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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 2980

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; modifying school facilities formulas; qualifying
1.3 additional districts for alternative facilities revenue; increasing deferred
1.4 maintenance revenue; increasing the leased facilities levy; amending Minnesota
1.5 Statutes 2006, sections 123B.59, subdivision 1; 123B.591, subdivision 2;
1.6 126C.40, subdivision 1.

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

1.8 Section 1. Minnesota Statutes 2006, section 123B.59, subdivision 1, is amended to read:

1.9 Subdivision 1. **To qualify.** (a) An independent or special school district qualifies to
1.10 participate in the alternative facilities bonding and levy program if the district has:

1.11 (1) more than 66 students per grade;

1.12 (2) ~~over 1,850,000 square feet of space and the average age of building space is 15~~
1.13 ~~years or older or over 1,500,000 square feet and the average age of building space is 35~~
1.14 with an average age of 25 years or older;

1.15 (3) insufficient funds from projected health and safety revenue and capital facilities
1.16 revenue to meet the requirements for deferred maintenance, to make accessibility
1.17 improvements, or to make fire, safety, or health repairs; and

1.18 (4) a ten-year facility plan approved by the commissioner according to subdivision 2.

1.19 (b) An independent or special school district not eligible to participate in the
1.20 alternative facilities bonding and levy program under paragraph (a) qualifies for limited
1.21 participation in the program if the district has:

1.22 (1) one or more health and safety projects with an estimated cost of \$500,000 or
1.23 more per site that would qualify for health and safety revenue except for the project size
1.24 limitation in section 123B.57, subdivision 1, paragraph (b); and

1.25 (2) insufficient funds from capital facilities revenue to fund those projects.

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

2.2 Sec. 2. Minnesota Statutes 2006, section 123B.591, subdivision 2, is amended to read:

2.3 Subd. 2. **Deferred maintenance revenue.** The deferred maintenance revenue for an
2.4 eligible school district equals the product of ~~\$60~~ \$100 times the adjusted marginal cost
2.5 pupil units for the school year times the lesser of one or the ratio of the district's average
2.6 age of building space to 35 years.

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

2.8 Sec. 3. Minnesota Statutes 2006, section 126C.40, subdivision 1, is amended to read:

2.9 Subdivision 1. **To lease building or land.** (a) When an independent or a special
2.10 school district or a group of independent or special school districts finds it economically
2.11 advantageous to rent or lease a building or land for any instructional purposes or for
2.12 school storage or furniture repair, and it determines that the operating capital revenue
2.13 authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may
2.14 apply to the commissioner for permission to make an additional capital expenditure levy
2.15 for this purpose. An application for permission to levy under this subdivision must contain
2.16 financial justification for the proposed levy, the terms and conditions of the proposed
2.17 lease, and a description of the space to be leased and its proposed use.

2.18 (b) The criteria for approval of applications to levy under this subdivision must
2.19 include: the reasonableness of the price, the appropriateness of the space to the proposed
2.20 activity, the feasibility of transporting pupils to the leased building or land, conformity
2.21 of the lease to the laws and rules of the state of Minnesota, and the appropriateness of
2.22 the proposed lease to the space needs and the financial condition of the district. The
2.23 commissioner must not authorize a levy under this subdivision in an amount greater than
2.24 the cost to the district of renting or leasing a building or land for approved purposes.
2.25 The proceeds of this levy must not be used for custodial or other maintenance services.
2.26 A district may not levy under this subdivision for the purpose of leasing or renting a
2.27 district-owned building or site to itself.

2.28 (c) For agreements finalized after July 1, 1997, a district may not levy under this
2.29 subdivision for the purpose of leasing: (1) a newly constructed building used primarily
2.30 for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed
2.31 building addition or additions used primarily for regular kindergarten, elementary, or
2.32 secondary instruction that contains more than 20 percent of the square footage of the
2.33 previously existing building.

3.1 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the
3.2 purpose of leasing or renting a district-owned building or site to itself only if the amount
3.3 is needed by the district to make payments required by a lease purchase agreement,
3.4 installment purchase agreement, or other deferred payments agreement authorized by law,
3.5 and the levy meets the requirements of paragraph (c). A levy authorized for a district by
3.6 the commissioner under this paragraph may be in the amount needed by the district to
3.7 make payments required by a lease purchase agreement, installment purchase agreement,
3.8 or other deferred payments agreement authorized by law, provided that any agreement
3.9 include a provision giving the school districts the right to terminate the agreement
3.10 annually without penalty.

3.11 (e) The total levy under this subdivision for a district for any year must not exceed
3.12 ~~\$100~~ \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

3.13 (f) For agreements for which a review and comment have been submitted to the
3.14 Department of Education after April 1, 1998, the term "instructional purpose" as used in
3.15 this subdivision excludes expenditures on stadiums.

3.16 (g) The commissioner of education may authorize a school district to exceed the
3.17 limit in paragraph (e) if the school district petitions the commissioner for approval. The
3.18 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)
3.19 for not more than five years if the district meets the following criteria:

3.20 (1) the school district has been experiencing pupil enrollment growth in the
3.21 preceding five years;

3.22 (2) the purpose of the increased levy is in the long-term public interest;

3.23 (3) the purpose of the increased levy promotes colocation of government services;
3.24 and

3.25 (4) the purpose of the increased levy is in the long-term interest of the district by
3.26 avoiding over construction of school facilities.

3.27 (h) A school district that is a member of an intermediate school district may include
3.28 in its authority under this section the costs associated with leases of administrative and
3.29 classroom space for intermediate school district programs. This authority must not
3.30 exceed ~~\$25~~ \$50 times the adjusted marginal cost pupil units of the member districts. This
3.31 authority is in addition to any other authority authorized under this section.

3.32 (i) In addition to the allowable capital levies in paragraph (a), a district that is a
3.33 member of the "Technology and Information Education Systems" data processing joint
3.34 board, that finds it economically advantageous to enter into a lease purchase agreement for
3.35 a building for a group of school districts or special school districts for staff development

4.1 purposes, may levy for its portion of lease costs attributed to the district within the total
4.2 levy limit in paragraph (e).

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