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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **857**

02/12/2015 Authored by Marquart
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; modifying the capital project referendum; equalizing
1.3 the capital project referendum levy; appropriating money; amending Minnesota
1.4 Statutes 2014, section 123B.63, subdivisions 1, 3, by adding subdivisions.

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

1.6 Section 1. Minnesota Statutes 2014, section 123B.63, subdivision 1, is amended to read:

1.7 Subdivision 1. **Creation of capital project referendum account.** A district may
1.8 create a capital project referendum account as a separate account in its general fund or its
1.9 building construction fund. All proceeds from the capital project levy revenue must be
1.10 deposited in the capital project referendum account in its general fund. The portion of the
1.11 proceeds to be used for building construction must be transferred to the capital project
1.12 referendum account in its building construction fund. Interest income attributable to the
1.13 capital project referendum account must be credited to the account.

1.14 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and
1.15 later.

1.16 Sec. 2. Minnesota Statutes 2014, section 123B.63, subdivision 3, is amended to read:

1.17 Subd. 3. **Capital project levy referendum.** (a) ~~A district may levy the local tax rate~~
1.18 The revenue authorized under section 126C.10, subdivision 13, may be increased in the
1.19 amount approved by a majority of the electors voting on the question to provide funds
1.20 for an approved project. The election must take place no more than five years before the
1.21 estimated date of commencement of the project. The referendum must be held on a date
1.22 set by the board. A district must meet the requirements of section 123B.71 for projects
1.23 funded under this section. If a review and comment is required under section 123B.71,

2.1 subdivision 8, a referendum for a project not receiving a positive review and comment by
 2.2 the commissioner must be approved by at least 60 percent of the voters at the election.

2.3 (b) The referendum may be called by the school board and may be held:

2.4 (1) separately, before an election for the issuance of obligations for the project
 2.5 under chapter 475; or

2.6 (2) in conjunction with an election for the issuance of obligations for the project
 2.7 under chapter 475; or

2.8 (3) notwithstanding section 475.59, as a conjunctive question authorizing both the
 2.9 capital project levy and the issuance of obligations for the project under chapter 475. Any
 2.10 obligations authorized for a project may be issued within five years of the date of the
 2.11 election.

2.12 (c) The ballot must provide a general description of the proposed project, state
 2.13 the estimated total cost of the project, state whether the project has received a positive
 2.14 or negative review and comment from the commissioner if a review and comment is
 2.15 required, state the maximum amount of the capital project levy revenue ~~as a percentage of~~
 2.16 ~~net tax capacity~~ an amount per adjusted pupil unit, state the maximum total amount that
 2.17 will be ~~raised by that local tax rate~~ levied in the first year it is ~~to be levied~~ of the levy, and
 2.18 state the maximum number of years that the levy capital project referendum authorization
 2.19 will apply. The ballot must abbreviate the term "per adjusted pupil unit" as "per pupil."

2.20 The ballot must contain a textual portion with the information required in this
 2.21 section and a question stating substantially the following:

2.22 "Shall the capital project levy revenue proposed by the board of School
 2.23 District No. be approved?"

2.24 If approved, for elections held before July 1, 2015, the amount provided by the
 2.25 approved local tax rate applied to the net tax capacity for the year preceding the year the
 2.26 levy is certified may be certified for the number of years, not to exceed ten, approved. If
 2.27 approved, for elections held on or after July 1, 2015, an amount equal to the approved
 2.28 revenue per adjusted pupil unit times the adjusted pupil units for the school year beginning
 2.29 in the year after the levy is certified shall be authorized for certification for the number of
 2.30 years, not to exceed ten, approved.

2.31 (d) If the district proposes a new capital project to begin at the time the existing
 2.32 capital project expires and at the same maximum ~~tax rate~~ amount per adjusted pupil unit,
 2.33 the general description on the ballot may state that the capital project levy revenue is
 2.34 being renewed and that the ~~tax rate~~ revenue amount per pupil is not being increased from
 2.35 the previous year's rate amount. An election to renew authority under this paragraph may

3.1 be called at any time that is otherwise authorized by this subdivision. The ballot notice
 3.2 required under section 275.60 may be modified to read:

3.3 "BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE VOTING
 3.4 TO RENEW AN EXISTING CAPITAL PROJECTS REFERENDUM THAT IS
 3.5 SCHEDULED TO EXPIRE."

3.6 (e) In the event a conjunctive question proposes to authorize both the capital
 3.7 project levy revenue and the issuance of obligations for the project, appropriate language
 3.8 authorizing the issuance of obligations must also be included in the question.

3.9 (f) The district must notify the commissioner of the results of the referendum.

3.10 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and
 3.11 later.

3.12 Sec. 3. Minnesota Statutes 2014, section 123B.63, is amended by adding a subdivision
 3.13 to read:

3.14 **Subd. 3a. Capital project referendum equalization levy.** A district's capital
 3.15 project referendum equalization levy equals its capital project referendum revenue times
 3.16 the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit in the
 3.17 year preceding the year the levy is certified to 125 percent of the state average adjusted net
 3.18 tax capacity per adjusted pupil unit in the year preceding the year the levy is certified.

3.19 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and
 3.20 later.

3.21 Sec. 4. Minnesota Statutes 2014, section 123B.63, is amended by adding a subdivision
 3.22 to read:

3.23 **Subd. 3b. Capital project referendum equalization aid.** A district's capital project
 3.24 referendum equalization aid equals the difference between its capital project referendum
 3.25 revenue and levy.

3.26 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and
 3.27 later.

3.28 Sec. 5. **APPROPRIATIONS.**

3.29 **Subdivision 1. Department of Education.** The sums indicated in this section are
 3.30 appropriated from the general fund to the Department of Education for the fiscal years
 3.31 designated.

4.1 Subd. 2. Capital project referendum equalization aid. For capital project
 4.2 referendum equalization aid under Minnesota Statutes, section 123B.63:

4.3 \$ 2016
 4.4 \$ 2017