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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. 1772

March 16, 2009

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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 state support for the debt service
1.3 equalization aid program; creating a school bond agricultural credit; amending
1.4 Minnesota Statutes 2008, sections 123B.53, subdivision 5; 126C.01, by adding
1.5 a subdivision; 126C.20; proposing coding for new law in Minnesota Statutes,
1.6 chapter 123B; repealing Minnesota Statutes 2008, section 123B.54.

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

1.8 Section 1. Minnesota Statutes 2008, section 123B.53, subdivision 5, is amended to read:

1.9 Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a
1.10 district equals the sum of the first tier equalized debt service levy and the second tier
1.11 equalized debt service levy.

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

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

1.17 (2) ~~\$3,200~~ 100 percent of the statewide adjusted net tax capacity equalizing factor.

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

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

1.23 (2) ~~\$8,000~~ 225 percent of the statewide adjusted net tax capacity equalizing factor.

1.24 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and later.

2.1 Sec. 2. **[123B.555] SCHOOL BOND AGRICULTURAL CREDIT.**

2.2 Subdivision 1. Eligibility. All class 2a, 2b, and 2c property under section 273.13,
2.3 subdivision 23, except for property consisting of the house, garage, and immediately
2.4 surrounding one acre of land of an agricultural homestead, is eligible to receive the credit
2.5 under this section.

2.6 Subd. 2. Credit amount. For each qualifying property, the school bond agricultural
2.7 credit is equal to 66 percent of the property's eligible net tax capacity multiplied by the
2.8 school debt tax rate determined under section 275.08, subdivision 1b.

2.9 Subd. 3. Credit reimbursements. The county auditor shall determine the tax
2.10 reductions allowed under this section within the county for each taxes payable year and
2.11 shall certify that amount to the commissioner of revenue as a part of the abstracts of tax
2.12 lists submitted under section 275.29. Any prior year adjustments shall also be certified on
2.13 the abstracts of tax lists. The commissioner shall review the certifications for accuracy,
2.14 and may make such changes as are deemed necessary, or return the certification to the
2.15 county auditor for correction. The credit under this section must be used to reduce the
2.16 school district net tax capacity-based property tax as provided in section 273.1393.

2.17 Subd. 4. Payment. The commissioner of revenue shall certify the total of the tax
2.18 reductions granted under this section for each taxes payable year within each school
2.19 district to the commissioner of education, who shall pay the reimbursement amounts to
2.20 each school district as provided in section 273.1392.

2.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and later.

2.22 Sec. 3. Minnesota Statutes 2008, section 126C.01, is amended by adding a subdivision
2.23 to read:

2.24 Subd. 2a. Adjusted net tax capacity equalizing factor. The adjusted net tax
2.25 capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax
2.26 capacity of all school districts in the state for the year before the year the levy is certified
2.27 by the total number of adjusted pupil units in the state for the current school year.

2.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and later.

2.29 Sec. 4. Minnesota Statutes 2008, section 126C.20, is amended to read:

2.30 **126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.**

2.31 There is annually appropriated from the general fund to the department the ~~amount~~
2.32 amounts necessary for: (1) general education aid; (2) debt service aid; and (3) the school

3.1 bond agricultural credit. ~~This amount~~ These amounts must be reduced by the amount of
3.2 any money specifically appropriated for the same purpose in any year from any state fund.

3.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
3.4 and later.

3.5 Sec. 5. **REPEALER.**

3.6 Minnesota Statutes 2008, section 123B.54, is repealed.

3.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011.