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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 2978

February 14, 2008

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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 the basic formula allowance; eliminating
1.3 proration of special education revenue; increasing funding for special education
1.4 services; modifying the referendum ballot language in cases of renewal of
1.5 referendum authority; appropriating money; amending Minnesota Statutes 2006,
1.6 sections 126C.17, subdivision 9; 126C.20; Minnesota Statutes 2007 Supplement,
1.7 sections 125A.76, subdivision 4; 125A.79, subdivision 6; 126C.10, subdivision
1.8 2; Laws 2007, chapter 146, article 3, section 24, subdivisions 2, 5.

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

1.10 Section 1. Minnesota Statutes 2007 Supplement, section 125A.76, subdivision 4,
1.11 is amended to read:

1.12 Subd. 4. **State total special education aid.** The state total special education
1.13 aid equals \$529,247,000 for fiscal year 2007, \$694,063,000 for fiscal year 2008,
1.14 ~~\$719,470,000 and \$827,538,000 for fiscal year 2009, \$735,693,000 for fiscal year 2010,~~
1.15 ~~and \$786,586,000 for fiscal year 2011.~~ The state total special education aid for later
1.16 fiscal years equals:

1.17 ~~(1) the state total special education initial aid for the preceding fiscal year, times~~

1.18 ~~(2) the program growth factor, times~~

1.19 ~~(3) the greater of one, or the ratio of the state total average daily membership for~~
1.20 ~~the current fiscal year to the state total average daily membership for the preceding fiscal~~
1.21 ~~year under subdivision 2.~~

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

1.23 Sec. 2. Minnesota Statutes 2007 Supplement, section 125A.79, subdivision 6, is
1.24 amended to read:

2.1 Subd. 6. **State total special education excess cost aid.** The state total special
 2.2 education excess cost aid equals \$104,700,000 for fiscal year 2007, \$110,641,000 for
 2.3 fiscal year 2008, ~~\$110,918,000~~ and \$76,995,000 for fiscal year 2009, ~~\$110,847,000~~ for
 2.4 ~~fiscal year 2010, and \$110,892,000 for fiscal year 2011.~~ The state total special education
 2.5 excess cost aid for later fiscal years equals:

2.6 ~~(1) the state total special education excess cost aid for the preceding fiscal year; times~~

2.7 ~~(2) the program growth factor; times~~

2.8 ~~(3) the greater of one, or the ratio of the state total average daily membership for the~~

2.9 ~~current fiscal year to the state total average daily membership for the preceding fiscal year;~~

2.10 the initial excess cost aid computed under subdivision 3.

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

2.12 Sec. 3. Minnesota Statutes 2007 Supplement, section 126C.10, subdivision 2, is
 2.13 amended to read:

2.14 Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula
 2.15 allowance times the adjusted marginal cost pupil units for the school year. ~~The formula~~
 2.16 ~~allowance for fiscal year 2007 is \$4,974.~~ The formula allowance for fiscal year 2008 is
 2.17 \$5,074 ~~and~~. The formula allowance for fiscal year 2009 and subsequent years is ~~\$5,124~~
 2.18 \$5,226.

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

2.20 Sec. 4. Minnesota Statutes 2006, section 126C.17, subdivision 9, is amended to read:

2.21 Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10,
 2.22 subdivision 1, may be increased in the amount approved by the voters of the district at a
 2.23 referendum called for the purpose. The referendum may be called by the board or shall be
 2.24 called by the board upon written petition of qualified voters of the district. The referendum
 2.25 must be conducted one or two calendar years before the increased levy authority, if
 2.26 approved, first becomes payable. Only one election to approve an increase may be held
 2.27 in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the
 2.28 referendum must be held on the first Tuesday after the first Monday in November. The
 2.29 ballot must state the maximum amount of the increased revenue per resident marginal cost
 2.30 pupil unit. The ballot may state a schedule, determined by the board, of increased revenue
 2.31 per resident marginal cost pupil unit that differs from year to year over the number of
 2.32 years for which the increased revenue is authorized or may state that the amount shall
 2.33 increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the

3.1 annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may
3.2 state that existing referendum levy authority is expiring. In this case, the ballot may also
3.3 compare the proposed levy authority to the existing expiring levy authority, and express
3.4 the proposed increase as the amount, if any, over the expiring referendum levy authority.
3.5 The ballot must designate the specific number of years, not to exceed ten, for which the
3.6 referendum authorization applies. The ballot, including a ballot on the question to revoke
3.7 or reduce the increased revenue amount under paragraph (c), must abbreviate the term
3.8 "per resident marginal cost pupil unit" as "per pupil." The notice required under section
3.9 275.60 may be modified to read, in cases of renewing existing levies:

3.10 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ~~MAY BE VOTING~~
3.11 ~~FOR A PROPERTY TAX INCREASE~~ ARE RENEWING AN EXISTING
3.12 PROPERTY TAX REFERENDUM. YOU ARE NOT CHANGING YOUR
3.13 OPERATING REFERENDUM FROM ITS LEVEL IN THE PREVIOUS YEAR."

3.14 The ballot may contain a textual portion with the information required in this
3.15 subdivision and a question stating substantially the following:

3.16 "Shall the increase in the revenue proposed by (petition to) the board of,
3.17 School District No. ..., be approved?"

3.18 If approved, an amount equal to the approved revenue per resident marginal cost
3.19 pupil unit times the resident marginal cost pupil units for the school year beginning in
3.20 the year after the levy is certified shall be authorized for certification for the number of
3.21 years approved, if applicable, or until revoked or reduced by the voters of the district at a
3.22 subsequent referendum.

3.23 (b) The board must prepare and deliver by first class mail at least 15 days but no more
3.24 than 30 days before the day of the referendum to each taxpayer a notice of the referendum
3.25 and the proposed revenue increase. The board need not mail more than one notice to any
3.26 taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be
3.27 those shown to be owners on the records of the county auditor or, in any county where
3.28 tax statements are mailed by the county treasurer, on the records of the county treasurer.
3.29 Every property owner whose name does not appear on the records of the county auditor
3.30 or the county treasurer is deemed to have waived this mailed notice unless the owner
3.31 has requested in writing that the county auditor or county treasurer, as the case may be,
3.32 include the name on the records for this purpose. The notice must project the anticipated
3.33 amount of tax increase in annual dollars for typical residential homesteads, agricultural
3.34 homesteads, apartments, and commercial-industrial property within the school district.

3.35 The notice for a referendum may state that an existing referendum levy is expiring
3.36 and project the anticipated amount of increase over the existing referendum levy in

4.1 the first year, if any, in annual dollars for typical residential homesteads, agricultural
 4.2 homesteads, apartments, and commercial-industrial property within the district.

4.3 The notice must include the following statement: "Passage of this referendum will
 4.4 result in an increase in your property taxes." However, in cases of renewing existing
 4.5 levies, the notice may include the following statement: "Passage of this referendum may
 4.6 result in ~~an increase~~ a change in your property taxes."

4.7 (c) A referendum on the question of revoking or reducing the increased revenue
 4.8 amount authorized pursuant to paragraph (a) may be called by the board and shall be called
 4.9 by the board upon the written petition of qualified voters of the district. A referendum to
 4.10 revoke or reduce the revenue amount must state the amount per resident marginal cost
 4.11 pupil unit by which the authority is to be reduced. Revenue authority approved by the
 4.12 voters of the district pursuant to paragraph (a) must be available to the school district at
 4.13 least once before it is subject to a referendum on its revocation or reduction for subsequent
 4.14 years. Only one revocation or reduction referendum may be held to revoke or reduce
 4.15 referendum revenue for any specific year and for years thereafter.

4.16 (d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of
 4.17 qualified voters in excess of 15 percent of the registered voters of the district on the day
 4.18 the petition is filed with the board. A referendum invoked by petition must be held on the
 4.19 date specified in paragraph (a).

4.20 (e) The approval of 50 percent plus one of those voting on the question is required to
 4.21 pass a referendum authorized by this subdivision.

4.22 (f) At least 15 days before the day of the referendum, the district must submit a
 4.23 copy of the notice required under paragraph (b) to the commissioner and to the county
 4.24 auditor of each county in which the district is located. Within 15 days after the results
 4.25 of the referendum have been certified by the board, or in the case of a recount, the
 4.26 certification of the results of the recount by the canvassing board, the district must notify
 4.27 the commissioner of the results of the referendum.

4.28 **EFFECTIVE DATE.** This section is effective for elections conducted on or after
 4.29 July 1, 2008.

4.30 Sec. 5. Minnesota Statutes 2006, section 126C.20, is amended to read:

4.31 **126C.20 ANNUAL GENERAL EDUCATION AND SPECIAL EDUCATION**
 4.32 **AID APPROPRIATION.**

4.33 There is annually appropriated from the general fund to the department the amount
 4.34 necessary for general education aid and special education aid under sections 125A.76

5.1 and 125A.79. This amount must be reduced by the amount of any money specifically
 5.2 appropriated for the same purpose in any year from any state fund.

5.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010.

5.4 Sec. 6. Laws 2007, chapter 146, article 3, section 24, subdivision 2, is amended to read:

5.5 Subd. 2. **Special education; regular.** For special education aid under Minnesota
 5.6 Statutes, section 125A.75:

5.7 \$ 677,622,000 2008

5.8 ~~716,929,000~~

5.9 \$ 814,190,000 2009

5.10 The 2008 appropriation includes \$52,965,000 for 2007 and \$624,657,000 for 2008.

5.11 The 2009 appropriation includes \$69,406,000 for 2008 and ~~\$647,523,000~~

5.12 \$744,784,000 for 2009.

5.13 **EFFECTIVE DATE.** This section is effective July 1, 2008.

5.14 Sec. 7. Laws 2007, chapter 146, article 3, section 24, subdivision 5, is amended to read:

5.15 Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota
 5.16 Statutes, section 125A.79, subdivision 7:

5.17 \$ 108,656,000 2008

5.18 ~~110,826,000~~

5.19 \$ 85,723,000 2009

5.20 The 2008 appropriation includes \$34,969,000 for 2007 and \$73,687,000 for 2008.

5.21 The 2009 appropriation includes \$36,954,000 for 2008 and ~~\$73,872,000~~ \$48,769,000

5.22 for 2009.

5.23 **EFFECTIVE DATE.** This section is effective July 1, 2008.