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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-FIFTH  
SESSION**

**HOUSE FILE No. 3698**

March 3, 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 equalizing factors and threshold rates  
1.3 in the debt service equalization program; improving ability of school districts  
1.4 to improve school buildings and facilities; reducing property taxes; amending  
1.5 Minnesota Statutes 2006, section 123B.53, subdivisions 4, 5.

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

1.7 Section 1. Minnesota Statutes 2006, section 123B.53, subdivision 4, is amended to read:

1.8 Subd. 4. **Debt service equalization revenue.** (a) The debt service equalization  
1.9 revenue of a district equals the sum of the first tier debt service equalization revenue and  
1.10 the second tier debt service equalization revenue.

1.11 (b) The first tier debt service equalization revenue of a district equals the greater  
1.12 of zero or the eligible debt service revenue minus the amount raised by a levy of ~~15~~  
1.13 ten percent times the adjusted net tax capacity of the district minus the second tier debt  
1.14 service equalization revenue of the district.

1.15 (c) The second tier debt service equalization revenue of a district equals the greater  
1.16 of zero or the eligible debt service revenue, excluding alternative facilities levies under  
1.17 section 123B.59, subdivision 5, minus the amount raised by a levy of ~~25~~ 15 percent times  
1.18 the adjusted net tax capacity of the district.

1.19 Sec. 2. Minnesota Statutes 2006, section 123B.53, subdivision 5, is amended to read:

1.20 Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a  
1.21 district equals the sum of the first tier equalized debt service levy and the second tier  
1.22 equalized debt service levy.

1.23 (b) A district's first tier equalized debt service levy equals the district's first tier debt  
1.24 service equalization revenue times the lesser of one or the ratio of:

2.1 (1) the quotient derived by dividing the adjusted net tax capacity of the district for  
2.2 the year before the year the levy is certified by the adjusted pupil units in the district for  
2.3 the school year ending in the year prior to the year the levy is certified; to

2.4 (2) ~~\$3,200~~ \$10,000.

2.5 (c) A district's second tier equalized debt service levy equals the district's second tier  
2.6 debt service equalization revenue times the lesser of one or the ratio of:

2.7 (1) the quotient derived by dividing the adjusted net tax capacity of the district for  
2.8 the year before the year the levy is certified by the adjusted pupil units in the district for  
2.9 the school year ending in the year prior to the year the levy is certified; to

2.10 (2) ~~\$8,000~~ \$20,000.