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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 3107

February 18, 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; repealing operating referendum revenue authority
1.3 for fiscal years 2010 and later; amending Minnesota Statutes 2007 Supplement,
1.4 section 126C.10, subdivision 24; repealing Minnesota Statutes 2006, section
1.5 126C.17, subdivisions 1, 2, 3, 4, 5, 6, 7, 7a, 8, 9, 10, 11, 13.

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

1.7 Section 1. Minnesota Statutes 2007 Supplement, section 126C.10, subdivision 24,
1.8 is amended to read:

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

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

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

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

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

1.23 (d) A school district's equity revenue is increased by the greater of zero or an amount
1.24 equal to the district's resident marginal cost pupil units times the difference between ten
1.25 percent of the statewide average amount of referendum revenue per resident marginal cost

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

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

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

2.9 (g) A district that does not qualify for revenue under paragraph (f) qualifies for
2.10 equity revenue equal to \$46 times its adjusted marginal cost pupil units.

2.11 (h) Notwithstanding paragraphs (a) to (g), a school district's equity revenue for fiscal
2.12 year 2010 and later equals its equity revenue for the previous year.

2.13 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010
2.14 and later.

2.15 Sec. 2. **GOVERNOR'S K-12 BUDGET RECOMMENDATIONS.**

2.16 The governor's proposed K-12 education budget for the 2010-2011 biennium must
2.17 include recommendations to replace the school district funding that was previously
2.18 raised through locally approved operating referenda. A preliminary draft of this portion
2.19 of the budget must be publicly released prior to October 1, 2008. The draft must specify
2.20 the revenue sources used to replace the operating referenda and provide details on the
2.21 distribution of the replacement revenue among school districts.

2.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.23 Sec. 3. **REPEALER.**

2.24 Minnesota Statutes 2006, section 126C.17, subdivisions 1, 2, 3, 4, 5, 6, 7, 7a, 8,
2.25 9, 10, 11, and 13, are repealed.

2.26 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009.