2.23 levies of the district. Any amount remaining after the payments provided in this paragraph
2.24 shall be paid to the commissioner of Iron Range resources and rehabilitation who shall
2.25 deposit the same in the taconite environmental protection fund and the Douglas J. Johnson
2.26 economic protection trust fund as provided in subdivision 11.

2.27 Each district receiving money according to this paragraph shall reserve the lesser of
2.28 the amount received under this paragraph or \$25 times the number of pupil units served
2.29 in the district. It may use the money for early childhood programs or for outcome-based
2.30 learning programs that enhance the academic quality of the district's curriculum. The
2.31 outcome-based learning programs must be approved by the commissioner of education.

2.32 (e) There shall be distributed to any school district the amount which the school
2.33 district was entitled to receive under section 298.32 in 1975.

2.34 ~~(f) Effective for the distribution in 2003 only, five percent of the distributions to~~
2.35 ~~school districts under paragraphs (b), (c), and (e); subdivision 6, paragraph (c); subdivision~~
2.36 ~~11; and section 298.225, shall be distributed to the general fund. The remainder less any~~

3.1 ~~portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph~~
3.2 ~~(5), shall be distributed to the Douglas J. Johnson economic protection trust fund created~~
3.3 ~~in section 298.292. Fifty percent of the amount distributed to the Douglas J. Johnson~~
3.4 ~~economic protection trust fund shall be made available for expenditure under section~~
3.5 ~~298.293 as governed by section 298.296. Effective in 2003 only, 100 percent of the~~
3.6 ~~distributions to school districts under section 477A.15 less any portion distributed to~~
3.7 ~~cities and towns under section 126C.48, subdivision 8, paragraph (5), shall be distributed~~
3.8 ~~to the general fund.~~

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