

1 not include any job for which a tax credit is received under
2 section 469.318 or for which a grant is made under section
3 469.309.

4 Subd. 3. [CREDIT ALLOWED.] A taxpayer that is awarded a
5 credit under subdivision 4 may take a credit against the tax
6 imposed by this chapter, equal to \$4,000 per qualifying job
7 created by the taxpayer, per year for three years and \$3,000 in
8 the fourth year.

9 Subd. 4. [QUALIFICATION; APPLICATION.] (a) To qualify for
10 a credit under this section, a taxpayer must create a new
11 qualifying job within an eligible county. The taxpayer must
12 create the qualifying job within 12 months of being awarded the
13 credit. If a taxpayer does not create the qualifying job within
14 12 months, the credit is forfeited and, if claimed by the
15 taxpayer, subject to recapture, and the credit amount accrues
16 back to the eligible county for allocation under subdivision 5.

17 (b) A taxpayer seeking a credit under this section must
18 make an application to an eligible county at least 60 days
19 before the award date in paragraph (c). Applications for a
20 credit shall be made on a form and in a manner prescribed by the
21 commissioner.

22 (c) Eligible counties shall award credits under this
23 section twice each year, by March 15 and September 15. An
24 eligible county shall publish a notice advertising the award
25 date at least 90 days before the date. Selection of applicants
26 for awarding tax credits under this section must be made by the
27 county board of commissioners of an eligible county, or the duly
28 appointed representatives of the county board of commissioners,
29 using uniform criteria established by the commissioner. In
30 selecting among applicants for awarding credits under this
31 section, criteria must contemplate and place greater weight on
32 the following factors: whether the qualifying job provides
33 higher wages, better benefits, or on-the-job training; whether
34 the taxpayer's business is locally owned and owns, rather than
35 leases, its own facilities or buildings; whether the taxpayer's
36 business provides employee stock ownership plans or employee

1 profit sharing; and whether a higher percentage of the
2 business's employees are hired with tax credits under this
3 section. For purposes of this section, "duly appointed
4 representatives" include a county or regional economic
5 development agency or authority.

6 Subd. 5. [LIMITATION; CARRYFORWARD.] (a) The total amount
7 of credits under this section may not exceed \$150,000 per
8 eligible county over two years. If a county fails to award
9 \$150,000 within a year, it may carry forward the amount that
10 remains unawarded to the following year. Unawarded amounts may
11 not be carried beyond the following year and are lost.

12 (b) A taxpayer may claim the credit under this section for
13 each year the new qualifying job remains in existence, up to a
14 maximum of four years or \$15,000 per qualifying job created.
15 The taxpayer may claim the credit under this section for years
16 in which the qualifying job was in existence for the entire
17 year. A credit under this section is awarded to the taxpayer
18 for, and attaches to, a designated employee. If the designated
19 employee for whom a credit under this section was awarded leaves
20 the employment of the taxpayer for any reason, the remaining
21 credit the taxpayer would otherwise be eligible to receive is
22 forfeited and may not be claimed by the taxpayer. Credit
23 amounts forfeited under this paragraph accrue back to and may be
24 awarded by an eligible county as if the amount had been
25 unawarded, as provided in paragraph (a).

26 Subd. 6. [CREDIT REFUNDABLE.] If the amount of credit that
27 the taxpayer is eligible to receive under this section exceeds
28 the liability for tax under this chapter, the commissioner shall
29 refund the excess to the claimant. An amount sufficient to pay
30 the refunds authorized by this subdivision is appropriated to
31 the commissioner from the general fund.

32 Subd. 7. [MANNER OF CLAIMING.] The commissioner shall
33 prescribe the manner in which the credit may be issued and
34 claimed. This may include providing for the issuance of credit
35 certificates or allowing the credit only as a separately
36 processed claim for a refund.

1 Subd. 8. [REPORT.] The commissioner shall report to the
2 legislature by February 15, 2008, on credits claimed under this
3 section and shall evaluate the feasibility and benefit of
4 continuing the program. The commissioner may consult with the
5 commissioner of employment and economic development in preparing
6 this report.

7 Subd. 9. [EXPIRATION.] This section expires for taxable
8 years beginning after December 31, 2010.

9 [EFFECTIVE DATE.] This section is effective for taxable
10 years beginning after December 31, 2005.

MINNESOTA · REVENUE

INDIVIDUAL INCOME TAX CORPORATE FRANCHISE TAX Rural Minnesota Catch-Up Credit

April 28, 2005

	Yes	No
Separate Official Fiscal Note Requested	X	
Fiscal Impact		
DOR Administrative Costs/Savings		

Department of Revenue
Analysis of S.F. 728 (Kubly) 1st Engrossment

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	\$0	(\$2,300)	(\$2,300)	(\$2,300)

Effective for taxable years beginning after December 31, 2005.

EXPLANATION OF THE BILL

The bill creates a refundable credit against the individual income tax and corporate franchise tax for new jobs created in an eligible county. A taxpayer can claim a job credit for each qualifying job equal to \$4,000 per year for three years and \$3,000 in the fourth year, for a maximum of \$15,000. The taxpayer may claim the credit for years in which the qualifying job was in existence for the entire year.

The qualifying job must provide full-time employment and must pay at least \$12 per hour, or \$10 per hour plus health benefits. In addition, the job must be in the following industries: value-added manufacturing, technologically innovative and information industries, forestry, energy, mining, agriprocessing, and tourism attractions. A qualifying job does not include any job for which a JOBZ job credit or rural job creation grant is received.

An eligible county may award up to \$150,000 over two years in credits for qualifying jobs. To be eligible, a county must have a 2000 census population of less than 25,000, or the county must have experienced a net new job growth rate of less than 15.6% between 1991 and 2001.

The provisions expire for tax years beginning after December 31, 2010.

REVENUE ANALYSIS DETAIL

- Census data was used to identify counties with a population of less than 25,000. Department of Employment and Economic Development estimates by county of changes in labor force between 1991 and 2001 were used to identify the 11 additional counties covered by the bill. A total of 58 Minnesota counties would qualify under one or both of the criteria.

REVENUE ANALYSIS DETAIL (continued)

- Since a county can issue no more than \$150,000 in tax credits and an employer may claim a maximum \$15,000 credit per qualifying job, a county can issue credits for a maximum of 10 jobs.
- It is assumed that all of the 58 eligible counties have the capacity to generate the 10 jobs that would qualify based on wage level and industry.
- It is assumed that each eligible county would award the full \$150,000, and provide credits over a four year period equal to \$40,000 per year for tax years 2007 through 2009 (10 jobs x \$4,000), and \$30,000 for tax year 2010 (10 jobs x \$3,000).
- Tax year impact was allocated to the following fiscal year.

Number of Taxpayers: The credit would apply to approximately 580 jobs. The number of employers who would claim the credit was not estimated.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

1 (c) Results from student mental health screenings must be
2 released to the child's parents or legal guardians and must not
3 be maintained in the student record, unless the parent or
4 guardian consents to the inclusion of the screening in the
5 student record under section 121A.17, subdivision 3, paragraph
6 (b), clause (1).

7 (d) Data concerning parents are private data on individuals
8 but may be treated as directory information if the same
9 procedures that are used by a school district to designate
10 student data as directory information under subdivision 5 are
11 followed.

12 Sec. 2. Minnesota Statutes 2004, section 121A.17,
13 subdivision 1, is amended to read:

14 Subdivision 1. [EARLY CHILDHOOD DEVELOPMENTAL SCREENING.]
15 Every school board must provide for a mandatory program of early
16 childhood developmental screening for children at least once
17 before school entrance, targeting children who are between 3-1/2
18 three and four years old. This screening program must be
19 established either by one board, by two or more boards acting in
20 cooperation, by service cooperatives, by early childhood family
21 education programs, or by other existing programs. This
22 screening examination is a mandatory requirement for a student
23 to continue attending kindergarten or first grade in a public
24 school. A child need not submit to developmental screening
25 provided by a board if the child's health records indicate to
26 the board that the child has received comparable developmental
27 screening from a public or private health care organization or
28 individual health care provider. A student identification
29 number, as defined by the commissioner of education, shall be
30 assigned at the time of early childhood developmental screening
31 or at the time of the provision of health records indicating a
32 comparable screening. Each school district must provide the
33 essential data in accordance with section 125B.07, subdivision
34 6, to the Department of Education. Districts are encouraged to
35 reduce the costs of preschool developmental screening programs
36 by utilizing volunteers and public or private health care

1 organizations or individual health care providers in
2 implementing the program.

3 Sec. 3. Minnesota Statutes 2004, section 121A.17,
4 subdivision 3, is amended to read:

5 Subd. 3. [SCREENING PROGRAM.] (a) A screening program must
6 include at least the following components: developmental
7 assessments, a socioemotional development screening, hearing and
8 vision screening or referral, immunization review and referral,
9 the child's height and weight, identification of risk factors
10 that may influence learning, screening for autism spectrum
11 disorders, an interview with the parent about the child, and
12 referral for assessment, diagnosis, and treatment or referrals
13 to appropriate resources when potential needs are identified.
14 For purposes of this section, socioemotional screening means
15 assessing a child's ability, in the context of family,
16 community, and cultural expectations, to (1) experience,
17 control, and express emotions; (2) form close and secure
18 interpersonal relationships; and (3) explore and experience
19 surroundings and learn from them.

20 The district and the person performing or supervising the
21 screening must provide a parent or guardian with clear written
22 notice that the parent or guardian may decline to answer
23 questions or provide information about family circumstances that
24 might affect development and identification of risk factors that
25 may influence learning and that the socioemotional development
26 part of the early childhood screening is voluntary as described
27 in paragraph (b). The notice must clearly state that declining
28 to answer questions or provide information does not prevent the
29 child from being enrolled in kindergarten or first grade if all
30 other screening components are met. If a parent or guardian is
31 not able to read and comprehend the written notice, the district
32 and the person performing or supervising the screening must
33 convey the information in another manner. The notice must also
34 inform the parent or guardian that a child need not submit to
35 the district screening program if the child's health records
36 indicate to the school that the child has received comparable

1 developmental screening performed within the preceding 365 days
2 by a public or private health care organization or individual
3 health care provider. The notice must be given to a parent or
4 guardian at the time the district initially provides information
5 to the parent or guardian about screening and must be given
6 again at the screening location.

7 (b)(1) The socioemotional component of the developmental
8 assessment may be included in the early childhood development
9 screening if the parent or guardian has been provided with a
10 clear written notice that this component of the screening is
11 voluntary, and the parent or guardian has signed a document
12 developed and approved by the commissioner either allowing or
13 declining the socioemotional development component of the early
14 childhood developmental screening and either allowing or
15 declining the inclusion of the screening in the student record.
16 The socioemotional component of the developmental assessment
17 shall be conducted with a screening instrument approved by the
18 commissioner of human services, as the designated state mental
19 health authority, according to criteria that are updated and
20 issued annually to ensure that approved screening instruments
21 are valid and useful for this population.

22 (2) All other screening components shall be consistent with
23 the standards of the state commissioner of health for early
24 developmental screening programs. A developmental screening
25 program must not provide laboratory tests or a physical
26 examination to any child. The district must request from the
27 public or private health care organization or the individual
28 health care provider the results of any laboratory test or
29 physical examination within the 12 months preceding a child's
30 scheduled screening.

31 (c) If a child is without health coverage, the school
32 district must refer the child to an appropriate health care
33 provider.

34 (d) A board may offer additional components such as
35 nutritional, physical and dental assessments, review of family
36 circumstances that might affect development, blood pressure,

1 laboratory tests, and health history.

2 (e) If a statement signed by the child's parent or guardian
3 is submitted to the administrator or other person having general
4 control and supervision of the school that the child has not
5 been screened because of conscientiously held beliefs of the
6 parent or guardian, the screening is not required.

7 (f) The district must develop and implement community
8 outreach plans to diverse populations to promote all children
9 being screened at least once before school entrance, targeting
10 children who are between three and four years old. Districts
11 are encouraged to include parents, early care and education
12 programs, community partners, public or private health care
13 organizations, and individual health care providers in the
14 development of the outreach plans.

15 Sec. 4. Minnesota Statutes 2004, section 121A.17, is
16 amended by adding a subdivision to read:

17 Subd. 4a. [FOLLOW-UP SOCIOEMOTIONAL DEVELOPMENT
18 SCREENING.] If the results of a school district conducted
19 socioemotional development screening of a child indicates a need
20 for further assessment, the district is not financially
21 responsible for a mental health diagnostic assessment. The
22 district must notify a child's parent or legal guardian of the
23 screening results, and may provide the child's parent or legal
24 guardian with referrals to community providers. If a child is
25 without health coverage, the district must inform the child's
26 parent or legal guardian of an appropriate health care
27 provider. This subdivision does not preclude the district from
28 providing educational assessments.

29 Sec. 5. Minnesota Statutes 2004, section 121A.17,
30 subdivision 5, is amended to read:

31 Subd. 5. [DEVELOPMENTAL SCREENING PROGRAM INFORMATION.]
32 The board must inform each resident family with a child eligible
33 to participate in the developmental screening program about the
34 availability of the program and the state's requirement that a
35 child receive developmental screening, or present health records
36 documenting that the child has received comparable developmental

1 screening performed within the preceding 365 days by a public or
 2 private health care organization or individual health care
 3 provider, not later than 30 days after the first day of
 4 attending kindergarten in a public school. A school district
 5 must inform each resident family that the family has the option
 6 to participate in the screening conducted by the school district
 7 or receive screening conducted by a public or private health
 8 organization or individual health care provider.

9 Sec. 6. Minnesota Statutes 2004, section 121A.19, is
 10 amended to read:

11 121A.19 [DEVELOPMENTAL SCREENING AID.]

12 Each school year, the state must pay a district ~~\$40~~ \$50 for
 13 each three-year-old child screened; \$40 for each four-year-old
 14 child screened; and \$30 for each five-year-old child screened
 15 prior to kindergarten according to the requirements of section
 16 121A.17. If this amount of aid is insufficient, the district
 17 may permanently transfer from the general fund an amount that,
 18 when added to the aid, is sufficient.

19 Sec. 7. Minnesota Statutes 2004, section 124D.135,
 20 subdivision 1, is amended to read:

21 Subdivision 1. [REVENUE.] The revenue for early childhood
 22 family education programs for a school district equals ~~\$120-for~~
 23 ~~fiscal-years-2003-and-2004-and~~ \$96 for fiscal year ~~2005~~ 2006 and
 24 \$112 for fiscal year 2007 and later, times the greater of:

25 (1) 150; or

26 (2) the number of people under five years of age residing
 27 in the district on October 1 of the previous school year.

28 Sec. 8. [124D.145] [EARLY LEARNING GUIDELINES.]

29 Subdivision 1. [COMMISSIONERS OF EDUCATION AND HUMAN
 30 SERVICES.] The commissioners of education and human services
 31 shall disseminate information to parents or legal guardians and
 32 provide information and training guidance to early care and
 33 education providers on the early learning guidelines developed
 34 for three- and four-year-old children that describe what
 35 children should know and be able to do to be prepared for
 36 kindergarten entrance.

1 Subd. 2. [COMMISSIONER OF HUMAN SERVICES.] The
 2 commissioner of human services shall develop early learning
 3 guidelines and distribute the guidelines to parents or legal
 4 guardians and early care and education providers. The
 5 guidelines must include what children from birth to age three
 6 should know and be able to do to be prepared for kindergarten
 7 entrance. The commissioner shall provide information to parents
 8 or legal guardians and information and training to early care
 9 education providers on the guidelines.

10 Subd. 3. [EARLY CARE AND EDUCATION PROGRAM PROVIDERS.] An
 11 early care and education program or provider that receives state
 12 money must be provided with a copy of the early learning
 13 guidelines for children birth to age five developed by the
 14 commissioners of education and human services to guide the
 15 program or provider in early care and education practices.

16 Sec. 9. Minnesota Statutes 2004, section 124D.15,
 17 subdivision 1, is amended to read:

18 Subdivision 1. [ESTABLISHMENT; PURPOSE.] A district or a
 19 group of districts may establish a school readiness program
 20 for eligible children age three to kindergarten entrance. The
 21 purpose of a school readiness program is to ~~provide-all-eligible~~
 22 ~~children-adequate-opportunities-to-participate-in-child~~
 23 ~~development-programs-that-enable-the-children-to-enter-school~~
 24 ~~with-the-necessary-skills-and-behavior-and-family-stability-and~~
 25 ~~support-to-progress-and-flourish~~ prepare children to enter
 26 kindergarten.

27 Sec. 10. Minnesota Statutes 2004, section 124D.15,
 28 subdivision 3, is amended to read:

29 Subd. 3. [PROGRAM ELIGIBILITY REQUIREMENTS.] A school
 30 readiness program must ~~include-the-following:~~

31 (1) ~~a-comprehensive-plan-to-anticipate-and-meet-the-needs~~
 32 ~~of-participating-families-by-coordinating-existing-social~~
 33 ~~services-programs-and-by-fostering-collaboration-among-agencies~~
 34 ~~or-other-community-based-organizations-and-programs-that-provide~~
 35 ~~a-full-range-of-flexible,-family-focused-services-to-families~~
 36 ~~with-young-children~~ conduct a child development assessment on

1 each child to guide intentional curriculum planning and promote
 2 kindergarten readiness. This assessment must be conducted on
 3 each child at entrance into the program and once prior to exit
 4 of the program and be maintained as part of a child's cumulative
 5 record;

6 ~~(2) a-development-and-learning-component-to-help-children~~
 7 ~~develop-appropriate-social,-cognitive,-and-physical-skills,-and~~
 8 ~~emotional-well-being;~~

9 ~~(3)-health-referral-services-to-address-children's-medical,-~~
 10 ~~dental,-mental-health,-and-nutritional-needs~~ demonstrate use of
 11 comprehensive curriculum based on early childhood research,
 12 professional practice, and department guidelines that prepares
 13 children for kindergarten;

14 ~~(4)-a-nutrition-component-to-meet-children's-daily~~
 15 ~~nutritional-needs~~ (3) arrange for early childhood screening and
 16 appropriate referral;

17 ~~(5)-parents'-involvement-in-meeting-children's-educational,-~~
 18 ~~health,-social-service,-and-other-needs~~ (4) involve parents in
 19 program planning and decision making;

20 ~~(6)-community-outreach-to-ensure-participation-by-families~~
 21 ~~who-represent-the-racial,-cultural,-and-economic-diversity-of~~
 22 ~~the-community;~~ (5) coordinate with relevant community-based
 23 services; and

24 ~~(7)-community-based-staff-and-program-resources,-including~~
 25 ~~interpreters,-that-reflect-the-racial-and-ethnic-characteristics~~
 26 ~~of-the-children-participating-in-the-program,-and~~

27 ~~(8)-a-literacy-component-to-ensure-that-the-literacy-needs~~
 28 ~~of-parents-are-addressed-through-referral-to-and-cooperation~~ (6)
 29 cooperate with adult basic education programs and other adult
 30 literacy programs.

31 Sec. 11. Minnesota Statutes 2004, section 124D.15, is
 32 amended by adding a subdivision to read:

33 Subd. 3a. [APPLICATION AND REPORTING REQUIREMENTS.] (a) A
 34 school readiness program must submit a biennial plan to the
 35 commissioner for approval to receive aid under section 124D.16.
 36 The plan must document that the program will meet the program

1 requirements under subdivision 3. A school district shall
 2 submit the biennial plan by April 1 to the commissioner on a
 3 form prescribed by the commissioner. One-half of the districts
 4 shall first submit the plan by April 1, 2006, and one-half of
 5 the districts by April 1, 2007.

6 (b) Programs receiving school readiness funds must submit
 7 an annual report to the department.

8 Sec. 12. Minnesota Statutes 2004, section 124D.15,
 9 subdivision 5, is amended to read:

10 Subd. 5. [SERVICES WITH NEW OR EXISTING PROVIDERS.] A
 11 ~~district is encouraged to~~ may contract with a public charter
 12 school or nonprofit community-based organization to provide
 13 eligible children developmentally appropriate services that meet
 14 the program requirements in subdivision 3. In the alternative,
 15 a district may pay tuition or fees to place an eligible child in
 16 an existing program. A district may establish a new program
 17 where no existing, reasonably accessible program meets the
 18 program requirements in subdivision 3. A copy of each contract
 19 must be submitted to the commissioner with the biennial plan.
 20 Services may be provided in a site-based program or in the home
 21 of the child or a combination of both. The district may not
 22 restrict participation to district residents.

23 Sec. 13. Minnesota Statutes 2004, section 124D.15,
 24 subdivision 10, is amended to read:

25 Subd. 10. [SUPERVISION.] A program provided by a board
 26 must be supervised by a licensed early childhood teacher, a
 27 certified early childhood educator, or a licensed parent
 28 educator. ~~A program provided according to a contract between a~~
 29 ~~district and a nonprofit organization or another private~~
 30 ~~organization must be supervised and staffed according to the~~
 31 ~~terms of the contract.~~

32 Sec. 14. Minnesota Statutes 2004, section 124D.15,
 33 subdivision 12, is amended to read:

34 Subd. 12. [PROGRAM FEES.] A district ~~may~~ must adopt a
 35 sliding fee schedule based on a family's income but must waive a
 36 fee for a participant unable to pay. ~~The fees charged must be~~

1 ~~designed-to-enable-eligible-children-of-all-socioeconomic-levels~~
 2 ~~to-participate-in-the-program-~~

3 Sec. 15. Minnesota Statutes 2004, section 124D.15, is
 4 amended by adding a subdivision to read:

5 Subd. 14. [ASSISTANCE.] The department must provide
 6 assistance to districts with programs described in this section.

7 Sec. 16. Minnesota Statutes 2004, section 124D.16,
 8 subdivision 2, is amended to read:

9 Subd. 2. [AMOUNT OF AID.] (a) A district is eligible to
 10 receive school readiness aid for eligible prekindergarten pupils
 11 enrolled in a school readiness program under section 124D.15 if
 12 the program biennial plan required by subdivision-1 section
 13 124D.15, subdivision 3a, has been approved by the commissioner.

14 (b) For fiscal year 2002 and thereafter, a district must
 15 receive school readiness aid equal to:

16 (1) the number of eligible four-year-old children in the
 17 district on October 1 for the previous school year times the
 18 ratio of 50 percent of the total school readiness aid for that
 19 year to the total number of eligible four-year-old children
 20 reported to the commissioner for the previous school year; plus

21 (2) the number of pupils enrolled in the school district
 22 from families eligible for the free or reduced school lunch
 23 program for the ~~second~~ previous school year times the ratio of
 24 50 percent of the total school readiness aid for that year to
 25 the total number of pupils in the state from families eligible
 26 for the free or reduced school lunch program for the ~~second~~
 27 previous school year.

28 Sec. 17. [124D.175] [MINNESOTA EARLY LEARNING FOUNDATION.]

29 Subdivision 1. [GOAL.] The Minnesota Early Learning
 30 Foundation is a public-private partnership which shall identify
 31 cost-effective ways to deliver quality early care and education
 32 experiences and parent education for families whose children are
 33 at risk of being unprepared for school. The partnership shall
 34 also develop infrastructure supports and accountability measures
 35 to increase quality of early care and education settings and
 36 build community capacity for school readiness. The partnership

1 shall evaluate the resulting benefits and long-term savings to
2 the Minnesota economy and the effectiveness of strategies for
3 increasing children's readiness for school at kindergarten
4 entrance.

5 Subd. 2. [BOARD.] The Minnesota Early Learning Foundation,
6 once established under section 501(c)(3) of the Internal Revenue
7 Code, shall be governed by a board made up of public and private
8 citizens with more than 50 percent of the members from the
9 private sector. The governor shall appoint the public sector
10 members, including members from government, academia, and civil
11 society.

12 A review and planning advisory committee shall provide
13 knowledgeable counsel and advice to the executive director and
14 board for development of policies and procedures for the
15 Minnesota Early Learning Foundation and review of cost-effective
16 strategies for strengthening Minnesota's early care and
17 education capabilities. The committee shall include parents,
18 representatives of the early care and education field,
19 kindergarten through grade 12 education, public libraries, and
20 business leaders, and shall reflect the ethnic and geographic
21 diversity of the state of Minnesota.

22 Subd. 3. [MATCHING FUNDS; AWARDS.] The Minnesota Early
23 Learning Foundation shall match dollars appropriated from the
24 state with nonpublic dollars raised by the board. The board
25 shall award grants for:

26 (1) projects, including pilot projects that demonstrate
27 successful approaches to the delivery of early childhood
28 services and parent education to low-income families;

29 (2) scholarships to low-income families to access early
30 childhood parent education and high-quality early learning
31 programs for their children; and

32 (3) strategies to improve the quality of early care and
33 education through early learning standards and assessment, a
34 quality rating system, program improvement grants, and
35 professional development grants.

36 Sec. 18. 2005 S.F. No. 1879, article 2, section 1,

1 subdivision 2, if enacted, is amended to read:

2 Subd. 2. [SCHOOL READINESS.] For revenue for school
3 readiness programs under Minnesota Statutes, sections 124D.15
4 and 124D.16:

5 ~~\$9,020,000~~ \$10,706,000 2006

6 ~~\$9,042,000~~ \$11,042,000 2007

7 The 2006 appropriation includes \$1,417,000 for 2005 and
8 ~~\$7,603,000~~ \$9,289,000 for 2006.

9 The 2007 appropriation includes ~~\$1,415,000~~ \$1,729,000 for
10 2006 and ~~\$7,627,000~~ \$9,313,000 for 2007.

11 Sec. 19. 2005 S.F. No. 1879, article 2, section 1,
12 subdivision 3, if enacted, is amended to read:

13 Subd. 3. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early
14 childhood family education aid under Minnesota Statutes, section
15 124D.135:

16 ~~\$11,958,000~~ \$16,765,000 2006

17 ~~\$12,292,000~~ \$18,039,000 2007

18 The 2006 appropriation includes ~~\$1,861,000~~ \$1,862,000 for
19 2005 and ~~\$10,097,000~~ \$14,903,000 for 2006.

20 The 2007 appropriation includes ~~\$1,880,000~~ \$2,776,000 for
21 2006 and ~~\$10,412,000~~ \$15,263,000 for 2007.

22 Sec. 20. 2005 S.F. No. 1879, article 2, section 1,
23 subdivision 4, if enacted, is amended to read:

24 Subd. 4. [HEALTH AND DEVELOPMENTAL SCREENING AID.] For
25 health and developmental screening aid under Minnesota Statutes,
26 sections 121A.17 and 121A.19:

27 ~~\$2,661,000~~ \$3,076,000 2006

28 ~~\$2,661,000~~ \$3,512,000 2007

29 The 2006 appropriation includes ~~\$417,000~~ \$418,000 for 2005
30 and ~~\$2,244,000~~ \$2,658,000 for 2006.

31 The 2007 appropriation includes ~~\$417,000~~ \$495,000 for 2006
32 and ~~\$2,244,000~~ \$3,017,000 for 2007.

33 Sec. 21. 2005 S.F. No. 1879, article 2, section 1,
34 subdivision 5, if enacted, is amended to read:

35 Subd. 5. [HEAD START PROGRAM.] For Head Start programs
36 under Minnesota Statutes, section 119A.52:

1 ~~\$177,100,000~~ \$20,868,000 2006

2 ~~\$177,100,000~~ \$21,000,000 2007

3 Sec. 22. [COORDINATION OF EARLY CARE AND EDUCATION
4 PROGRAMS.]

5 (a) The commissioners of education, human services, and
6 health shall identify how they will coordinate activities and
7 resources, with input from local communities and tribal
8 governments, including setting priorities, aligning policies,
9 and leveraging existing resources to achieve the goal for
10 increased school readiness of all Minnesota children. The
11 commissioners shall report on the progress made, which must
12 include information on:

13 (1) coordinating and disseminating resources and
14 information on school readiness and early care and education,
15 health and nutrition, including child mental health and family
16 support to:

17 (i) parents and families with children birth to age five
18 through key entry points, such as women, infants, and children
19 (WIC), family home visiting, child welfare, public and private
20 health care providers, and other public programs; and

21 (ii) early care and education providers, public and private
22 health care providers, foster care providers, temporary care
23 providers, shelters, crisis nurseries, and other facilities
24 providing long-term or temporary care for young children, birth
25 to age five;

26 (2) supporting families, schools, and communities in
27 facilitating the transition of young children into the
28 kindergarten environment;

29 (3) identifying, coordinating, and sharing resources and
30 strategies between state departments that address the cultural
31 and linguistic needs of families served;

32 (4) amending the state Medicaid plan to expand the use of
33 the child and teen checkup funding for allowable child
34 development services, such as outreach for early childhood
35 screening, and streamlining the process for voluntary
36 certification of school districts as child and teen checkup

1 providers; and

2 (5) referring children ages three to five in the child
3 welfare system to the Interagency Early Intervention System for
4 a developmental screening and referral to services if problems
5 are identified.

6 (b) The commissioners shall report to the senate and house
7 of representatives committees having jurisdiction over early
8 care and education by March 1, 2006.

9 Sec. 23. [SCHOOL READINESS KINDERGARTEN ASSESSMENT
10 INITIATIVE.]

11 Subdivision 1. [ESTABLISHMENT.] The commissioner of
12 education shall establish a system for assessing the school
13 readiness of children entering kindergarten, building on the two
14 school readiness studies conducted by the Department of
15 Education in 2002 and 2003. The department shall also set
16 biennial milestones for progress in the number of children
17 reaching proficiency on all measures of the assessment.

18 Subd. 2. [DESCRIPTION.] (a) The school readiness
19 kindergarten assessment initiative must be implemented in all
20 school districts in Minnesota on a voluntary basis over a
21 five-year period. The schedule for implementation is as follows:

22 (1) fiscal year 2006, 6,000 entering kindergarteners;
23 (2) fiscal year 2007, 18,000 entering kindergarteners;
24 (3) fiscal year 2008, 30,000 entering kindergarteners;
25 (4) fiscal year 2009, 45,000 entering kindergarteners; and
26 (5) fiscal year 2010, 60,000 entering kindergarteners.

27 (b) Results of the assessment must be included in the
28 annual school performance report cards under Minnesota Statutes,
29 section 120B.36.

30 Subd. 3. [EVALUATION AND REPORTING.] The commissioner
31 shall evaluate the effectiveness of the data gathering system
32 for implementing developmental assessments at kindergarten
33 entrance on a school-by-school basis. The commissioner shall
34 report to the senate and house of representatives committees
35 having jurisdiction over early childhood education on the
36 progress toward reaching the milestones in odd-numbered years

1 beginning with fiscal year 2007.

2 Sec. 24. [ADDITIONAL EARLY CHILDHOOD FAMILY EDUCATION AID;
3 FISCAL YEAR 2006.]

4 A district that has levied for early childhood family
5 education revenue for fiscal year 2006 and that complies with
6 the provisions of Minnesota Statutes, section 124D.13, shall
7 receive supplemental early childhood family education aid
8 revenue in fiscal year 2006 equal to \$16 times the greater of
9 150 or the number of children under five years of age residing
10 in the school district on October 1 of the previous school
11 year. This revenue is in addition to any state aid the district
12 may receive under Minnesota Statutes, section 124D.135,
13 subdivision 4, and must be used for early childhood family
14 education programs.

15 Sec. 25. [GRANTS TO PROMOTE KINDERGARTEN READINESS AND
16 SUPPORT FAMILIES.]

17 Subdivision 1. [ADMINISTRATION.] The commissioner of
18 education shall award a planning grant for \$50,000 to develop a
19 project in Northwest Hennepin County that will promote the
20 school readiness of children by coordinating and collaborating
21 with community-based and neighborhood-based services that help
22 stabilize at-risk families, and that support and assist parents
23 in meeting the health and developmental needs of their children
24 at the earliest possible age.

25 Subd. 2. [PROGRAM COMPONENTS.] (a) Planning projects
26 eligible for grant funding under this section must propose to:

27 (1) collaborate and coordinate delivery of services with
28 community organizations and agencies serving children and their
29 families;

30 (2) target services to families with children with services
31 increasing based on financial needs;

32 (3) build on existing services and coordinate a continuum
33 of essential services, including, but not limited to, health
34 services, family economic assistance, parent education and
35 support, and preschool programs;

36 (4) provide strategic outreach efforts to families using

1 culturally specific social support, information, outreach, and
2 other programs to promote healthy development of children and to
3 help parents obtain the information, resources, and parenting
4 skills needed to nurture and care for their children;

5 (5) offer programs to expand public and private
6 collaboration to promote the development of a coordinated and
7 culturally specific system of services available to all
8 families; and

9 (6) offer other programs or services to improve the health,
10 development, and school readiness of children in target
11 neighborhoods and communities.

12 Subd. 3. [ELIGIBLE GRANTEES.] An application for a grant
13 may be submitted by a nonprofit organization, or consortium of
14 nonprofit organizations, that demonstrates collaborative effort
15 with at least one unit of local government.

16 Subd. 4. [DISTRIBUTION.] To the extent possible, the
17 commissioner shall award a grant to applicants with experience
18 or demonstrated ability in providing comprehensive,
19 multidisciplinary, community-based programs with objectives
20 similar to those listed in subdivision 2, or in providing other
21 human services or social services programs using a
22 multidisciplinary, community-based approach.

23 Subd. 5. [APPLICATIONS.] The application must be submitted
24 on forms provided by the commissioner of education. The grant
25 application must include:

26 (1) a description of the specific community that will be
27 served under the program and the name, address, and a
28 description of each community agency or agencies involved in the
29 planning process;

30 (2) a letter of intent from each community agency
31 identified in clause (1) that indicates the agency's willingness
32 to participate in the program planning; and

33 (3) a description of how public and private resources,
34 including schools, health care facilities, government agencies,
35 neighborhood organizations, and other resources, will be
36 coordinated in the planning process.

1 Subd. 6. [MATCH.] Each dollar of state money must be
2 matched with 50 cents of nonstate money. A program may match
3 state money with in-kind contributions, including volunteer
4 assistance.

5 Subd. 7. [ADVISORY COMMITTEE.] Each grantee must establish
6 a program advisory board to advise the grantee on program
7 design. The board must include representatives of local units
8 of government and representatives of the project area who
9 reflect the geographic, cultural, racial, and ethnic diversity
10 of that community.

11 [EFFECTIVE DATE.] This section is effective for revenue for
12 fiscal year 2006.

13 Sec. 26. [APPROPRIATIONS.]

14 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
15 indicated in this section are appropriated from the general fund
16 to the Department of Education for the fiscal years designated.

17 Subd. 2. [MINNESOTA EARLY LEARNING FOUNDATION.] For the
18 Minnesota Early Learning Foundation under Minnesota Statutes,
19 section 124D.175:

20 \$ 2,500,000 2006

21 This is a onetime appropriation. Any amounts not expended
22 in fiscal year 2006 may be carried forward to fiscal year 2007.

23 Subd. 3. [DEPARTMENT OF EDUCATION ADMINISTRATION.] For the
24 Department of Education to administer the provisions of this
25 article:

26 \$ 450,000 2006

27 \$ 500,000 2007

28 These amounts must be added to the department's base
29 appropriations.

30 Subd. 4. [KINDERGARTEN READINESS AND FAMILY SUPPORT.] For
31 grants to promote kindergarten readiness and support families
32 under section 25:

33 \$ 50,000 2006

34 This appropriation is available until June 30, 2007.

35 Sec. 27. [REPEALER.]

36 (a) Minnesota Statutes 2004, sections 124D.15, subdivisions

1 2, 4, 6, 7, 8, 9, 11, and 13; and 124D.16, subdivision 4, are
2 repealed.

3 (b) Minnesota Statutes 2004, section 124D.16, subdivision
4 1, is repealed effective July 1, 2006.

5 ARTICLE 2

6 CHILD CARE

7 Section 1. Minnesota Statutes 2004, section 119B.09,
8 subdivision 1, is amended to read:

9 Subdivision 1. [GENERAL ELIGIBILITY REQUIREMENTS FOR ALL
10 APPLICANTS FOR CHILD CARE ASSISTANCE.] (a) Child care services
11 must be available to families who need child care to find or
12 keep employment or to obtain the training or education necessary
13 to find employment and who:

14 (1) meet the requirements of section 119B.05; receive MFIP
15 assistance; and are participating in employment and training
16 services under chapter 256J or 256K;

17 (2) have household income below the eligibility levels for
18 MFIP; or

19 (3) have household income less than or equal to 175 200
20 percent of the federal poverty guidelines, adjusted for family
21 size, at program entry and less than 250 percent of the federal
22 poverty guidelines, adjusted for family size, at program exit.

23 (b) Child care services must be made available as in-kind
24 services.

25 (c) All applicants for child care assistance and families
26 currently receiving child care assistance must be assisted and
27 required to cooperate in establishment of paternity and
28 enforcement of child support obligations for all children in the
29 family as a condition of program eligibility. For purposes of
30 this section, a family is considered to meet the requirement for
31 cooperation when the family complies with the requirements of
32 section 256.741.

33 [EFFECTIVE DATE.] This section is effective July 1, 2005.

34 Sec. 2. Minnesota Statutes 2004, section 119B.13, is
35 amended by adding a subdivision to read:

36 Subd. 7. [PROVIDER RATE BONUS FOR MONTESSORI

1 ACCREDITATION.] A Montessori child care provider accredited by
 2 the American Montessori Society, the Association Montessori
 3 International-USA, or the National Center for Montessori
 4 Education shall be paid a ten percent bonus above the maximum
 5 child care assistance rate.

6 Sec. 3. [PARENT FEE SCHEDULE.]

7 Notwithstanding Minnesota Rules, part 3400.0100, subpart 4,
 8 the parent fee schedule is as follows:

9 <u>Income Range (as a</u> 10 <u>percent of the federal</u> 11 <u>poverty guidelines)</u>	<u>Co-payment (as a</u> <u>percentage of adjusted</u> <u>gross income)</u>
12 <u>0-74.99%</u>	<u>\$0/month</u>
13 <u>75.00-99.99%</u>	<u>\$5/month</u>
14 <u>100.00-104.99%</u>	<u>3.23%</u>
15 <u>105.00-109.99%</u>	<u>3.23%</u>
16 <u>110.00-114.99%</u>	<u>3.23%</u>
17 <u>115.00-119.99%</u>	<u>3.23%</u>
18 <u>120.00-124.99%</u>	<u>3.60%</u>
19 <u>125.00-129.99%</u>	<u>3.60%</u>
20 <u>130.00-134.99%</u>	<u>3.60%</u>
21 <u>135.00-139.99%</u>	<u>3.60%</u>
22 <u>140.00-144.99%</u>	<u>3.97%</u>
23 <u>145.00-149.99%</u>	<u>3.97%</u>
24 <u>150.00-154.99%</u>	<u>3.97%</u>
25 <u>155.00-159.99%</u>	<u>4.75%</u>
26 <u>160.00-164.99%</u>	<u>4.75%</u>
27 <u>165.00-169.99%</u>	<u>5.51%</u>
28 <u>170.00-174.99%</u>	<u>5.88%</u>
29 <u>175.00-179.99%</u>	<u>6.25%</u>
30 <u>180.00-184.99%</u>	<u>6.98%</u>
31 <u>185.00-189.99%</u>	<u>7.35%</u>
32 <u>190.00-194.99%</u>	<u>7.72%</u>
33 <u>195.00-199.99%</u>	<u>8.45%</u>
34 <u>200.00-204.99%</u>	<u>9.92%</u>
35 <u>205.00-209.99%</u>	<u>12.22%</u>
36 <u>210.00-214.99%</u>	<u>12.65%</u>
37 <u>215.00-219.99%</u>	<u>13.09%</u>

1	<u>220.00-224.99%</u>	<u>13.52%</u>
2	<u>225.00-229.99%</u>	<u>14.35%</u>
3	<u>230.00-234.99%</u>	<u>15.71%</u>
4	<u>235.00-239.99%</u>	<u>16.28%</u>
5	<u>240.00-244.99%</u>	<u>17.37%</u>
6	<u>245.00-249.99%</u>	<u>18.00%</u>
7	<u>250%</u>	<u>ineligible</u>

8 A family's monthly co-payment fee is the fixed percentage
9 established for the income range multiplied by the highest
10 possible income within that income range.

11 Sec. 4. 2005 S.F. No. 1879, article 2, section 2,
12 subdivision 2, is amended to read:

13 Subd. 2. [BASIC SLIDING FEE.] For basic sliding fee under
14 Minnesota Statutes, section 119B.03:

15	\$30,262,000 <u>\$33,062,000</u>	2006
16	\$30,262,000 <u>\$33,062,000</u>	2007

17 The general fund base is increased by \$6,823,000 in fiscal
18 years 2008 and 2009 for basic sliding fee child care assistance.

19 Sec. 5. [REPORT ON MEETING GOALS OF THE CHILD CARE
20 ASSISTANCE PROGRAM.]

21 The commissioner of human services shall monitor the
22 progress related to meeting the goals of the child care
23 assistance program, which is to provide child care assistance to
24 low-income working families to allow parents to work and to
25 access child care in the private market, and to ensure that
26 children from low-income families are well cared for and ready
27 to learn when they arrive at school. The commissioner of human
28 services shall report the findings to the senate and house of
29 representatives committees having jurisdiction over child care
30 issues on an annual basis beginning January 15, 2006.

31 Sec. 6. [VOLUNTARY QUALITY RATING SYSTEM FOR CHILD CARE.]

32 (a) The commissioner of human services, in partnership with
33 the Ready 4 K Quality Rating System Task Force and other
34 interested organizations, shall develop a plan by January 15,
35 2006, for a voluntary quality rating system for child care that
36 provides consumer information to parents, identifies quality

1 child care settings, and raises the quality of care in child
2 care settings. The plan shall include the process for choosing
3 an early care and education nonprofit organization to administer
4 the quality rating system.

5 (b) The quality rating system must:

6 (1) be aligned with the early learning guidelines developed
7 by the commissioners of education and human services;

8 (2) be research-based;

9 (3) provide easy-to-understand information for parents;

10 (4) be objective and verifiable;

11 (5) be fair and representative of the care provided by
12 child care programs;

13 (6) be aligned with the Head Start performance standards
14 and the Minnesota Department of Education's standards for school
15 readiness programs in the public schools; and

16 (7) include at a minimum:

17 (i) quality learning environment indicators;

18 (ii) staff qualification indicators;

19 (iii) family involvement and parent education indicators;

20 and

21 (iv) program evaluation.

22 Sec. 7. [STUDY ON STANDARD STATEWIDE CHILD CARE LICENSE
23 FEE.]

24 The commissioner of human services, in conjunction with the
25 Minnesota Association of County Social Services Administrators
26 and the Minnesota Licensed Family Child Care Association, shall
27 study the feasibility of setting a standard statewide license
28 fee for licensed family child care providers, and shall make
29 recommendations on a statewide standard fee in a report to the
30 chairs of the senate and house of representatives committees
31 having jurisdiction over child care issues. The report is due
32 January 15, 2006.

33 Sec. 8. [APPROPRIATIONS.]

34 Subdivision 1. [DEPARTMENT OF HUMAN SERVICES.] The sums
35 indicated in this section are appropriated from the general fund
36 to the Department of Human Services for the fiscal years

1 designated.

2 Subd. 2. [BASIC SLIDING FEE UNEXPENDED FUNDS.]

3 Notwithstanding Minnesota Statutes, section 119B.03, subdivision
4 5, paragraph (b), and Minnesota Rules, part 3400.0060, subpart
5 4d, funds available due to prior year underspending shall be
6 available for purposes allowed under Minnesota Statutes, section
7 119B.03, as follows:

8	<u>\$4,865,208</u>	<u>.....</u>	<u>2006</u>
9	<u>\$8,710,841</u>	<u>.....</u>	<u>2007</u>
10	<u>\$2,381,287</u>	<u>.....</u>	<u>2008</u>
11	<u>\$2,381,287</u>	<u>.....</u>	<u>2009</u>

12 Subd. 3. [DEPARTMENT OF HUMAN SERVICES.] For the
13 Department of Human Services to administer the provisions of
14 this article:

15	<u>\$ 200,000</u>	<u>.....</u>	<u>2006</u>
16	<u>\$ 150,000</u>	<u>.....</u>	<u>2007</u>

17 The amount appropriated for fiscal year 2007 is added to
18 the department's base appropriations.

19 ARTICLE 3

20 ADULT BASIC EDUCATION

21 Section 1. [124D.205] [SUPPLEMENTAL COMMUNITY EDUCATION
22 REVENUE.]

23 A district that has levied for community education revenue
24 for fiscal year 2006 and that complies with the provisions of
25 Minnesota Statutes, section 124D.19, shall receive supplemental
26 state aid revenue in fiscal year 2006 and each year thereafter,
27 equal to 20 cents times the greater of 1,335 or the population
28 of the district determined according to section 275.14. This
29 revenue is in addition to any state aid the district may receive
30 under section 124D.20, subdivision 7, and must be used according
31 to subdivision 8 of that section.

32 Sec. 2. Minnesota Statutes 2004, section 124D.531,
33 subdivision 1, is amended to read:

34 Subdivision 1. [STATE TOTAL ADULT BASIC EDUCATION AID.]

35 (a) The state total adult basic education aid for fiscal year
36 2004 equals \$34,388,000. The state total adult basic education

1 aid for fiscal year 2005 ~~and later is~~ equals \$36,509,000. The
2 state total adult basic education aid for fiscal year 2006
3 equals \$37,604,000. The state total adult basic education aid
4 for later fiscal years equals:

5 (1) the state total adult basic education aid for the
6 preceding fiscal year; times

7 (2) the lesser of:

8 (i) 1.03; or

9 (ii) the ratio of the state total contact hours in the
10 first prior program year to the state total contact hours in the
11 second prior program year. The ratio cannot be less than 1.00.

12 Beginning in fiscal year 2002, two percent of the state total
13 adult basic education aid must be set aside for adult basic
14 education supplemental service grants under section 124D.522.

15 (b) The state total adult basic education aid, excluding
16 basic population aid, equals the difference between the amount
17 computed in paragraph (a), and the state total basic population
18 aid under subdivision 2.

19 Sec. 3. Minnesota Statutes 2004, section 124D.531,
20 subdivision 4, is amended to read:

21 Subd. 4. [ADULT BASIC EDUCATION PROGRAM AID LIMIT.] (a)
22 Notwithstanding subdivisions 2 and 3, the total adult basic
23 education aid for a program per prior year contact hour must not
24 exceed \$21 per prior year contact hour computed under
25 subdivision 3, clause (2).

26 (b) For fiscal year 2004, the aid for a program under
27 subdivision 3, clause (2), adjusted for changes in program
28 membership, must not exceed the aid for that program under
29 subdivision 3, clause (2), for fiscal year 2003 by more than the
30 greater of eight percent or \$10,000.

31 (c) For fiscal year 2005, the aid for a program under
32 subdivision 3, clause (2), adjusted for changes in program
33 membership, must not exceed the sum of the aid for that program
34 under subdivision 3, clause (2), and Laws 2003, First Special
35 Session chapter 9, article 9, section 8, paragraph (a), for the
36 preceding fiscal year by more than the greater of eight percent

1 or \$10,000.

2 (d) For fiscal year 2006 and later, the aid for a program
3 under subdivision 3, clause (2), adjusted for changes in program
4 membership, must not exceed the aid for that program under
5 subdivision 3, clause (2), for the first preceding fiscal year
6 by more than the greater of eight percent or \$10,000.

7 (e) Adult basic education aid is payable to a program for
8 unreimbursed costs.

9 (f) Any adult basic education aid that is not paid to a
10 program because of the program aid limitation under paragraph
11 (a) must be added to the state total adult basic education aid
12 for the next fiscal year under subdivision 1. Any adult basic
13 education aid that is not paid to a program because of the
14 program aid limitations under paragraph (b), (c), or (d) must be
15 reallocated among programs by adjusting the rate per contact
16 hour under subdivision 3, clause (2).

17 [EFFECTIVE DATE.] This section is effective the day
18 following final enactment and applies for revenue distributions
19 for fiscal years 2006 and later.

20 Sec. 4. [124D.532] [ADULT LITERACY GRANTS FOR RECENT
21 IMMIGRANTS TO MINNESOTA.]

22 Subdivision 1. [ESTABLISHMENT.] An adult literacy grant
23 program for recent immigrants to Minnesota is established in
24 order to meet the English language needs of the unanticipated
25 refugees and immigrants to the state of Minnesota.

26 Subd. 2. [GRANTS.] The commissioner of education shall
27 consult adult basic education service providers in establishing
28 the form and manner of the grant program. The commissioner
29 shall award grants to organizations providing adult literacy
30 services in order to help offset the additional costs due to
31 unanticipated high enrollments of recent refugees and immigrants.

32 Sec. 5. 2005 S.F. No. 1879, article 2, section 1,
33 subdivision 10, if enacted, is amended to read:

34 Subd. 10. [ADULT BASIC EDUCATION AID.] For adult basic
35 education aid under Minnesota Statutes, section 124D.531:

36 \$36,388,000 \$37,539,000 2006

1 Sec. 2. Minnesota Statutes 2004, section 119A.46,
2 subdivision 2, is amended to read:

3 Subd. 2. [GRANTS; ADMINISTRATION.] Within the limits of
4 the available appropriation, the commissioner must develop a
5 swab team services program which may make demonstration and
6 training grants to eligible organizations to train workers to
7 provide swab team services and swab team services for
8 residential property. Grants may be awarded to nonprofit
9 organizations to provide technical assistance and training to
10 ensure quality and consistency within the statewide program.
11 Grants must be awarded to help ensure full-time employment to
12 workers providing swab team services and must be awarded for a
13 two-year period.

14 Grants awarded under this section must be made in
15 consultation with the ~~commissioners-of-the-Department-of-Health~~
16 ~~and commissioner of~~ the Housing Finance Agency, and
17 representatives of neighborhood groups from areas at high risk
18 for toxic lead exposure, a labor organization, the lead
19 coalition, community action agencies, and the legal aid
20 society. The consulting team must review grant applications and
21 recommend awards to eligible organizations that meet
22 requirements for receiving a grant under this section.

23 Sec. 3. Minnesota Statutes 2004, section 119A.46,
24 subdivision 3, is amended to read:

25 Subd. 3. [APPLICANTS.] (a) Interested eligible
26 organizations may apply to the commissioner for grants under
27 this section. Two or more eligible organizations may jointly
28 apply for a grant. Priority shall be given to community action
29 agencies in greater Minnesota and to either community action
30 agencies or neighborhood based nonprofit organizations in cities
31 of the first class. Of the total annual appropriation, 12.5
32 percent may be used for administrative purposes. The
33 commissioner may deviate from this percentage if a grantee can
34 justify the need for a larger administrative allowance. Of this
35 amount, up to five percent may be used by the commissioner for
36 state administrative purposes. Applications must provide

1 information requested by the commissioner, including at least
2 the information required to assess the factors listed in
3 paragraph (d).

4 (b) The commissioner must ~~coordinate-with-the-commissioner~~
5 ~~of-health-who-must~~ consult with boards of health to provide swab
6 team services for purposes of secondary prevention. The
7 priority for swab teams created by grants to eligible
8 organizations under this section must be work assigned by the
9 commissioner of health, or by a board of health if so designated
10 by the commissioner of health, to provide secondary prevention
11 swab team services to fulfill the requirements of section
12 144.9504, subdivision 6, in response to a lead order. Swab
13 teams assigned work under this section by the commissioner, that
14 are not engaged daily in fulfilling the requirements of section
15 144.9504, subdivision 6, must deliver swab team services in
16 response to elevated blood lead levels as defined in section
17 144.9501, subdivision 9, where lead orders were not issued, and
18 for purposes of primary prevention in census tracts known to be
19 in areas at high risk for toxic lead exposure as described in
20 section 144.9503, subdivision 2.

21 (c) Any additional money must be used for grants to
22 establish swab teams for primary prevention under section
23 144.9503, in census tracts in areas at high risk for toxic lead
24 exposure as determined under section 144.9503, subdivision 2.

25 (d) In evaluating grant applications, the commissioner must
26 consider the following criteria:

27 (1) the use of lead contractors and lead workers for
28 residential swab team services;

29 (2) the participation of neighborhood groups and
30 individuals, as swab team workers, in areas at high risk for
31 toxic lead exposure;

32 (3) plans for the provision of swab team services for
33 primary and secondary prevention as required under subdivision
34 4;

35 (4) plans for supervision, training, career development,
36 and postprogram placement of swab team members;

1 (5) plans for resident and property owner education on lead
2 safety;

3 (6) plans for distributing cleaning supplies to area
4 residents and educating residents and property owners on
5 cleaning techniques;

6 (7) sources of other funding and cost estimates for
7 training, lead inspections, swab team services, equipment,
8 monitoring, testing, and administration;

9 (8) measures of program effectiveness;

10 (9) coordination of program activities with other federal,
11 state, and local public health, job training, apprenticeship,
12 and housing renovation programs including programs under
13 sections 116L.86 to 116L.881; and

14 (10) prior experience in providing swab team services.

15 Sec. 4. Minnesota Statutes 2004, section 119A.46,
16 subdivision 8, is amended to read:

17 Subd. 8. [TESTING AND EVALUATION.] (a) Testing of the
18 environment is not necessary by swab teams whose work is
19 assigned by the commissioner of health or a designated board of
20 health under section 144.9504. The commissioner of health or
21 designated board of health must share the analytical testing
22 data collected on each residence for purposes of secondary
23 prevention under section 144.9504 with the swab team workers in
24 order to provide constructive feedback on their work and to the
25 commissioner for the purposes set forth in paragraph (c).

26 (b) For purposes of primary prevention evaluation, the
27 following samples must be collected: pretesting and posttesting
28 of one noncarpeted floor dust lead sample and a notation of the
29 extent and location of bare soil and of deteriorated lead-based
30 paint. The analytical testing data collected on each residence
31 for purposes of primary prevention under section 144.9503 must
32 be shared with the swab team workers in order to provide
33 constructive feedback on their work and to the commissioner for
34 the purposes set forth in paragraph (c).

35 (c) The commissioner of health must establish a program in
36 ~~cooperation with the commissioner~~ to collect appropriate data as

1 section 144.9512.

Article 1 EARLY CHILDHOOD..... page 1
Article 2 CHILD CARE..... page 18
Article 3 ADULT BASIC EDUCATION..... page 22
Article 4 PREVENTION POLICY..... page 25

APPENDIX
Repealed Minnesota Statutes for 05-4093

124D.15 SCHOOL READINESS PROGRAMS.

Subd. 2. Child eligibility. (a) A child is eligible to participate in a school readiness program offered by the resident district or another district if the child is:

- (1) at least 3-1/2 years old but has not entered kindergarten; and
- (2) receives developmental screening under section 121A.17 within 90 days of enrolling in the program or the child's fourth birthday.

(b) A child younger than 3-1/2 years old may participate in a school readiness program if the district or group of districts that establishes the program determines that the program can more effectively accomplish its purpose by including children younger than 3-1/2 years old.

Subd. 4. Program goals. School readiness programs are encouraged to:

- (1) prepare an individualized service plan to meet each child's developmental and learning needs;
- (2) provide parent education to increase parents' knowledge, understanding, skills, and experience in child development and learning;
- (3) foster substantial parent involvement that may include having parents develop curriculum or serve as a paid or volunteer educator, resource person, or other staff;
- (4) identify the needs of families in the content of the child's school readiness and family literacy;
- (5) expand collaboration with public organizations, businesses, nonprofit organizations, or other private organizations to develop a coordinated system of flexible, family-focused services available to anticipate and meet the full range of needs of all eligible children and their families;
- (6) coordinate treatment and follow-up services for children's identified physical and mental health problems;
- (7) offer transportation for eligible children and their families for whom other forms of transportation are unavailable or would constitute an excessive financial burden;
- (8) make substantial outreach efforts to assure significant participation by families with the greatest needs, including those families whose income level does not exceed the most recent update of the poverty guidelines required by sections 652 and 673(2) of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35);
- (9) use community-based, trained home visitors serving as paraprofessionals to provide social support, referrals, parent education, and other services;
- (10) create community-based family resource centers and interdisciplinary teams; and
- (11) enhance the quality of family or center-based child care programs by providing supplementary services and resources, staff training, and assistance with children with special needs.

Subd. 6. Coordination with other providers. (a) The district must coordinate the school readiness program with existing community-based social services providers and foster collaboration among agencies and other community-based organizations and programs that provide flexible, family-focused services to families with children. The district must actively encourage greater sharing of responsibility and accountability among service providers and facilitate children's transition between programs.

APPENDIX
Repealed Minnesota Statutes for 05-4093

(b) To the extent possible, resources must follow the children so that children receive appropriate services in a stable environment and are not moved from one program location to another. Where geographically feasible, the district must actively promote colocating of services for children and their families.

Subd. 7. **Advisory council.** Each school readiness program must have an advisory council composed of members of existing early education-related boards, parents of participating children, child care providers, culturally specific service organizations, local resource and referral agencies, local early intervention committees, and representatives of early childhood service providers. The council must advise the board in creating and administering the program and must monitor the progress of the program. The council must ensure that children at greatest risk receive appropriate services. If the board is unable to appoint to the advisory council members of existing early education-related boards, it must appoint parents of children enrolled in the program who represent the racial, cultural, and economic diversity of the district and representatives of early childhood service providers as representatives to an existing advisory council.

Subd. 8. **Prioritizing services.** The district must give greatest priority to providing services to eligible children identified, through a means such as the early childhood screening process, as being developmentally disadvantaged or experiencing risk factors that could impede their school readiness.

Subd. 9. **Child records.** (a) A record of a child's progress and development must be maintained in the child's cumulative record while enrolled in the school readiness program. The cumulative record must be used for the purpose of planning activities to suit individual needs and shall become part of the child's permanent record. The cumulative record is private data under chapter 13. Information in the record may be disseminated to an educator or service provider only to the extent that that person has a need to know the information.

(b) An educator or service provider may transmit information in the child's cumulative record to an educator or service provider in another program for young children when the child applies to enroll in that other program.

Subd. 11. **District standards.** The board of the district must develop standards for the school readiness program that reflect the eligibility criteria in subdivision 3. The board must consider including in the standards the program characteristics in subdivision 4.

Subd. 13. **Additional revenue.** A district or an organization contracting with a district may receive money or in-kind services from a public or private organization.

124D.16 SCHOOL READINESS AID.

Subdivision 1. **Program review and approval.** A school district shall biennially by May 1 submit to the commissioners of education and health the program plan required under this subdivision. As determined by the commissioners, one-half of the districts shall first submit the plan by May 1 of the 2000-2001 school year and one-half of the districts shall first submit the plan by May 1 of the 2001-2002 school year. The program plan must include:

APPENDIX
Repealed Minnesota Statutes for 05-4093

- (1) a description of the services to be provided;
- (2) a plan to ensure children at greatest risk receive appropriate services;
- (3) a description of strategies to coordinate and maximize public and private community resources and reduce duplication of services;
- (4) comments about the district's proposed program by the advisory council required by section 124D.15, subdivision 7; and
- (5) agreements with all participating service providers.

Each commissioner may review and comment on the program, and make recommendations to the commissioner of education, within 90 days of receiving the plan.

Subd. 4. **Separate accounts.** The district must deposit school readiness aid in a separate account within the community education fund.

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State of Minnesota

**S.F. No. 2277 - Early Childhood Budget and Policy
Committee Omnibus Bill**

Author: Senator John Hottinger

Prepared by: Joan White, Senate Counsel (651/296-3814)

Date: April 29, 2005



Article 1 Early Childhood Provisions

Sections 1 to 6 relate to early childhood screening.

Section 1 (13.32, subdivision 2) amends the Data Practices Act with regard to student health and census data, by adding that results from student mental health screenings must be released to the child's parent or legal guardian, and must not be maintained in the student record, unless the parent or guardian consents to the inclusion of the screening in the student record under section 3.

Section 2 (121A.17, subdivision 1) amends the early childhood developmental screening by targeting children between three and four years old, instead of three and one-half to four years old. Also, a student identification number, as defined by the commissioner, must be assigned at the time of the early childhood screening or at the time of the provision of health records indicating comparable screening. Each school district must provide essential data to the Department of Education. Districts are encouraged to reduce screening costs by utilizing public or private health care organizations or individual health care providers.

Section 3 (121A.17, subdivision 3) amends the school board responsibilities by requiring that the screening program for prekindergarten include a socioemotional development screening consistent with the provisions in paragraph (b), and screening for autism spectrum disorder.

Language is added in paragraph (b) allowing the socioemotional screening only if the parent or guardian has been provided with a clear, written notice the socioemotional screening is voluntary, and the parent or guardian has signed a document developed and approved by the commissioner

either allowing or declining the socioemotional component of the early childhood developmental screening, and either allowing or declining the inclusion of the screening in the student record. A new paragraph is added requiring the socioemotional development screening to be conducted with a screening instrument approved by the Commissioner of Human Services, as the designated state mental health authority.

All “other” screening components must be consistent with the standards of the Commissioner of Health.

This section also adds a new paragraph (f) requiring the district to develop and implement community outreach plans to diverse populations to promote children being screened at least once before school entrance, targeting children age three and one-half to four years old. Districts are encouraged to include parents, early care and education programs, community partners, public or private health care organizations, and individual health care providers in the development of outreach plans.

Section 4 (121A.17, subdivision 4a) adds a subdivision to the prekindergarten screening statute, providing that if a child indicates a need for further assessment in the socioemotional development screening, the district is not financially responsible for a mental health assessment. The district must notify a child’s parent or guardian of the screening results, and may provide the same with referrals to community providers. If the child is without health coverage, the district must inform the child’s parent or guardian of an appropriate health care provider. This subdivision does not preclude the district from providing educational assessments.

Section 5 (121A.17, subdivision 5) modifies the developmental screening program information by requiring the school district to inform families of the option to have screening done by either the school district or a private or public health care provider.

Section 6 (121A.19) changes the aid formula for developmental screening, by providing \$50 for each three year old screened, \$40 for each four year old screened, and \$30 for each five year old screened. Currently, there is a flat \$40 amount for each child screened.

Section 7 (124D.135, subdivision 1) increases revenue for early childhood family education programs for fiscal year 2007 and later.

Section 8 (121.145) establishes the Early Learning Guidelines.

Subdivision 1 requires the Commissioners of Education and Human Services to disseminate information and provide training to parents and early care and education providers on the early learning guidelines developed for three and four year old children that describe what children should know and be able to do in order to be prepared for kindergarten entrance.

Subdivision 2 requires the Commissioner of Human Services to develop early learning guidelines and distribute them to parents and early care and education providers. The

guidelines must include what children from birth to age three should know and be able to do to be prepared for kindergarten entrance. The commissioner shall provide information and training to parents and early care education providers on the guidelines.

Subdivision 3 requires that early care and education programs or providers that receive state funding be provided a copy of the early learning guidelines to guide their early care and education practices.

Sections 9 to 16 relate to the school readiness program.

Section 9 (124D.15, subdivisions 1) clarifies that the purpose of the school readiness program is to prepare children to enter kindergarten, and specifies that the program is for children age three to kindergarten entrance.

Section 10 (124D.15, subdivision 3) modifies program requirements. The program must:

- (1) conduct a child development assessment on each child to guide intentional curriculum planning and promote kindergarten readiness;
- (2) demonstrate use of comprehensive curriculum based on early childhood research, professional practice, and department guidelines that prepares children for kindergarten;
- (3) arrange for early childhood screening and appropriate referral;
- (4) involve parents in program planning and decision making;
- (5) coordinate with relevant community-based services; and
- (6) cooperate with adult basic education programs and other adult literacy programs.

Section 11 (124D.15, subdivision 3a) provides school readiness application and reporting requirements. A school readiness program must submit a biennial plan to the commissioner for approval to receive aid. A school district must submit a biennial plan by April 1 to the commissioner for approval to receive aid. One-half of the districts must submit the plan by April 1, 2006, and one-half of the districts by April 1, 2007.

Also, programs receiving school readiness funds must submit an annual report to the department.

Section 12 (124D.15, subdivision 5) amends the statute dealing with coordinating services with new or existing providers by stating that the district may contract with a charter school or community-based organization to provide services. Current law “encourages” a district to contract with a “public or nonprofit organization” to provide services. Also, a copy of the contract must be submitted to the commissioner with the biennial plan.

Section 13 (124D.15, subdivision 10) strikes language requiring the program to be supervised and staffed according to the terms of the contract.

Section 14 (124D.15, subdivision 12) requires, instead of allows, a district to adopt a sliding fee schedule. Strikes language that requires that fees charged be designed to enable eligible children of all socioeconomic levels to participate in the program.

Section 15 (124D.15, subdivision 14) adds a new subdivision requiring the department to provide assistance to districts with school readiness programs.

Section 16 (124D.16, subdivision 2) modifies the amount of aid a district is eligible to receive. A district is eligible for aid “for eligible prekindergarten pupils enrolled in a school readiness program” if the biennial plan has been approved by the commissioner. This section also strikes language consistent with other changes made in this section.

Section 17 (124D.175, subdivision 1) establishes the Minnesota Early Learning Foundation and provides the goal of the foundation, which is to identify cost-effective ways to deliver quality early care and education experience and parent education for families whose children are at risk of being unprepared for school. The foundation is a public-private partnership that will develop infrastructure support and accountability measures to increase the quality of early care and education, and will evaluate the resulting benefits and long-term savings to the Minnesota economy and the effectiveness of strategies for increasing children’s readiness for school.

Subdivision 2 establishes the board, which will be made up of public and private citizens, with more than 50 percent of the members from the private sector. The Governor shall appoint the public sector members. A review and planning advisory committee shall provide knowledgeable counsel and advice to the executive director and the board. The committee shall include parents, representatives of the early care and education field, K-12 education, public library, and business leaders, and shall reflect the ethnic and geographic diversity of the state.

Subdivision 3 requires the foundation to match dollars appropriated from the state with nonpublic dollars raised by the board. The board shall award grants for projects including pilot projects that demonstrate successful approaches to the delivery of early childhood services and parent education to low-income families; scholarships to low-income families to access early childhood parent education and high quality early learning for children; and strategies to improve the quality of care and education through early learning standards and assessments, a quality rating system, program improvement grants, and professional development grants.

Sections 18 to 21 modify appropriations that were in S.F. No. 1879.

Section 22 requires the coordination of early care and education programs by the Commissioners of Education, Human Services, and Health. The commissioners must identify how they will

coordinate activities and resources, with input from local communities and tribes, including setting priorities, aligning policies, and leveraging existing resources to achieve a goal for increased school readiness of all Minnesota children. The commissioners are required to report to the legislature by March 1, 2006, on progress made, including progress made on the activities listed in the bill.

Section 23 establishes the school readiness kindergarten assessment initiative.

Subdivision 1 requires the Commissioner of Education to establish a system for assessing the school readiness of children entering kindergarten, building on the two school readiness studies conducted by the department in 2002 and 2003. The commissioner shall set biennial milestones for progress in the number of children reaching proficiency on all measures of the assessment.

Subdivision 2 implements the school readiness kindergarten assessment initiative in all school districts on a voluntary basis over a five-year period. Results of the assessment must be included in the annual school performance report cards.

Subdivision 3 requires the commissioner to evaluate the effectiveness of the data gathering system for implementing developmental assessments at kindergarten entrance on a school-by-school basis. The commissioner shall also report to the Senate and House of Representatives on the progress toward reaching the milestones in odd years beginning in 2007.

Section 24 establishes a formula for additional early childhood family education aid in fiscal year 2006.

Section 25 establishes a grant program to promote kindergarten readiness and support families.

Subdivision 1 requires the Commissioner of Education to award a planning grant to develop a project that will promote school readiness of children by coordinating and collaborating with community-based and neighborhood-based services that help stabilize, support, and assist parents in meeting the needs of children.

Subdivision 2 lists the program components that are necessary to receive grant funding.

Subdivision 3 describes the eligible grantees, which include nonprofit organizations or a consortium of nonprofit organizations that demonstrate a collaborative effort with at least one unit of local government.

Subdivision 4 requires the commissioner to award a grant to an applicant with experience or demonstrated ability in providing comprehensive, multidisciplinary, community-based programs with objectives similar to those listed in subdivision 2, or in providing other human or social services programs using a multidisciplinary, community-based approach.

Subdivision 5 specifies what the grant application must include, and requires that the application be submitted on forms provided by the commissioner.

Subdivision 6 requires that each dollar of state money must be matched with 50 cents of nonstate money. Programs may match state money with in-kind contributions, including volunteer assistance.

Subdivision 7 requires each grantee to establish a program advisory board to advise the grantee on program design. Generally specifies representatives that the board must include.

Section 26 provides the new appropriations for the program in this article.

Section 27 repeals obsolete school readiness provisions

Article 2 Child Care

Section 1 (119B.09, subdivision 1) modifies the eligibility for the basic sliding fee child care program by changing program entrance from 175 percent of the federal poverty guidelines to 200 percent of the federal poverty guidelines.

Section 2 (119B.13, subdivision 7) requires that an accredited Montessori child care provider be paid a ten percent bonus above the maximum child care assistance rate.

Section 3 establishes a new parent fee schedule, which reduces co-payments for parents using the child care assistance program.

Section 4 modifies the appropriation for basic sliding fee that was in S.F. No. 1879.

Section 5 requires the Commissioner of Human Services to monitor the progress related to meeting the goals of the child care assistance program, and report the findings to the legislative committees overseeing child care issues on an annual basis beginning January 15, 2006.

Section 6 establishes the volunteer quality rating system. This section requires the Commissioner of Human Services, in partnership with the Ready 4 K Quality Rating System Task Force and other interested organization, to develop a plan by January 15, 2006, for a voluntary quality rating system for child care that provides consumer information to parents, identifies quality child care settings, and raises the quality of care in child care settings. The plan must include a process for choosing an early care and education nonprofit organization to administer the quality rating system. This section also lists what the quality rating system must include.

Section 7 requires the Commissioner of Human Services, in conjunction with the Minnesota Association of County Social Services Administrators and the Minnesota Licensed Family Child Care Association, to study the feasibility of setting a standard statewide license fee for licensed family child care providers, and make recommendations for a statewide standard fee to the chairs

of the senate and house committees having jurisdiction over child care issues by January 15, 2006.

Section 8 provides the new appropriations for the programs in this article.

Article 3 Adult Basic Education

Section 1 (124D.205) establishes a new formula to provide supplemental community education revenue to districts that currently receive this type of revenue.

Section 2 (124D.531, subdivision 1) modifies the adult basic education aid formula. It increases the amount of aid in 2006 from \$36,509,000 to \$37,604,000. For later years, the formula equals the amount of aid in the preceding year, times the lesser of:

- (1) 1.03, or
- (2) the ratio of state total contact hours in the first prior program year to the state total contact hours in the second prior program year. The ratio cannot be less than 1.00.

Section 3 (124D.531, subdivision 4) provides that aid that is not paid to an adult basic education program due to the limitation under paragraph (a), which does not allow aid to exceed \$21 per prior year contact hour, must be added to the state total adult basic education aid for the next fiscal year. Also, any aid that is not paid to a program under other limitations in this statute must be reallocated among programs by adjusting the rate per contact hour.

Section 4 (124D.532) establishes adult literacy grants for recent immigrants. This grant program is established to meet the English language needs of the refugees and immigrants living in the state of Minnesota. The Commissioner of Education is required to consult with adult basic education services providers in establishing the form and manner of the grant program.

Section 5 modifies the appropriation for Adult Basic Education Aid that was in S.F. No. 1879.

Section 6 provides the new appropriation for the programs in this article.

Article 4 transfers the lead abatement program from the Department of Education to the Department of Health. The sections in this article make conforming changes.

JW:rdr

EARLY CHILDHOOD EDUCATION FINANCE DIVISION

APPROPRIATIONS AND LEVY TRACKING; 2005 SESSION (as passed by Senate Finance Committee)

	Feb. Base FY 2006	Feb. Base FY 2007	Feb. Base FY06-07	Gov's Rec FY06-07	Dif. Gov-Base FY06-07	Senate FY 2006	Senate FY 2007	Senate FY06-07	Dif. Sen-Feb FY06-07	Dif. Sen-Gov FY06-07	Senate FY 2008	Senate FY 2009	Senate FY08-09	Dif. Sen-Feb FY08-09	Dif. Sen-Gov FY06-07
36 BSF CHILD CARE ASSISTANCE GRANTS															
37 BSF Base Appropriations	30,262	30,262	60,524	44,892	(15,632)	30,262	30,262	60,524	0	15,632	30,262	30,262	60,524	0	4,367
38 BSF Change Items:															
39 GF: Accounting Solutions Increase				5,600	5,600	2,800	2,800	5,600	5,600	0	2,800	2,800	5,600	5,600	0
40 GF: Expand eligibility; reduce co-pays						4,695	8,577	13,272	13,272	13,272	9,356	9,356	18,712	18,712	18,712
41 FED: Accelerate use of CCDF						(7,228)	(11,110)	(18,338)	(18,338)	(18,338)	0	0	0	0	0
42 Net GF BSF Appropriation	30,262	30,262	60,524	50,492	(10,032)	30,529	30,529	61,058	534	10,566	42,418	42,418	84,836	24,312	84,836
43 Other Change Items:															
44 DHS Appropriation: Early Learning Standards						200	150	350	350	350	150	150	300	300	300
45 REV: Federal Share						(30)	(16)	(46)	(46)	(46)	(16)	(16)	(32)	(32)	(32)
46 REV: Accounting Solutions				(5,600)	(5,600)	(2,800)	(2,800)	(5,600)	(5,600)	0	(2,800)	(2,800)	(5,600)	(5,600)	0
47 TOTAL: CHILD CARE GENERAL FUND	30,262	30,262	60,524	100,984	(20,064)	27,899	27,863	55,762	(4,762)	(45,222)	39,752	39,752	79,504	18,980	85,104
50															
51															
52 GENERAL FUND TOTAL	110,329	109,976	220,305	263,914	(16,915)	125,164	125,379	250,543	30,238	(15,871)	138,614	140,244	278,858	57,818	122,810
53															
54															
55 EARLY CHILDHOOD/COMMUNITY ED. LEVIES															
56															
57 Program	Feb. Fcst. FY 2006	Feb. Fcst. FY 2007	Feb. Fcst. FY06-07	Gov's Rec FY06-07	Dif. Gov-Nov FY06-07	FY 2006 Pay Cert.Est.	Senate FY 2007	Senate FY06-07	Dif. Sen-Feb FY06-07	Dif. Sen-Gov FY06-07	Senate FY 2008	Senate FY 2009	Senate FY08-09	Dif. Sen-Feb FY08-09	Dif. Sen-Gov FY06-07
58															
59															
60 Basic Community Education	35,001	36,216	71,217	71,217	0	35,001	36,216	71,217	0	0	36,593	37,008	73,601	0	0
61 Early Childhood Family Education	22,130	22,135	44,265	44,265	0	22,130	22,135	44,265	0	0	22,135	22,135	44,270	0	0
62 ECFE Home Visiting	539	547	1,086	1,086	0	539	547	1,086	0	0	557	563	1,120	0	0
63 Community Education Grandfather	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
64 School Age/Extended Day	8,893	11,312	20,205	20,205	0	8,893	11,312	20,205	0	0	12,094	13,248	25,343	0	0
65 Adults with Disabilities	670	670	1,340	1,340	0	670	670	1,340	0	0	670	670	1,340	0	0
66 Other Community Education	52	54	106	106	0	52	54	106	0	0	57	60	117	0	0
67															
68 Limit Adjustment	1,024	682	1,706	1,706	0	1,024	682	1,706	0	0	1,035	1,156	2,191	0	0
69 Community Education Excess Fund Balance	(879)	(675)	(1,554)	(1,554)	0	(879)	(675)	(1,554)	0	0	(204)	0	(204)	0	0
70 EDFE Excess Fund Balance	(361)	(272)	(633)	(633)	0	(361)	(272)	(633)	0	0	(117)	(38)	(154)	0	0
71 Abatement Adjustment	94	166	260	260	0	94	166	260	0	0	148	144	292	0	0
72 Carry-over Abatement Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
73 Advance Abatement Adjustment	(1)	(1)	(2)	(2)	0	(1)	(1)	(2)	0	0	(1)	(1)	(2)	0	0
74 Net Offset Adjustment	(95)	0	(95)	(95)	0	(95)	0	(95)	0	0	0	0	0	0	0
75															
76 TOTAL, COMMUNITY SERVICE FUND	67,067	70,834	137,901	137,901	0	67,067	70,834	137,901	0	0	72,968	74,945	147,913	0	0

EARLY CHILDHOOD EDUCATION FINANCE DIVISION

APPROPRIATIONS AND LEVY TRACKING; 2005 SESSION (as passed by Senate Finance Committee)

	Feb. Base FY 2006	Feb. Base FY 2007	Feb. Base FY06-07	Gov's Rec FY06-07	Dif. Gov-Base FY06-07	Senate FY 2006	Senate FY 2007	Senate FY06-07	Dif. Sen-Feb FY06-07	Dif. Sen-Gov FY06-07	Senate FY 2008	Senate FY 2009	Senate FY08-09	Dif. Sen-Feb FY08-09	Dif. Sen-Gov FY06-07	
1																
2	GENERAL FUND: FAMILY & EARLY CHILDHOOD															
3	CHILDREN & FAMILY SUPPORT SERVICES															
4	School Readiness	9,020	9,042	18,062	17,693	(369)	10,706	11,042	21,748	3,686	4,055	11,087	11,095	22,182	4,000	4,400
5	Early Childhood Family Education Aid	11,958	12,292	24,250	24,250	0	16,765	18,039	34,804	10,554	10,554	18,476	18,888	37,364	11,664	11,664
6	Health & Developmental Screening Aid	2,661	2,661	5,322	6,588	1,266	3,076	3,512	6,588	1,266	0	3,340	3,354	6,694	1,372	0
8	Head Start Program	17,100	17,100	34,200	34,200	0	20,868	21,000	41,868	7,668	7,668	21,000	21,000	42,000	7,800	7,800
9	MN Early Learning Foundation (MELF)						2,500	0	2,500	2,500	0	0	0	0	0	0
10	School readiness planning grants						50	0	50	50	50	0	0	0	0	0
11	School readiness assessment/other						450	500	950	950	950	500	500	1,000	1,000	1,000
12																
13	Subtotal: Children & Family Support	40,739	41,095	81,834	82,731	897	54,415	54,093	108,508	26,674	23,277	54,403	54,837	109,240	25,836	24,864
14																
15	PREVENTION															
16	Community Education	1,918	1,189	3,107	3,107	0	2,789	2,233	5,022	1,915	1,915	2,150	2,178	4,328	2,125	2,125
17	Adults with Disabilities Program Aid	710	710	1,420	1,420	0	710	710	1,420	0	0	710	710	1,420	0	0
18	Hearing Impaired Adults	70	70	140	140	0	70	70	140	0	0	70	70	140	0	0
21	School Age Care Aid	17	7	24	24	0	17	7	24	0	0	0	0	0	0	0
22	Subtotal: Prevention	2,715	1,976	4,691	4,691	0	3,586	3,020	6,606	1,915	1,915	2,930	2,958	5,888	2,125	2,125
23																
24	SELF-SUFFICIENCY & LIFELONG LEARNING															
25	Adult Basic Education Aid	36,388	36,418	72,806	73,058	252	37,539	38,678	76,217	3,411	3,159	39,804	40,972	80,776	7,877	7,717
28	GED Tests	125	125	250	250	0	125	125	250	0	0	125	125	250	0	0
29	Lead Abatement	100	100	200	200	0	100	100	200	0	0	100	100	200	0	0
31	Intensive English for Refugees	0	0	0	2,000	2,000	1,500	1,500	3,000	3,000	1,000	1,500	1,500	3,000	3,000	3,000
32	Subtotal: Self-Sufficiency & Lifelong Learning	36,613	36,643	73,256	75,508	2,252	39,264	40,403	79,667	6,411	4,159	41,529	42,697	84,226	10,877	10,717
33																
34	TOTAL: FAMILY & EARLY CHILDHOOD	80,067	79,714	159,781	162,930	3,149	97,265	97,516	194,781	35,000	29,351	98,862	100,492	199,354	38,838	37,706
35																

Agenda #3

1 A bill for an act

2 relating to local government; authorizing electric or
3 utility special assessments exceeding standards on
4 petition of all affected owners; amending Minnesota
5 Statutes 2004, section 429.021, subdivision 1.

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

7 Section 1. Minnesota Statutes 2004, section 429.021,
8 subdivision 1, is amended to read:

9 Subdivision 1. [IMPROVEMENTS AUTHORIZED.] The council of a
10 municipality shall have power to make the following improvements:

11 (1) To acquire, open, and widen any street, and to improve
12 the same by constructing, reconstructing, and maintaining
13 sidewalks, pavement, gutters, curbs, and vehicle parking strips
14 of any material, or by grading, graveling, oiling, or otherwise
15 improving the same, including the beautification thereof and
16 including storm sewers or other street drainage and connections
17 from sewer, water, or similar mains to curb lines.

18 (2) To acquire, develop, construct, reconstruct, extend,
19 and maintain storm and sanitary sewers and systems, including
20 outlets, holding areas and ponds, treatment plants, pumps, lift
21 stations, service connections, and other appurtenances of a
22 sewer system, within and without the corporate limits.

23 (3) To construct, reconstruct, extend, and maintain steam
24 heating mains.

25 (4) To install, replace, extend, and maintain street lights

1 and street lighting systems and special lighting systems.

2 (5) To acquire, improve, construct, reconstruct, extend,
3 and maintain water works systems, including mains, valves,
4 hydrants, service connections, wells, pumps, reservoirs, tanks,
5 treatment plants, and other appurtenances of a water works
6 system, within and without the corporate limits.

7 (6) To acquire, improve and equip parks, open space areas,
8 playgrounds, and recreational facilities within or without the
9 corporate limits.

10 (7) To plant trees on streets and provide for their
11 trimming, care, and removal.

12 (8) To abate nuisances and to drain swamps, marshes, and
13 ponds on public or private property and to fill the same.

14 (9) To construct, reconstruct, extend, and maintain dikes
15 and other flood control works.

16 (10) To construct, reconstruct, extend, and maintain
17 retaining walls and area walls.

18 (11) To acquire, construct, reconstruct, improve, alter,
19 extend, operate, maintain, and promote a pedestrian skyway
20 system. Such improvement may be made upon a petition pursuant
21 to section 429.031, subdivision 3.

22 (12) To acquire, construct, reconstruct, extend, operate,
23 maintain, and promote underground pedestrian concourses.

24 (13) To acquire, construct, improve, alter, extend,
25 operate, maintain, and promote public malls, plazas or
26 courtyards.

27 (14) To construct, reconstruct, extend, and maintain
28 district heating systems.

29 (15) To construct, reconstruct, alter, extend, operate,
30 maintain, and promote fire protection systems in existing
31 buildings, but only upon a petition pursuant to section 429.031,
32 subdivision 3.

33 (16) To acquire, construct, reconstruct, improve, alter,
34 extend, and maintain highway sound barriers.

35 (17) To improve, construct, reconstruct, extend, and
36 maintain gas and electric distribution facilities owned by a

1 municipal gas or electric utility.

2 (18) To purchase, install, and maintain signs, posts, and
3 other markers for addressing related to the operation of
4 enhanced 911 telephone service.

5 (19) To improve, construct, extend, and maintain facilities
6 for Internet access and other communications purposes, if the
7 council finds that:

8 (i) the facilities are necessary to make available Internet
9 access or other communications services that are not and will
10 not be available through other providers or the private market
11 in the reasonably foreseeable future; and

12 (ii) the service to be provided by the facilities will not
13 compete with service provided by private entities.

14 (20) To enter an agreement with a private or cooperative
15 electric or communications utility to pay all or a portion of
16 the incremental costs to bury or alter an existing service
17 distribution system within the public right-of-way, which
18 exceeds the design and construction standards set by law,
19 tariff, or franchise, but only upon petition under section
20 429.031, subdivision 3.

MINNESOTA · REVENUE

PROPERTY TAX Special Assessments for Certain Electric or Utility Standards

April 29, 2005

	Yes	No
Separate Official Fiscal Note Requested		
Fiscal Impact		
DOR Administrative Costs/Savings		

Department of Revenue
Analysis of S.F. 527 (Reiter) / H.F. 732 (Meslow) 1st Engrossment

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective August 1, 2005.

EXPLANATION OF THE BILL

The bill would authorize local governments to make special assessments for electric or utility system improvements. Upon petition by affected property owners, a municipality may enter an agreement with a private or cooperative electric or communications utility to pay all or a portion of the incremental costs to bury or alter an existing service distribution system within the public right-of-way. The incremental costs are those which exceed the design and construction standards set by law, tariff, or franchise.

REVENUE ANALYSIS DETAIL

- The bill would have no impact on the state general fund. If the utility special assessments serve as an alternative to increasing local property taxes, there is a possibility for some homestead property tax refund savings to the state.
- It is unknown how many municipalities would choose to make special assessments for the eligible electric or utility improvements.

Number of Taxpayers: Unknown.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

A

1 Senator moves to amend S.F. No. 527 as follows:

2 Page 3, delete lines 14 to 20 and insert:

3 "(20) To assess affected property owners for all or a
4 portion of the costs agreed to with an electric utility,
5 telecommunications carrier, or cable system operator to bury or
6 alter a new or existing distribution system within the public
7 right-of-way that exceeds the utility's design and construction
8 standards, or those set by law, tariff, or franchise, but only
9 upon petition under section 429.031, subdivision 3."

COMMITTEE REPORT - WITH AMENDMENTS

Committee on Taxes

S .F. No. 577

 Resolution

Re-referred (from another committee)

Amendments:

A-3

Committee recommendation:

And when so amended the bill do pass.

 And when so amended the bill do pass and be placed on the Consent Calendar.

 And when so amended the bill do pass and be re-referred to the Committee on

No recommendation: And when so amended the bill be (re-referred to the Committee on)

OR (reported to the Senate).

April 29, 2005 (date of committee recommendation)

1 Senator Pogemiller from the Committee on Taxes, to which
2 was re-referred

3 S.F. No. 527: A bill for an act relating to local
4 government; authorizing electric or utility special assessments
5 exceeding standards on petition of all affected owners; amending
6 Minnesota Statutes 2004, section 429.021, subdivision 1.

7 Reports the same back with the recommendation that the bill
8 be amended as follows:

9 Page 3, delete lines 14 to 20 and insert:

10 "(20) To assess affected property owners for all or a
11 portion of the costs agreed to with an electric utility,
12 telecommunications carrier, or cable system operator to bury or
13 alter a new or existing distribution system within the public
14 right-of-way that exceeds the utility's design and construction
15 standards, or those set by law, tariff, or franchise, but only
16 upon petition under section 429.031, subdivision 3."

17 And when so amended the bill do pass. Amendments adopted.
18 Report adopted.

19
20 (Committee Chair)

21
22 April 29, 2005.....
23 (Date of Committee recommendation)

Agenda #4

Senators Tomassoni and Bakk introduced--

S.F. No. 2246: Referred to the Committee on Finance.

1 A bill for an act

2 relating to the town of White and the city of Biwabik;
3 authorizing general obligations of the town of White.

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

5 Section 1. [TOWN OF WHITE; OBLIGATIONS AUTHORIZED.]

6 Subdivision 1. [OBLIGATIONS.] Notwithstanding any
7 provision of law or charter to the contrary, the town of White
8 may pledge its general obligation, as defined in Minnesota
9 Statutes, section 475.51, subdivision 10, to secure the
10 financing of local improvements as provided in this section.

11 Subd. 2. [SPECIAL RULES.] (a) The obligations are subject
12 to the provisions of Minnesota Statutes, chapter 429, except as
13 provided in this subdivision.

14 (b) The obligations must be issued to finance:

15 (1) the cost of local improvements described in Minnesota
16 Statutes, section 429.021, located within the area referred to
17 in Laws 2003, chapter 119, section 2;

18 (2) any reserves required to market the obligation; and

19 (3) the costs of issuing the obligations.

20 (c) The obligations must be additionally secured by special
21 assessments levied or to be levied by the city of Biwabik within
22 the area referred to in paragraph (b).

23 (d) The pledge of special assessments by the city of
24 Biwabik for the payment of the obligations must be made by

1 written agreement by and between the town of White and the city
2 of Biwabik and must be filed with the county auditor.

3 (e) Notwithstanding Minnesota Statutes, section 475.58, no
4 election is required to approve the obligations.

5 (f) The obligations are not included in computing any debt
6 limitation applicable to the town of White or the city of
7 Biwabik, and the levy of taxes under Minnesota Statutes, section
8 475.61, to pay principal of and interest on the obligations is
9 not subject to any levy limitation.

10 [EFFECTIVE DATE.] This section is effective upon local
11 approval by the town of White and the city of Biwabik in
12 compliance with the requirements of Minnesota Statutes, section
13 645.021.

1 subdivisions 5, 8; 127A.41, subdivision 8; 127A.45,
 2 subdivisions 11, 12; 127A.47, subdivisions 7, 8;
 3 127A.49, subdivisions 2, 3; 128C.12, subdivisions 1,
 4 3; 128D.11, subdivision 9; 134.31, by adding a
 5 subdivision; 179A.03, subdivision 14; 260C.201,
 6 subdivision 1; 275.14; 275.16; 469.177, subdivision 9;
 7 475.61, subdivision 4; 2005 S.F. No. 1879, article 3,
 8 section 3, subdivisions 2, 3, 7, 8, 24, 25, 26, 29,
 9 31, 32, 35, 36, 41, 43, 44, 50, if enacted; 2005 S.F.
 10 No. 1879, article 3, section 4, if enacted; 2005 S.F.
 11 No. 1879, article 3, section 5, if enacted; Laws 1996,
 12 chapter 412, article 5, section 24; Laws 2003, First
 13 Special Session chapter 9, article 4, section 29, as
 14 amended; proposing coding for new law in Minnesota
 15 Statutes, chapters 120A; 120B; 121A; 122A; 123B; 124D;
 16 125A; 125B; 127A; 129C; repealing Minnesota Statutes
 17 2004, sections 121A.23; 122A.414; 122A.415; 123B.83,
 18 subdivision 1; 125A.75, subdivision 8; 126C.10,
 19 subdivisions 13a, 13b, 29, 30, 31, 32, 33; 126C.42,
 20 subdivisions 1, 4; 126C.44; 128C.12, subdivision 4.

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

22 ARTICLE 1

23 GENERAL EDUCATION

24 Section 1. Minnesota Statutes 2004, section 120A.05, is
 25 amended by adding a subdivision to read:

26 Subd. 18. [KINDERGARTEN.] "Kindergarten" means a program
 27 designed for pupils five years of age on September 1 of the
 28 calendar year in which the school year commences that prepares
 29 pupils to enter first grade the following school year. A
 30 program designed for pupils younger than five years of age on
 31 September 1 of the calendar year in which the school year
 32 commences that prepares pupils to enter kindergarten the
 33 following school year is a prekindergarten program.

34 [EFFECTIVE DATE.] This section is effective the day
 35 following final enactment.

36 Sec. 2. [121A.24] [SAFE SCHOOLS; RESERVED REVENUE.]
 37 School districts must reserve an amount of the basic
 38 revenue under section 126C.10, subdivision 2, equal to \$27 per
 39 adjusted marginal cost pupil unit in fiscal year 2007 and
 40 later. The amount reserved under this section must be used for
 41 the purposes allowed under Minnesota Statutes 2004, section
 42 126C.44, including to pay for school counselors, school social
 43 workers, school nurses, and school psychologists.

44 Sec. 3. Minnesota Statutes 2004, section 123A.05,
 45 subdivision 2, is amended to read:

1 Subd. 2. [RESERVE REVENUE.] Each district that is a member
 2 of an area learning center must reserve revenue in an amount
 3 equal to the sum of (1) at least 90 percent of the district
 4 average general education revenue per pupil unit minus an amount
 5 equal to the product of the formula allowance according to
 6 section 126C.10, subdivision 2, times .0485 for fiscal year 2006
 7 and .0458 for fiscal year 2007 and later, calculated without
 8 basic skills revenue, and transportation sparsity revenue, and
 9 ~~the-transportation-portion-of-the-transition-revenue-adjustment,~~
 10 times the number of pupil units attending an area learning
 11 center program under this section, plus (2) the amount of basic
 12 skills revenue generated by pupils attending the area learning
 13 center. The amount of reserved revenue under this subdivision
 14 may only be spent on program costs associated with the area
 15 learning center. Compensatory revenue must be allocated
 16 according to section 126C.15, subdivision 2.

17 [EFFECTIVE DATE.] This section is effective for revenue for
 18 fiscal year 2007.

19 Sec. 4. Minnesota Statutes 2004, section 123B.49,
 20 subdivision 4, is amended to read:

21 Subd. 4. [BOARD CONTROL OF EXTRACURRICULAR ACTIVITIES.]

22 (a) The board may take charge of and control all extracurricular
 23 activities of the teachers and children of the public schools in
 24 the district. Extracurricular activities means all direct and
 25 personal services for pupils for their enjoyment that are
 26 managed and operated under the guidance of an adult or staff
 27 member. The board shall allow all resident pupils receiving
 28 instruction in a home school as defined in section 123B.36,
 29 subdivision 1, paragraph (a), to be eligible to fully
 30 participate in extracurricular activities on the same basis as
 31 public school students.

32 (b) Extracurricular activities have all of the following
 33 characteristics:

34 (1) they are not offered for school credit nor required for
 35 graduation;

36 (2) they are generally conducted outside school hours, or

1 if partly during school hours, at times agreed by the
2 participants, and approved by school authorities;

3 (3) the content of the activities is determined primarily
4 by the pupil participants under the guidance of a staff member
5 or other adult.

6 (c) If the board does not take charge of and control
7 extracurricular activities, these activities shall be
8 self-sustaining with all expenses, except direct salary costs
9 and indirect costs of the use of school facilities, met by dues,
10 admissions, or other student fund-raising events. The general
11 fund must reflect only those salaries directly related to and
12 readily identified with the activity and paid by public funds.
13 Other revenues and expenditures for extra curricular activities
14 must be recorded according to the "~~Manual of Instruction for~~
15 ~~Uniform Student Activities Accounting for Minnesota School~~
16 ~~Districts and Area Vocational Technical Colleges.~~" Manual for
17 Activity Fund Accounting. Extracurricular activities not under
18 board control must have an annual financial audit and must also
19 be audited annually for compliance with this section.

20 (d) If the board takes charge of and controls
21 extracurricular activities, any or all costs of these activities
22 may be provided from school revenues and all revenues and
23 expenditures for these activities shall be recorded in the same
24 manner as other revenues and expenditures of the district.

25 (e) If the board takes charge of and controls
26 extracurricular activities, the teachers or pupils in the
27 district must not participate in such activity, nor shall the
28 school name or any allied name be used in connection therewith,
29 except by consent and direction of the board.

30 Sec. 5. Minnesota Statutes 2004, section 123B.53,
31 subdivision 1, is amended to read:

32 Subdivision 1. [DEFINITIONS.] (a) For purposes of this
33 section, the eligible debt service revenue of a district is
34 defined as follows:

35 (1) the amount needed to produce between five and six
36 percent in excess of the amount needed to meet when due the

1 principal and interest payments on the obligations of the
2 district for eligible projects according to subdivision 2,
3 including the amounts necessary for repayment of energy loans
4 according to section 216C.37 or sections 298.292 to 298.298,
5 debt service loans and capital loans, lease purchase payments
6 under section 126C.40, subdivision 2, alternative facilities
7 levies under section 123B.59, subdivision 5, minus

8 (2) the amount of debt service excess levy reduction for
9 that school year calculated according to the procedure
10 established by the commissioner.

11 (b) The obligations in this paragraph are excluded from
12 eligible debt service revenue:

13 (1) obligations under section 123B.61;

14 (2) the part of debt service principal and interest paid
15 from the taconite environmental protection fund or northeast
16 Minnesota economic protection trust;

17 (3) obligations issued under Laws 1991, chapter 265,
18 article 5, section 18, as amended by Laws 1992, chapter 499,
19 article 5, section 24; and

20 (4) obligations under section 123B.62.

21 (c) For purposes of this section, if a preexisting school
22 district reorganized under sections 123A.35 to 123A.43, 123A.46,
23 and 123A.48 is solely responsible for retirement of the
24 preexisting district's bonded indebtedness, capital loans or
25 debt service loans, debt service equalization aid must be
26 computed separately for each of the preexisting districts.

27 (d) For purposes of this section, the adjusted net tax
28 capacity determined according to section 127A.48 shall be
29 adjusted to include a portion of the tax capacity of property
30 generally exempted from ad valorem taxes under section 272.02,
31 subdivisions 64 and 65, equal to the product of that tax
32 capacity times the ratio of the eligible debt service revenue
33 attributed to general obligation bonds to the total eligible
34 debt service revenue of the district.

35 Sec. 6. Minnesota Statutes 2004, section 123B.75, is
36 amended by adding a subdivision to read:

1 Subd. 4a. [TACONITE REVENUE.] Taconite revenue received in
2 a calendar year by a school district under section 298.28,
3 subdivisions 4, paragraphs (b) and (c), and 11, paragraph (d),
4 is fully recognized in the fiscal year in which the February
5 payment falls.

6 Sec. 7. Minnesota Statutes 2004, section 123B.76,
7 subdivision 3, is amended to read:

8 Subd. 3. [EXPENDITURES BY BUILDING.] (a) For the purposes
9 of this section, "building" means education site as defined in
10 section 123B.04, subdivision 1.

11 (b) Each district shall maintain separate accounts to
12 identify general fund expenditures~~7-excluding-capital~~
13 ~~expenditures-and-pupil-transportation7~~ for each building. All
14 expenditures for regular instruction, secondary vocational
15 instruction, and school administration must be reported to the
16 department separately for each building. All expenditures for
17 special education instruction, instructional support services,
18 and pupil support services provided within a specific building
19 must be reported to the department separately for each
20 building. Salary expenditures reported by building must reflect
21 actual salaries for staff at the building and must not be based
22 on districtwide averages. All other general fund expenditures
23 may be reported by building or on a districtwide basis.

24 (c) The department must annually report information showing
25 school district general fund expenditures per pupil by program
26 category for each building and estimated school district general
27 fund revenue generated by pupils attending each building on its
28 Web site. For purposes of this report:

29 (1) expenditures not ~~required-to-be~~ reported by building
30 shall be allocated among buildings on a uniform per pupil basis;

31 (2) basic skills revenue shall be allocated according to
32 section 126C.10, subdivision 4;

33 (3) secondary sparsity revenue and elementary sparsity
34 revenue shall be allocated according to section 126C.10,
35 subdivisions 7 and 8;

36 (4) other general education revenue shall be allocated on a

1 uniform per pupil unit basis;

2 (5) first grade preparedness aid shall be allocated
3 according to section 124D.081;

4 (6) state and federal special education aid and Title I aid
5 shall be allocated in proportion to district expenditures for
6 these programs by building; and

7 (7) other general fund revenues shall be allocated on a
8 uniform per pupil basis, except that the department may allocate
9 other revenues attributable to specific buildings directly to
10 those buildings.

11 Sec. 8. Minnesota Statutes 2004, section 123B.79,
12 subdivision 6, is amended to read:

13 Subd. 6. [ACCOUNT TRANSFER FOR STATUTORY OPERATING DEBT.]

14 On June 30 of each year, a district may make a permanent
15 transfer from the general fund account entitled "undesignated
16 net unreserved general fund balance since statutory operating
17 debt" to the account entitled "reserved fund balance reserve
18 account for purposes of statutory operating debt reduction."

19 The amount of the transfer is limited to the lesser of (a) the
20 net undesignated-operating unreserved general fund balance, or
21 (b) the sum of the remaining statutory operating debt levies
22 authorized for all future years according to section 126C.42,
23 subdivision 1. If the net undesignated-operating unreserved
24 general fund balance is less than zero, the district may not
25 make a transfer.

26 Sec. 9. Minnesota Statutes 2004, section 123B.81,
27 subdivision 1, is amended to read:

28 Subdivision 1. [OPERATING DEBT.] The "operating debt" of a
29 school district means the net negative undesignated unreserved
30 general fund balance ~~in-all-school-district-funds,-other-than~~
31 ~~capital-expenditure,-building-construction,-debt-service,-and~~
32 ~~trust-and-agency,~~ calculated as of June 30 of each year in
33 accordance with the uniform financial accounting and reporting
34 standards for Minnesota school districts.

35 Sec. 10. Minnesota Statutes 2004, section 123B.82, is
36 amended to read:

1 123B.82 [REORGANIZATION OPERATING DEBT.]

2 The "reorganization operating debt" of a school district
3 means the net negative undesignated unreserved general fund
4 balance balances in all school district funds, other than
5 building construction, debt redemption, and trust and agency,
6 calculated in accordance with the uniform financial accounting
7 and reporting standards for Minnesota school districts as of:

8 (1) June 30 of the fiscal year before the first year that a
9 district receives revenue according to section 123A.39,
10 subdivision 3; or

11 (2) June 30 of the fiscal year before the effective date of
12 reorganization according to section 123A.46 or 123A.48.

13 Sec. 11. Minnesota Statutes 2004, section 123B.83,
14 subdivision 2, is amended to read:

15 Subd. 2. [~~UNDESIGNATED~~ NET UNRESERVED GENERAL FUND
16 BALANCES.] ~~Beginning-in-fiscal-year-1978-and-each-year~~
17 ~~thereafter, any A school~~ district ~~not-subject-to-the-provisions~~
18 ~~of-subdivision-1~~ must limit its expenditures so that
19 its undesignated net unreserved general fund balance
20 does not constitute statutory operating debt as defined in
21 section 126C.42.

22 Sec. 12. Minnesota Statutes 2004, section 123B.92,
23 subdivision 5, is amended to read:

24 Subd. 5. [DISTRICT REPORTS.] (a) Each district must report
25 data to the department as required by the department to account
26 for transportation expenditures.

27 (b) Salaries and fringe benefits of district employees
28 whose primary duties are other than transportation, including
29 central office administrators and staff, building administrators
30 and staff, teachers, social workers, school nurses, and
31 instructional aides, must not be included in a district's
32 transportation expenditures, except that a district may include
33 salaries and benefits according to paragraph (c) for (1) an
34 employee designated as the district transportation director, (2)
35 an employee providing direct support to the transportation
36 director, or (3) an employee providing direct transportation

1 services such as a bus driver or bus aide.

2 (c) Salaries and fringe benefits of other district
3 employees who work part-time in transportation and part-time in
4 other areas must not be included in a district's transportation
5 expenditures unless the district maintains documentation of the
6 employee's time spent on pupil transportation matters in the
7 form and manner prescribed by the department.

8 (d) Pupil transportation expenditures, excluding
9 expenditures for capital outlay, leased buses, student board and
10 lodging, crossing guards, and aides on buses, must be allocated
11 among transportation categories based on a cost per mile, cost
12 per student, cost per hour, or cost per route, regardless of
13 whether the transportation services are provided on
14 district-owned or contractor-owned school buses. Expenditures
15 for school bus driver salaries and fringe benefits may either be
16 directly charged to the appropriate transportation category or
17 may be allocated among transportation categories on a cost per
18 mile, cost per student basis, cost per hour, or cost per route.
19 Expenditures by private contractors or individuals who provide
20 transportation exclusively in one transportation category must
21 be charged directly to the appropriate transportation category.
22 Transportation services provided by contractor-owned school bus
23 companies incorporated under different names but owned by the
24 same individual or group of individuals must be treated as the
25 same company for cost allocation purposes.

26 [EFFECTIVE DATE.] This section is effective for expenditure
27 reporting for fiscal year 2006 and later.

28 Sec. 13. Minnesota Statutes 2004, section 124D.11,
29 subdivision 1, is amended to read:

30 Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) For fiscal
31 year 2006, general education revenue must be paid to a charter
32 school as though it were a district. The general education
33 revenue for each adjusted marginal cost pupil unit is the state
34 average general education revenue per pupil unit, plus the
35 referendum equalization aid allowance in the pupil's district of
36 residence, minus an amount equal to the product of the formula

1 allowance according to section 126C.10, subdivision 2, times
2 .0485, calculated without basic skills revenue, extended time
3 revenue, transition revenue, and transportation sparsity
4 revenue, plus basic skills revenue, extended time revenue, and
5 transition revenue as though the school were a school district.
6 The general education revenue for each extended time marginal
7 cost pupil unit equals \$4,378.

8 (b) For fiscal year 2007 and later, general education
9 revenue must be paid to a charter school as though it were a
10 district. The general education revenue for each adjusted
11 marginal cost pupil unit is the state average general education
12 revenue per pupil unit, plus the referendum equalization aid
13 allowance in the pupil's district of residence, minus an amount
14 equal to the product of the formula allowance according to
15 section 126C.10, subdivision 2, times .0458, calculated without
16 basic skills revenue, extended time revenue, and transportation
17 sparsity revenue, plus basic skills revenue and extended time
18 revenue as though the school were a school district. The
19 general education revenue for each extended time marginal cost
20 pupil unit equals \$4,391. Each year, a charter school must also
21 be paid an amount equal to its 2004 transition revenue allowance
22 multiplied times its adjusted marginal cost pupil units for the
23 current year.

24 (c) Notwithstanding paragraph paragraphs (a) and (b), for
25 charter schools in the first year of operation, general
26 education revenue shall be computed using the number of adjusted
27 pupil units in the current fiscal year.

28 Sec. 14. Minnesota Statutes 2004, section 124D.11,
29 subdivision 2, is amended to read:

30 Subd. 2. [TRANSPORTATION REVENUE.] Transportation revenue
31 must be paid to a charter school that provides transportation
32 services according to section 124D.10, subdivision 16, according
33 to this subdivision. Transportation aid shall equal
34 transportation revenue.

35 In addition to the revenue under subdivision 1, for fiscal
36 year 2006 a charter school providing transportation services

1 must receive general education aid ~~for each pupil unit~~ equal to
2 the sum of the product of (1) an amount equal to the product of
3 the formula allowance according to section 126C.10, subdivision
4 2, times .0485 in fiscal years 2005 and 2006 and .0458 in fiscal
5 years 2007 and later, plus the transportation sparsity allowance
6 for the school district in which the charter school is located,
7 times (2) the adjusted marginal cost pupil units, plus the
8 product of \$223 times the extended time marginal cost pupil
9 units.

10 In addition to the revenue under subdivision 1, for fiscal
11 year 2007 and later, a charter school providing transportation
12 services must receive general education aid equal to the sum of
13 the product of (1) the formula allowance according to section
14 126C.10, subdivision 2, times .0458, plus the transportation
15 sparsity allowance for the school district in which the charter
16 school is located, times (2) the adjusted marginal cost pupil
17 units, plus the product of \$210 times the extended time marginal
18 cost pupil units.

19 Sec. 15. Minnesota Statutes 2004, section 124D.11,
20 subdivision 6, is amended to read:

21 Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter
22 school is eligible to receive other aids, grants, and revenue
23 according to chapters 120A to 129C, as though it were a district.

24 (b) Notwithstanding paragraph (a), a charter school may not
25 receive aid, a grant, or revenue other than general education
26 revenue if a levy is required to obtain the money, except as
27 otherwise provided in this section.

28 (c) Federal aid received by the state must be paid to the
29 school, if it qualifies for the aid as though it were a school
30 district.

31 (d) A charter school may receive money from any source for
32 capital facilities needs. In the year-end report to the
33 commissioner of education, the charter school shall report the
34 total amount of funds received from grants and other outside
35 sources.

36 Sec. 16. Minnesota Statutes 2004, section 124D.68,

1 subdivision 9, is amended to read:

2 Subd. 9. [ENROLLMENT VERIFICATION.] (a) For a pupil
3 attending an eligible program full time under subdivision 3,
4 paragraph (d), the department must pay 90 percent of the
5 district's average general education revenue less basic skills
6 revenue to the eligible program and ten percent of the
7 district's average general education revenue less basic skills
8 revenue to the contracting district within 30 days after the
9 eligible program verifies enrollment using the form provided by
10 the department. For a pupil attending an eligible program part
11 time, revenue, excluding compensatory revenue, shall be reduced
12 proportionately, according to the amount of time the pupil
13 attends the program, and the payments to the eligible program
14 and the contracting district shall be reduced accordingly. A
15 pupil for whom payment is made according to this section may not
16 be counted by any district for any purpose other than
17 computation of general education revenue. If payment is made
18 for a pupil under this subdivision, a district shall not
19 reimburse a program under section 124D.69 for the same
20 pupil. The basic skills revenue shall-be-paid generated by
21 pupils attending the eligible program according to section
22 126C.10, subdivision 4, shall be paid to the eligible program.

23 (b) The department must pay up to 100 percent of the
24 revenue to the eligible program if there is an agreement to that
25 effect between the school district and the eligible program.

26 (c) Notwithstanding paragraphs (a) and (b), for an eligible
27 program that provides chemical treatment services to students,
28 the department must pay 100 percent of the revenue to the
29 eligible program.

30 Sec. 17. Minnesota Statutes 2004, section 124D.69,
31 subdivision 1, is amended to read:

32 Subdivision 1. [AID.] If a pupil enrolls in an alternative
33 program, eligible under section 124D.68, subdivision 3,
34 paragraph (d), or subdivision 4, operated by a private
35 organization that has contracted with a school district to
36 provide educational services for eligible pupils under section

1 124D.68, subdivision 2, the district contracting with the
 2 private organization must reimburse the provider an amount equal
 3 to the sum of (1) at least 95 percent of the district's average
 4 general education less basic skills revenue per pupil unit times
 5 the number of pupil units for pupils attending the program, and
 6 (2) the amount of basic skills revenue shall-be-paid generated
 7 by pupils attending the program according to section 126C.10,
 8 ~~subdivision 4. Compensatory-revenue-must-be-allocated-according~~
 9 ~~to-section-126C.15, subdivision-2.~~ For a pupil attending the
 10 program part time, the revenue paid to the program, excluding
 11 compensatory revenue, must be reduced proportionately, according
 12 to the amount of time the pupil attends the program, and revenue
 13 paid to the district shall be reduced accordingly. Pupils for
 14 whom a district provides reimbursement may not be counted by the
 15 district for any purpose other than computation of general
 16 education revenue. If payment is made to a district or program
 17 for a pupil under this section, the department must not make a
 18 payment for the same pupil under section 124D.68, subdivision 9.
 19 Notwithstanding sections 125A.15, 125A.51, and 125A.515, general
 20 education revenue for a student who receives educational
 21 services under this section shall be paid according to this
 22 section.

23 Sec. 18. Minnesota Statutes 2004, section 126C.01,
 24 subdivision 11, is amended to read:

25 Subd. 11. [~~NET UNAPPROPRIATED-OPERATING UNRESERVED GENERAL~~
 26 ~~FUND BALANCE.~~] "Net unappropriated-operating unreserved general
 27 fund balance" means the sum of the unreserved general fund
 28 ~~balances-in-the-general, food-service, and community-service~~
 29 ~~funds-minus-the-balances-reserved-for-statutory-operating-debt~~
 30 ~~reduction, bus-purchase, severance-pay, taconite, unemployment~~
 31 ~~benefits, maintenance-levy-reduction, operating-capital,~~
 32 ~~disabled-access, health-and-safety,~~ balance and encumbrances,
 33 computed as of June 30 each year.

34 Sec. 19. Minnesota Statutes 2004, section 126C.05, is
 35 amended by adding a subdivision to read:

36 Subd. 5a. [EXTENDED TIME PUPIL UNITS.] (a) "Extended time

1 average daily membership for a district or charter school" means
 2 the sum of the average daily membership according to subdivision
 3 8, paragraph (a), minus the sum of the average daily membership
 4 according to subdivision 8, paragraph (b), for pupils enrolled
 5 in a learning year program under section 124D.128; an area
 6 learning center under sections 123A.05 and 123A.06; an
 7 alternative program under section 124D.68, subdivision 3,
 8 paragraph (d); or section 124D.69.

9 (b) "Extended time pupil units for a district or charter
 10 school" means the sum of the average daily membership in
 11 paragraph (a) weighted according to subdivision 1 for pupils
 12 included in the pupil unit calculations under subdivision 5,
 13 paragraph (a).

14 (c) "Extended time marginal cost pupil units" means the
 15 greater of:

16 (1) the sum of .77 times the pupil units defined in
 17 paragraph (b) for the current school year and .23 times the
 18 pupil units defined in paragraph (b) for the previous school
 19 year; or

20 (2) the number of extended time pupil units defined in
 21 paragraph (b) for the current school year.

22 Sec. 20. Minnesota Statutes 2004, section 126C.05, is
 23 amended by adding a subdivision to read:

24 Subd. 20. [PROJECT-BASED AVERAGE DAILY MEMBERSHIP.] (a) To
 25 receive general education revenue for a pupil enrolled in a
 26 public school with a project-based program, a school must meet
 27 the requirements in this paragraph. The school must:

28 (1) register with the commissioner as a project-based
 29 program by May 30 of the preceding fiscal year;

30 (2) provide a minimum teacher contact of no less than one
 31 hour per week per project-based credit for each pupil;

32 (3) maintain a record system that shows when each credit or
 33 portion thereof was reported for membership for each pupil; and

34 (4) report pupil membership consistent with paragraph (b).

35 (b) The commissioner must develop a formula for reporting
 36 pupil membership to compute average daily membership for each

1 registered project-based school. Average daily membership for a
 2 pupil in a registered project-based program is the lesser of:

3 (1) 1.0; or

4 (2) the ratio of (i) the number of membership hours
 5 generated by project-based credits completed during the school
 6 year plus membership hours generated by credits completed in a
 7 seat-based setting to (ii) the annual required instructional
 8 hours at that grade level. Membership hours for a partially
 9 completed project-based credit must be prorated.

10 Sec. 21. Minnesota Statutes 2004, section 126C.10,
 11 subdivision 1, is amended to read:

12 Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) ~~For fiscal~~
 13 ~~year 2003, the general education revenue for each district~~
 14 ~~equals the sum of the district's basic revenue, basic skills~~
 15 ~~revenue, training and experience revenue, secondary sparsity~~
 16 ~~revenue, elementary sparsity revenue, transportation sparsity~~
 17 ~~revenue, total operating capital revenue, and equity revenue.~~

18 (b) For fiscal year ~~2004 and later~~ 2006, the general
 19 education revenue for each district equals the sum of the
 20 district's basic revenue, extended time revenue, basic skills
 21 revenue, training and experience revenue, secondary sparsity
 22 revenue, elementary sparsity revenue, transportation sparsity
 23 revenue, total operating capital revenue, equity revenue, and
 24 transition revenue.

25 (b) For fiscal year 2007 and later, the general education
 26 revenue for each district equals the sum of the district's basic
 27 revenue, extended time revenue, basic skills revenue, training
 28 and experience revenue, secondary sparsity revenue, elementary
 29 sparsity revenue, transportation sparsity revenue, total
 30 operating capital revenue, and equity revenue.

31 Sec. 22. Minnesota Statutes 2004, section 126C.10,
 32 subdivision 2, is amended to read:

33 Subd. 2. [BASIC REVENUE.] The basic revenue for each
 34 district equals the formula allowance times the adjusted
 35 marginal cost pupil units for the school year. The formula
 36 allowance for fiscal year ~~2001~~ 2005 is ~~\$3,964~~ \$4,601. The

1 formula allowance for fiscal year ~~2002~~ 2006 is ~~\$47,060~~ \$4,832.

2 The formula allowance for fiscal year ~~2003~~ 2007 and subsequent
3 years is ~~\$47,601~~ \$5,053.

4 Sec. 23. Minnesota Statutes 2004, section 126C.10,
5 subdivision 13, is amended to read:

6 Subd. 13. [TOTAL OPERATING CAPITAL REVENUE.] (a) For
7 fiscal year 2000 and thereafter, total operating capital revenue
8 for a district equals the amount determined under paragraph (b)
9 or (c), plus \$73 times the adjusted marginal cost pupil units
10 for the school year. The revenue must be placed in a reserved
11 account in the general fund and may only be used according to
12 paragraph (d) or subdivision 14.

13 (b) For fiscal years 2000 and later, capital revenue for a
14 district equals \$100 times the district's maintenance cost index
15 times its adjusted marginal cost pupil units for the school year.

16 (c) For fiscal years 2000 and later, the revenue for a
17 district that operates a program under section 124D.128, is
18 increased by an amount equal to \$30 times the number of marginal
19 cost pupil units served at the site where the program is
20 implemented.

21 ~~(d) For fiscal years 2001, 2002, and 2003, the district~~
22 ~~must reserve an amount equal to \$5 per adjusted marginal cost~~
23 ~~pupil unit for telecommunication access costs. Reserve revenue~~
24 ~~under this paragraph must first be used to pay for ongoing or~~
25 ~~recurring telecommunication access costs, including access to~~
26 ~~data and video connections, including Internet access. Any~~
27 ~~revenue remaining after covering all ongoing or recurring access~~
28 ~~costs may be used for computer hardware or equipment.~~

29 Sec. 24. Minnesota Statutes 2004, section 126C.10,
30 subdivision 13a, is amended to read:

31 Subd. 13a. [OPERATING CAPITAL LEVY.] To obtain operating
32 capital revenue for fiscal year years 2005 and later 2006, a
33 district may levy an amount not more than the product of its
34 operating capital revenue for the fiscal year times the lesser
35 of one or the ratio of its adjusted net tax capacity per
36 adjusted marginal cost pupil unit to \$22,222.

1 Sec. 25. Minnesota Statutes 2004, section 126C.10,
2 subdivision 13b, is amended to read:

3 Subd. 13b. [OPERATING CAPITAL AID.] For fiscal years 2005
4 and 2006, a district's operating capital aid equals its
5 operating capital revenue minus its operating capital levy times
6 the ratio of the actual amount levied to the permitted levy.

7 Sec. 26. Minnesota Statutes 2004, section 126C.10,
8 subdivision 18, is amended to read:

9 Subd. 18. [TRANSPORTATION SPARSITY REVENUE ALLOWANCE.] (a)
10 For fiscal year 2006, a district's transportation sparsity
11 allowance equals the greater of zero or the result of the
12 following computation:

13 ~~(i)~~ (1) multiply the formula allowance according to
14 subdivision 2, by .1469~~;~~;

15 ~~(ii)~~ (2) multiply the result in clause ~~(i)~~ (1) by the
16 district's sparsity index raised to the 26/100 power~~;~~;

17 ~~(iii)~~ (3) multiply the result in clause ~~(ii)~~ (2) by the
18 district's density index raised to the 13/100 power~~;~~;

19 ~~(iv)~~ (4) multiply the formula allowance according to
20 subdivision 2, by .0485~~;~~ and

21 ~~(v)~~ (5) subtract the result in clause ~~(iv)~~ (4) from the
22 result in clause ~~(iii)~~ (3).

23 (b) For fiscal year 2007 and later, a district's
24 transportation sparsity allowance equals the greater of zero or
25 the result of the following computation:

26 (1) multiply the formula allowance according to subdivision
27 2 by .1469;

28 (2) multiply the result in clause (1) by the district's
29 sparsity index raised to the 28/100 power;

30 (3) multiply the result in clause (2) by the district's
31 density index raised to the 13/100 power;

32 (4) multiply the formula allowance according to subdivision
33 2 by .0458; and

34 (5) subtract the result in clause (4) from the result in
35 clause (3).

36 (c) Transportation sparsity revenue is equal to the

1 transportation sparsity allowance times the adjusted marginal
2 cost pupil units.

3 (d) Transportation sparsity revenue is equal to the
4 transportation sparsity allowance times the adjusted marginal
5 cost pupil units.

6 Sec. 27. Minnesota Statutes 2004, section 126C.10,
7 subdivision 24, is amended to read:

8 Subd. 24. [EQUITY REVENUE.] (a) A school district
9 qualifies for equity revenue if:

10 (1) the school district's adjusted marginal cost pupil unit
11 amount of basic revenue~~7-supplemental-revenue7-transition~~
12 ~~revenue7~~ and referendum revenue is less than the value of the
13 school district at or immediately above the 95th percentile of
14 school districts in its equity region for those revenue
15 categories; and

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

18 (b) Equity revenue for a qualifying district that receives
19 referendum revenue under section 126C.17, subdivision 4, equals
20 the product of (1) the district's adjusted marginal cost pupil
21 units for that year; times (2) the sum of (i) \$13, plus (ii)
22 \$75, times the school district's equity index computed under
23 subdivision 27.

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

28 (d) For fiscal year 2007 and later, referendum revenue for
29 the purpose of this section does not include referendum
30 conversion allowance authority transferred to the referendum
31 allowance in fiscal year 2007 under section 126C.17, subdivision
32 13, by the vote of a school board. Referendum conversion
33 allowance authority added to the referendum allowance under
34 section 126C.17, subdivision 1, shall be included in the
35 referendum for the purposes of this section if a school district
36 reauthorizes the revenue at an election according to section

1 126C.17, subdivision 9.

2 Sec. 28. Minnesota Statutes 2004, section 126C.10,
3 subdivision 29, is amended to read:

4 Subd. 29. [EQUITY LEVY.] To obtain equity revenue for
5 fiscal year years 2005 and ~~later~~ 2006, a district may levy an
6 amount not more than the product of its equity revenue for the
7 fiscal year times the lesser of one or the ratio of its
8 referendum market value per resident marginal cost pupil unit to
9 \$476,000.

10 Sec. 29. Minnesota Statutes 2004, section 126C.10,
11 subdivision 30, is amended to read:

12 Subd. 30. [EQUITY AID.] For fiscal years 2005 and 2006, a
13 district's equity aid equals its equity revenue minus its equity
14 levy times the ratio of the actual amount levied to the
15 permitted levy.

16 Sec. 30. Minnesota Statutes 2004, section 126C.10,
17 subdivision 31, is amended to read:

18 Subd. 31. [TRANSITION REVENUE.] (a) A district's
19 transition allowance for fiscal years 2004 through ~~2008~~ 2006
20 equals the greater of zero or the product of the ratio of the
21 number of adjusted marginal cost pupil units the district would
22 have counted for fiscal year 2004 under Minnesota Statutes 2002
23 to the district's adjusted marginal cost pupil units for fiscal
24 year 2004, times the difference between: (1) the lesser of the
25 district's general education revenue per adjusted marginal cost
26 pupil unit for fiscal year 2003 or the amount of general
27 education revenue the district would have received per adjusted
28 marginal cost pupil unit for fiscal year 2004 according to
29 Minnesota Statutes 2002, and (2) the district's general
30 education revenue for fiscal year 2004 excluding transition
31 revenue divided by the number of adjusted marginal cost pupil
32 units the district would have counted for fiscal year 2004 under
33 Minnesota Statutes 2002. A district's transition allowance for
34 fiscal year ~~2009~~ 2007 and later is zero.

35 (b) A district's transition revenue for fiscal year years
36 2004 and ~~later~~ 2005 equals the product of the district's

1 transition allowance times the district's adjusted marginal cost
2 pupil units.

3 (c) A district's transition revenue for fiscal year 2006
4 equals the sum of (1) the product of the district's transition
5 allowance times the district's adjusted marginal cost pupil
6 units, plus (2) the amount of referendum revenue under section
7 126C.17 and general education revenue, excluding transition
8 revenue, for fiscal year 2004 attributable to pupils four or
9 five years of age on September 1, 2003, enrolled in a
10 prekindergarten program implemented by the district before July
11 1, 2003, and reported as kindergarten pupils under section
12 126C.05, subdivision 1, for fiscal year 2004 multiplied times
13 0.01, plus (3) the amount of compensatory education revenue
14 under subdivision 3 for fiscal year 2005 attributable to pupils
15 four years of age on September 1, 2003, enrolled in a
16 prekindergarten program implemented by the district before July
17 1, 2003, and reported as kindergarten pupils under section
18 126C.05, subdivision 1, for fiscal year 2004 multiplied times
19 0.01.

20 Sec. 31. Minnesota Statutes 2004, section 126C.10,
21 subdivision 32, is amended to read:

22 Subd. 32. [TRANSITION LEVY.] To obtain transition revenue
23 for fiscal year years 2005 and ~~later~~ 2006, a district may levy
24 an amount not more than the product of its transition revenue
25 for the fiscal year times the lesser of one or the ratio of its
26 referendum market value per resident marginal cost pupil unit to
27 \$476,000.

28 Sec. 32. Minnesota Statutes 2004, section 126C.10,
29 subdivision 33, is amended to read:

30 Subd. 33. [TRANSITION AID.] (a) For fiscal year 2004, a
31 district's transition aid equals its transition revenue.

32 (b) For fiscal year years 2005 and ~~later~~ 2006, a district's
33 transition aid equals its transition revenue minus its
34 transition levy times the ratio of the actual amount levied to
35 the permitted levy.

36 Sec. 33. Minnesota Statutes 2004, section 126C.13, is

1 amended by adding a subdivision to read:

2 Subd. 3a. [CONSOLIDATED TAX RATE.] The commissioner must
3 establish the consolidated tax rate by July 1 of each year for
4 levies payable in the following year. The consolidated tax
5 capacity rate must be a rate, rounded up to the nearest
6 hundredth of a percent, that, when applied to the adjusted net
7 tax capacity for all districts, raises the amount specified in
8 this subdivision. The consolidated tax rate must be the rate
9 that raises \$99,172,300 for fiscal year 2007, \$110,770,300 for
10 fiscal year 2008, and \$122,380,100 for fiscal year 2009 and
11 later years. The consolidated tax rate may not be changed due
12 to changes or corrections made to a district's adjusted net tax
13 capacity after the tax rate has been established.

14 Sec. 34. Minnesota Statutes 2004, section 126C.13, is
15 amended by adding a subdivision to read:

16 Subd. 3b. [CONSOLIDATED LEVY.] To obtain general education
17 revenue, a district may levy an amount not to exceed the
18 consolidated tax rate times the adjusted net tax capacity of the
19 district for the preceding year. If the amount of the
20 consolidated levy would exceed the general education revenue,
21 the consolidated levy must be determined according to
22 subdivision 3c.

23 Sec. 35. Minnesota Statutes 2004, section 126C.13, is
24 amended by adding a subdivision to read:

25 Subd. 3c. [CONSOLIDATED LEVY; DISTRICTS OFF THE
26 FORMULA.] If the amount of the consolidated levy for a district
27 exceeds the district's general education revenue, the amount of
28 the consolidated levy must be limited to the following:

- 29 (1) the district's general education revenue; plus
30 (2) the amount of the aid reduction for the same school
31 year according to section 126C.14; minus
32 (3) payments made for the same school year according to
33 section 126C.21, subdivision 3.

34 For purposes of statutory cross-reference, a levy made
35 according to this subdivision shall be construed to be the levy
36 made according to subdivision 3b.

1 Sec. 36. Minnesota Statutes 2004, section 126C.13,
2 subdivision 4, is amended to read:

3 Subd. 4. [GENERAL EDUCATION AID.] (a) For fiscal year-2004
4 years 2005 and 2006, a district's general education aid is the
5 sum of the following amounts:

6 (1) general education revenue;

7 (2) shared time aid according to section 126C.01,
8 subdivision 7;

9 (3) referendum aid according to section 126C.17; and

10 (4) online learning aid according to section 126C.24.

11 (b) For fiscal year years 2005 and ~~later~~ 2006, a district's
12 general education aid is the sum of the following amounts:

13 (1) general education revenue, excluding equity revenue,
14 total operating capital, and transition revenue;

15 (2) operating capital aid according to section 126C.10,
16 subdivision 13b;

17 (3) equity aid according to section 126C.10, subdivision
18 30;

19 (4) transition aid according to section 126C.10,
20 subdivision 33;

21 (5) shared time aid according to section 126C.01,
22 subdivision 7;

23 (6) referendum aid according to section 126C.17; and

24 (7) online learning aid according to section ~~126C.24~~
25 124D.0962.

26 (c) For fiscal year 2007 and later, a district's general
27 education aid is the sum of the following amounts:

28 (1) the product of:

29 (i) the difference between the general education revenue
30 and the consolidated levy; times

31 (ii) the ratio of the actual amount levied to the permitted
32 levy;

33 (2) shared time aid according to section 126C.01,
34 subdivision 7;

35 (3) referendum aid according to section 126C.17; and

36 (4) online learning aid according to section 126C.24.

1 Sec. 37. Minnesota Statutes 2004, section 126C.17,
2 subdivision 1, is amended to read:

3 Subdivision 1. [REFERENDUM ALLOWANCE.] (a) For fiscal year
4 ~~2003~~ 2006 and later, a district's initial referendum revenue
5 allowance equals the sum of the allowance under section 126C.16,
6 subdivision 2, plus any additional allowance per resident
7 marginal cost pupil unit authorized under subdivision 9 before
8 May 1, 2001, for fiscal year 2002 and later, plus the referendum
9 conversion allowance approved under subdivision 13, minus \$415.
10 For districts with more than one referendum authority, the
11 reduction must be computed separately for each authority. The
12 reduction must be applied first to the referendum conversion
13 allowance and next to the authority with the earliest expiration
14 date. A district's initial referendum revenue allowance may not
15 be less than zero.

16 ~~(b) For fiscal year 2003, a district's referendum revenue~~
17 ~~allowance equals the initial referendum allowance plus any~~
18 ~~additional allowance per resident marginal cost pupil unit~~
19 ~~authorized under subdivision 9 between April 30, 2001, and~~
20 ~~December 30, 2001, for fiscal year 2003 and later.~~

21 ~~(c)~~ For fiscal year ~~2004 and later~~ 2006, a district's
22 referendum revenue allowance equals the sum of:

23 (1) the product of (i) the ratio of the resident marginal
24 cost pupil units the district would have counted for fiscal year
25 2004 under Minnesota Statutes 2002, section 126C.05, to the
26 district's resident marginal cost pupil units for fiscal year
27 2004, times (ii) the initial referendum allowance plus any
28 additional allowance per resident marginal cost pupil unit
29 authorized under subdivision 9 between April 30, 2001, and May
30 30, 2003, for fiscal year 2003 and later, plus

31 (2) any additional allowance per resident marginal cost
32 pupil unit authorized under subdivision 9 after May 30, 2003,
33 for fiscal year 2005 and later.

34 (c) For fiscal year 2007 and later, a district's referendum
35 revenue allowance equals the sum of: (1) the referendum
36 allowance the district would have received for fiscal year 2007

1 and later under section 126C.17, subdivision 1, paragraph (c),
 2 based on elections held under subdivision 9, before May 30,
 3 2005, plus any additional allowance per resident pupil unit
 4 authorized under subdivision 9 after May 30, 2005, plus the
 5 referendum conversion allowance approved under subdivision 13.

6 Sec. 38. Minnesota Statutes 2004, section 126C.17,
 7 subdivision 2, is amended to read:

8 Subd. 2. [REFERENDUM ALLOWANCE LIMIT.] (a) Notwithstanding
 9 ~~subdivision 17 for fiscal year 2003, a district's referendum~~
 10 ~~allowance must not exceed the greater of:~~

11 ~~(1) the sum of a district's referendum allowance for fiscal~~
 12 ~~year 1994 times 1.162 plus its referendum conversion allowance~~
 13 ~~for fiscal year 2003, minus \$415;~~

14 ~~(2) 18.2 percent of the formula allowance;~~

15 ~~(3) for a newly reorganized district created on July 1,~~
 16 ~~2002, the referendum revenue authority for each reorganizing~~
 17 ~~district in the year preceding reorganization divided by its~~
 18 ~~resident marginal cost pupil units for the year preceding~~
 19 ~~reorganization, minus \$415; or~~

20 ~~(4) for a newly reorganized district created after July 1,~~
 21 ~~2002, the referendum revenue authority for each reorganizing~~
 22 ~~district in the year preceding reorganization divided by its~~
 23 ~~resident marginal cost pupil units for the year preceding~~
 24 ~~reorganization;~~

25 (b) Notwithstanding subdivision 1, for fiscal year 2004 and
 26 later, a district's referendum allowance must not exceed the
 27 greater of:

28 (1) the sum of: (i) a district's referendum allowance for
 29 fiscal year 1994 times 1.177 times the annual inflationary
 30 increase as calculated under paragraph (c) (b) plus (ii) its
 31 referendum conversion allowance for fiscal year 2003, minus
 32 (iii) \$415;

33 (2) the greater of (i) 18.6 percent of the formula
 34 allowance or (ii) \$855.79 times the annual inflationary increase
 35 as calculated under paragraph (c) (b); or

36 (3) for a newly reorganized district created after July 1,

1 2002, the referendum revenue authority for each reorganizing
 2 district in the year preceding reorganization divided by its
 3 resident marginal cost pupil units for the year preceding
 4 reorganization.

5 ~~(e)~~ (b) For purposes of this subdivision, for fiscal year
 6 2005 and later, "inflationary increase" means one plus the
 7 percentage change in the Consumer Price Index for urban
 8 consumers, as prepared by the United States Bureau of Labor
 9 Standards, for the current fiscal year to fiscal year 2004. For
 10 fiscal years 2009 and later, for purposes of paragraph (b),
 11 clause (1), the inflationary increase equals the inflationary
 12 increase for fiscal year 2008 plus one-fourth of the percentage
 13 increase in the formula allowance for that year compared with
 14 the formula allowance for fiscal year 2008.

15 Sec. 39. Minnesota Statutes 2004, section 126C.17,
 16 subdivision 5, is amended to read:

17 Subd. 5. [REFERENDUM EQUALIZATION REVENUE.] (a) For fiscal
 18 year 2003 and later, a district's referendum equalization
 19 revenue equals the sum of the first tier referendum equalization
 20 revenue and the second tier referendum equalization revenue.

21 (b) A district's first tier referendum equalization revenue
 22 equals the district's first tier referendum equalization
 23 allowance times the district's resident marginal cost pupil
 24 units for that year.

25 ~~(c) For fiscal years 2003 and 2004, a district's first tier~~
 26 ~~referendum equalization allowance equals the lesser of the~~
 27 ~~district's referendum allowance under subdivision 1 or \$126.~~
 28 For fiscal year 2005, a district's first tier referendum
 29 equalization allowance equals the lesser of the district's
 30 referendum allowance under subdivision 1 or \$405. For fiscal
 31 year 2006 ~~and later~~, a district's first tier referendum
 32 equalization allowance equals the lesser of the district's
 33 referendum allowance under subdivision 1 or \$500. For fiscal
 34 year 2007 and later, a district's first tier referendum
 35 equalization allowance equals the lesser of the district's
 36 referendum allowance under subdivision 1 or \$524.

1 (d) A district's second tier referendum equalization
2 revenue equals the district's second tier referendum
3 equalization allowance times the district's resident marginal
4 cost pupil units for that year.

5 (e) A district's second tier referendum equalization
6 allowance equals the lesser of the district's referendum
7 allowance under subdivision 1 or 18.6 percent of the formula
8 allowance, minus the district's first tier referendum
9 equalization allowance.

10 (f) Notwithstanding paragraph (e), the second tier
11 referendum allowance for a district qualifying for secondary
12 sparsity revenue under section 126C.10, subdivision 7, or
13 elementary sparsity revenue under section 126C.10, subdivision
14 8, equals the district's referendum allowance under subdivision
15 1 minus the district's first tier referendum equalization
16 allowance.

17 Sec. 40. Minnesota Statutes 2004, section 126C.17,
18 subdivision 9, is amended to read:

19 Subd. 9. [REFERENDUM REVENUE.] (a) The revenue authorized
20 by section 126C.10, subdivision 1, may be increased in the
21 amount approved by the voters of the district at a referendum
22 called for the purpose. The referendum may be called by the
23 board or shall be called by the board upon written petition of
24 qualified voters of the district. The referendum must be
25 conducted one or two calendar years before the increased levy
26 authority, if approved, first becomes payable. Only one
27 election to approve an increase may be held in a calendar year.
28 Unless the referendum is conducted by mail under paragraph (g),
29 the referendum must be held on the first Tuesday after the first
30 Monday in November. The ballot must state the maximum amount of
31 the increased revenue per resident marginal cost pupil unit, the
32 estimated referendum tax rate as a percentage of referendum
33 market value in the first year it is to be levied, and that the
34 revenue must be used to finance school operations. The ballot
35 may state a schedule, determined by the board, of increased
36 revenue per resident marginal cost pupil unit that differs from

1 year to year over the number of years for which the increased
 2 revenue is authorized. ~~If the ballot contains a schedule~~
 3 ~~showing different amounts, it must also indicate the estimated~~
 4 ~~referendum tax rate as a percent of referendum market value for~~
 5 ~~the amount specified for the first year and for the maximum~~
 6 ~~amount specified in the schedule.~~ The ballot may state that
 7 existing referendum levy authority is expiring. In this case,
 8 the ballot may also compare the proposed levy authority to the
 9 existing expiring levy authority, and express the proposed
 10 increase as the amount, if any, over the expiring referendum
 11 levy authority. The ballot must designate the specific number
 12 of years, not to exceed ten, for which the referendum
 13 authorization applies. The ballot, including a ballot on the
 14 question to revoke or reduce the increased revenue amount under
 15 paragraph (c), must abbreviate the term "per resident marginal
 16 cost pupil unit" as "per pupil." The notice required under
 17 section 275.60 may be modified to read, in cases of renewing
 18 existing levies:

19 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING
 20 FOR A PROPERTY TAX INCREASE."

21 The ballot may contain a textual portion with the
 22 information required in this subdivision and a question stating
 23 substantially the following:

24 "Shall the increase in the revenue proposed by (petition
 25 to) the board of, School District No. ..., be approved?"

26 If approved, an amount equal to the approved revenue per
 27 resident marginal cost pupil unit times the resident marginal
 28 cost pupil units for the school year beginning in the year after
 29 the levy is certified shall be authorized for certification for
 30 the number of years approved, if applicable, or until revoked or
 31 reduced by the voters of the district at a subsequent referendum.

32 (b) The board must prepare and deliver by first class mail
 33 at least 15 days but no more than 30 days before the day of the
 34 referendum to each taxpayer a notice of the referendum and the
 35 proposed revenue increase. The board need not mail more than
 36 one notice to any taxpayer. For the purpose of giving mailed

1 notice under this subdivision, owners must be those shown to be
2 owners on the records of the county auditor or, in any county
3 where tax statements are mailed by the county treasurer, on the
4 records of the county treasurer. Every property owner whose
5 name does not appear on the records of the county auditor or the
6 county treasurer is deemed to have waived this mailed notice .
7 unless the owner has requested in writing that the county
8 auditor or county treasurer, as the case may be, include the
9 name on the records for this purpose. The notice must project
10 the anticipated amount of tax increase in annual dollars and
11 annual percentage for typical residential homesteads,
12 agricultural homesteads, apartments, and commercial-industrial
13 property within the school district.

14 The notice for a referendum may state that an existing
15 referendum levy is expiring and project the anticipated amount
16 of increase over the existing referendum levy in the first year,
17 if any, in annual dollars and annual percentage for typical
18 residential homesteads, agricultural homesteads, apartments, and
19 commercial-industrial property within the district.

20 The notice must include the following statement: "Passage
21 of this referendum will result in an increase in your property
22 taxes." However, in cases of renewing existing levies, the
23 notice may include the following statement: "Passage of this
24 referendum may result in an increase in your property taxes."

25 (c) A referendum on the question of revoking or reducing
26 the increased revenue amount authorized pursuant to paragraph
27 (a) may be called by the board and shall be called by the board
28 upon the written petition of qualified voters of the district.
29 A referendum to revoke or reduce the revenue amount must state
30 the amount per resident marginal cost pupil unit by which the
31 authority is to be reduced. Revenue authority approved by the
32 voters of the district pursuant to paragraph (a) must be
33 available to the school district at least once before it is
34 subject to a referendum on its revocation or reduction for
35 subsequent years. Only one revocation or reduction referendum
36 may be held to revoke or reduce referendum revenue for any

1 specific year and for years thereafter.

2 (d) A petition authorized by paragraph (a) or (c) is
3 effective if signed by a number of qualified voters in excess of
4 15 percent of the registered voters of the district on the day
5 the petition is filed with the board. A referendum invoked by
6 petition must be held on the date specified in paragraph (a).

7 (e) The approval of 50 percent plus one of those voting on
8 the question is required to pass a referendum authorized by this
9 subdivision.

10 (f) At least 15 days before the day of the referendum, the
11 district must submit a copy of the notice required under
12 paragraph (b) to the commissioner and to the county auditor of
13 each county in which the district is located. Within 15 days
14 after the results of the referendum have been certified by the
15 board, or in the case of a recount, the certification of the
16 results of the recount by the canvassing board, the district
17 must notify the commissioner of the results of the referendum.

18 Sec. 41. Minnesota Statutes 2004, section 126C.17,
19 subdivision 13, is amended to read:

20 Subd. 13. [REFERENDUM CONVERSION ALLOWANCE.] (a) A school
21 district that received supplemental or transition revenue in
22 fiscal year 2002 may convert its supplemental revenue conversion
23 allowance and transition revenue conversion allowance to
24 additional referendum allowance under subdivision 1 for fiscal
25 year 2003 and thereafter. A majority of the school board must
26 approve the conversion at a public meeting before November 1,
27 2001. For a district with other referendum authority, the
28 referendum conversion allowance approved by the board continues
29 until the portion of the district's other referendum authority
30 with the earliest expiration date after June 30, 2006, expires.
31 For a district with no other referendum authority, the
32 referendum conversion allowance approved by the board continues
33 until June 30, 2012.

34 (b) A school district that received transition revenue in
35 fiscal year 2004 may convert ~~all-or-part-of-its-transition~~
36 ~~revenue-to-referendum-revenue-with-voter-approval-in-a~~

1 referendum-called-for-the-purpose---The-referendum-must-be-held
 2 in-accordance-with-subdivision-9,--except-that-the-ballot-may
 3 state-that-existing-transition-revenue-authority-is-being
 4 canceled-or-is-expiring---In-this-case,--the-ballot-shall-compare
 5 the-proposed-referendum-allowance-to-the-canceled-or-expiring
 6 transition-revenue-allowance---For-purposes-of-this-comparison,
 7 the-canceled-or-expiring-transition-revenue-allowance-per
 8 adjusted-marginal-cost-pupil-unit-shall-be-converted-to-an
 9 allowance-per-resident-marginal-cost-pupil-unit-based-on-the
 10 district's-ratio-of-adjusted-marginal-cost-pupil-units-to
 11 resident-marginal-cost-pupil-units-for-the-preceding-fiscal
 12 year---The-referendum-must-be-held-on-the-first-Tuesday-after
 13 the-first-Monday-in-November---The-notice-required-under-section
 14 275.60-may-be-modified-to-read:--"BY-VOTING-'YES'-ON-THIS-BALLOT
 15 QUESTION,--YOU-MAY-BE-VOTING-FOR-A-PROPERTY-TAX-INCREASE."
 16 Elections-under-this-paragraph-must-be-held-in-2007-or
 17 earlier. its transition revenue 2004 conversion allowance to
 18 additional referendum allowance under subdivision 1 for fiscal
 19 year 2007 and thereafter. A majority of the school board must
 20 approve the conversion at a public meeting before November 1,
 21 2005. For a district with other referendum authority, as of
 22 July 1, 2005, that extends beyond June 30, 2010, the referendum
 23 conversion allowance approved by the board under this paragraph
 24 continues until the portion of the district's other referendum
 25 authority, as of July 1, 2005, with the earliest expiration date
 26 after June 30, 2010, expires. For a district with no other
 27 referendum authority, as of July 1, 2005, that extends beyond
 28 June 30, 2010, the referendum conversion allowance approved by
 29 the board continues until June 30, 2016.

30 Sec. 42. Minnesota Statutes 2004, section 126C.21,
 31 subdivision 4, is amended to read:

32 Subd. 4. [TACONITE DEDUCTIONS.] ~~(1)~~-Notwithstanding-any
 33 provisions-of-any-other-law-to-the-contrary,--the-adjusted-net
 34 tax-capacity-used-in-calculating-general-education-aid-may
 35 include-only-that-property-that-is-currently-taxable-in-the
 36 district.

1 (2) For districts that ~~received-payments~~ have revenue under
2 sections 298.018; 298.225; 229.24 to 298.28, excluding 298.26
3 and 298.28, subdivision 4, paragraph (d); 298.34 to 298.39;
4 298.391 to 298.396; and 298.405; and 477A.15, any law imposing a
5 tax upon severed mineral values; ~~or-recognized-revenue-under~~
6 ~~section-477A.15~~; the general education aid must be reduced in
7 the final adjustment payment by (1) the difference-between-the
8 dollar amount of the payments-received revenue recognized
9 ~~pursuant to those sections, -or-revenue-recognized-under-section~~
10 ~~477A.15-in~~ for the fiscal year to which the final adjustment is
11 attributable and, less (2) the amount that was calculated,
12 pursuant to section 126C.48, subdivision 8, as a reduction of
13 the levy attributable to the fiscal year to which the final
14 adjustment is attributable. If the final adjustment of a
15 district's general education aid for a fiscal year is a negative
16 amount because of this ~~clause~~ subdivision, the next fiscal
17 year's general education aid to that district must be reduced by
18 this negative amount in the following manner: there must be
19 withheld from each scheduled general education aid payment due
20 the district in such fiscal year, 15 percent of the total
21 negative amount, until the total negative amount has been
22 withheld. The amount reduced from general education aid
23 pursuant to this ~~clause~~ subdivision must ~~be-recognized-as reduce~~
24 revenue in the fiscal year to which the final adjustment payment
25 is attributable.

26 Sec. 43. Minnesota Statutes 2004, section 126C.48,
27 subdivision 2, is amended to read:

28 Subd. 2. [NOTICE TO COMMISSIONER; FORMS.] By October 7 of
29 each year each district must notify the commissioner of the
30 proposed levies in compliance with the levy limitations of this
31 chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A,
32 and 136D. By January ~~15~~ 7 of each year each district must
33 notify the commissioner of the final levies certified. The
34 commissioner shall prescribe the form of these notifications and
35 may request any additional information necessary to compute
36 certified levy amounts.

1 Sec. 44. Minnesota Statutes 2004, section 126C.48,
2 subdivision 8, is amended to read:

3 Subd. 8. [TACONITE PAYMENT AND OTHER REDUCTIONS.] (1)
4 Reductions in levies pursuant to subdivision 1 must be made
5 prior to the reductions in clause (2).

6 (2) Notwithstanding any other law to the contrary,
7 ~~districts which received payments~~ that have revenue pursuant to
8 sections 298.018; 298.225; 298.24 to 298.28, except an amount
9 distributed under ~~section~~ sections 298.26; 298.28, subdivision
10 4, ~~paragraph~~ paragraphs (c), clause (ii), and (d); 298.34 to
11 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law
12 imposing a tax upon severed mineral values, ~~or recognized~~
13 ~~revenue under section 477A.15 must not include a portion of~~
14 ~~these aids in their permissible levies pursuant to those~~
15 ~~sections, but instead~~ must reduce the permissible levies
16 authorized by this chapter and chapters 120B, 122A, 123A, 123B,
17 124A, 124D, 125A, and 127A by ~~the greater of the following:~~ 95
18 percent of the previous year's revenue specified under this
19 clause.

20 ~~(a) an amount equal to 50 percent of the total dollar~~
21 ~~amount of the payments received pursuant to those sections or~~
22 ~~revenue recognized under section 477A.15 in the previous fiscal~~
23 ~~year, or~~

24 ~~(b) an amount equal to the total dollar amount of the~~
25 ~~payments received pursuant to those sections or revenue~~
26 ~~recognized under section 477A.15 in the previous fiscal year~~
27 ~~less the product of the same dollar amount of payments or~~
28 ~~revenue times five percent.~~

29 ~~For levy year 2002 only, 77 percent of the amounts~~
30 ~~distributed under section 298.225 and 298.28, and 100 percent of~~
31 ~~the amounts distributed under sections 298.018, 298.34 to~~
32 ~~298.39, 298.391 to 298.396, 298.405, and any law imposing a tax~~
33 ~~upon severed mineral values, or recognized revenue under section~~
34 ~~477A.15, shall be used for purposes of the calculations under~~
35 ~~this paragraph. For levy year 2003 only, the levy reductions~~
36 ~~under this subdivision must be calculated as if section 298.28~~

1 ~~subdivision-4, paragraph-(f), did not apply for the 2003~~
2 ~~distribution.~~

3 (3) The amount of any voter approved referendum, facilities
4 down payment, and debt levies shall not be reduced by more than
5 50 percent under this subdivision. In administering this
6 paragraph, the commissioner shall first reduce the nonvoter
7 approved levies of a district; then, if any payments, severed
8 mineral value tax revenue or recognized revenue under paragraph
9 (2) remains, the commissioner shall reduce any voter approved
10 referendum levies authorized under section 126C.17; then, if any
11 payments, severed mineral value tax revenue or recognized
12 revenue under paragraph (2) remains, the commissioner shall
13 reduce any voter approved facilities down payment levies
14 authorized under section 123B.63 and then, if any payments,
15 severed mineral value tax revenue or recognized revenue under
16 paragraph (2) remains, the commissioner shall reduce any voter
17 approved debt levies.

18 (4) Before computing the reduction pursuant to this
19 subdivision of the health and safety levy authorized by sections
20 123B.57 and 126C.40, subdivision 5, the commissioner shall
21 ascertain from each affected school district the amount it
22 proposes to levy under each section or subdivision. The
23 reduction shall be computed on the basis of the amount so
24 ascertained.

25 (5) To the extent the levy reduction calculated under
26 paragraph (2) exceeds the limitation in paragraph (3), an amount
27 equal to the excess must be distributed from the school
28 district's distribution under sections 298.225, 298.28, and
29 477A.15 in the following year to the cities and townships within
30 the school district in the proportion that their taxable net tax
31 capacity within the school district bears to the taxable net tax
32 capacity of the school district for property taxes payable in
33 the year prior to distribution. No city or township shall
34 receive a distribution greater than its levy for taxes payable
35 in the year prior to distribution. The commissioner of revenue
36 shall certify the distributions of cities and towns under this

1 paragraph to the county auditor by September 30 of the year
2 preceding distribution. The county auditor shall reduce the
3 proposed and final levies of cities and towns receiving
4 distributions by the amount of their distribution.
5 Distributions to the cities and towns shall be made at the times
6 provided under section 298.27.

7 Sec. 45. Minnesota Statutes 2004, section 127A.45,
8 subdivision 11, is amended to read:

9 Subd. 11. [PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.] One
10 hundred percent of the aid for the previous fiscal year must be
11 paid in the current year for the following aids:
12 telecommunications/Internet access equity aid according to
13 section 125B.26, special education special pupil aid according
14 to section 125A.75, subdivision 3, aid for litigation costs
15 according to section 125A.75, subdivision 8, aid for
16 court-placed special education expenses according to section
17 125A.79, subdivision 4, and aid for special education
18 out-of-state tuition according to section 125A.79, subdivision 8
19 and shared time aid according to section 126C.01, subdivision 7.

20 Sec. 46. Minnesota Statutes 2004, section 127A.47,
21 subdivision 8, is amended to read:

22 Subd. 8. [CHARTER SCHOOLS.] (a) The general education aid
23 for districts must be adjusted for each pupil attending a
24 charter school under section 124D.10. The adjustments must be
25 made according to this subdivision.

26 (b) General education aid paid to a district in which a
27 charter school not providing transportation according to section
28 124D.10, subdivision 16, is located must be increased by an
29 amount equal to the product of: (1) the sum of an amount equal
30 to the product of the formula allowance according to section
31 126C.10, subdivision 2, times .0485 for fiscal years 2005 and
32 2006 and times .0458 for fiscal year 2007 and later, plus the
33 transportation sparsity allowance for the district; times (2)
34 the pupil units attributable to the pupil.

35 Sec. 47. Minnesota Statutes 2004, section 127A.49,
36 subdivision 2, is amended to read:

1 Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278,
 2 sections 270.07, 375.192, or otherwise, the net tax capacity of
 3 any district for any taxable year is changed after the taxes for
 4 that year have been spread by the county auditor and the local
 5 tax rate as determined by the county auditor based upon the
 6 original net tax capacity is applied upon the changed net tax
 7 capacities, the county auditor shall, prior to February 1 of
 8 each year, certify to the commissioner of education the amount
 9 of any resulting net revenue loss that accrued to the district
 10 during the preceding year. Each year, the commissioner shall
 11 pay an abatement adjustment to the district in an amount
 12 calculated according to the provisions of this subdivision.
 13 This amount shall be deducted from the amount of the levy
 14 authorized by section 126C.46. The amount of the abatement
 15 adjustment must be the product of:

- 16 (1) the net revenue loss as certified by the county
 17 auditor, times
- 18 (2) the ratio of:
 - 19 (i) the sum of the amounts of the district's certified levy
 20 in the third preceding year according to the following:
 - 21 (A) section 123B.57, if the district received health and
 22 safety aid according to that section for the second preceding
 23 year;
 - 24 (B) section 124D.20, if the district received aid for
 25 community education programs according to that section for the
 26 second preceding year;
 - 27 (C) section 124D.135, subdivision 3, if the district
 28 received early childhood family education aid according to
 29 section 124D.135 for the second preceding year; and
 - 30 (D) section 126C.17, subdivision 6, if the district
 31 received referendum equalization aid according to that section
 32 for the second preceding year; to
 - 33 (ii) the total amount of the district's certified levy in
 34 the third preceding December, plus or minus auditor's
 35 adjustments.

36 Sec. 48. Minnesota Statutes 2004, section 127A.49,

1 subdivision 3, is amended to read:

2 Subd. 3. [EXCESS TAX INCREMENT.] (a) If a return of excess
3 tax increment is made to a district pursuant to section sections
4 469.176, subdivision 2, and 469.177, subdivision 9, or upon
5 decertification of a tax increment district, the school
6 district's aid and levy limitations must be adjusted for the
7 fiscal year in which the excess tax increment is paid under the
8 provisions of this subdivision.

9 (b) An amount must be subtracted from the district's aid
10 for the current fiscal year equal to the product of:

11 (1) the amount of the payment of excess tax increment to
12 the district, times

13 (2) the ratio of:

14 (i) the sum of the amounts of the district's certified levy
15 for the fiscal year in which the excess tax increment is paid
16 according to the following:

17 (A) section 123B.57, if the district received health and
18 safety aid according to that section for the second preceding
19 year;

20 (B) section 124D.20, if the district received aid for
21 community education programs according to that section for the
22 second preceding year;

23 (C) section 124D.135, subdivision 3, if the district
24 received early childhood family education aid according to
25 section 124D.135 for the second preceding year; and

26 (D) section 126C.17, subdivision 6, if the district
27 received referendum equalization aid according to that section
28 for the second preceding year; to

29 (ii) the total amount of the district's certified levy for
30 the fiscal year, plus or minus auditor's adjustments.

31 (c) An amount must be subtracted from the school district's
32 levy limitation for the next levy certified equal to the
33 difference between:

34 (1) the amount of the distribution of excess increment; and

35 (2) the amount subtracted from aid pursuant to clause (a).

36 If the aid and levy reductions required by this subdivision

1 cannot be made to the aid for the fiscal year specified or to
2 the levy specified, the reductions must be made from aid for
3 subsequent fiscal years, and from subsequent levies. The school
4 district must use the payment of excess tax increment to replace
5 the aid and levy revenue reduced under this subdivision.

6 (d) This subdivision applies only to the total amount of
7 excess increments received by a district for a calendar year
8 that exceeds \$25,000.

9 Sec. 49. Minnesota Statutes 2004, section 275.14, is
10 amended to read:

11 275.14 [CENSUS.]

12 ~~For the purposes of sections 275.124 to 275.167, the~~
13 ~~population of a city shall be that established by the last~~
14 ~~federal census, by a special census taken by the United States~~
15 ~~Bureau of the Census, by an estimate made by the Metropolitan~~
16 ~~Council, or by the state demographer made according to section~~
17 ~~4A.027, whichever has the latest stated date of count or~~
18 ~~estimate, before July 2 of the current levy year. The~~
19 population of a school district must be as certified by the
20 Department of Education from the most recent federal census. In
21 any year in which no federal census is taken pursuant to law in
22 any school district affected by sections ~~275.124 to~~
23 ~~275.16~~ 124D.20 and 124D.531 a population estimate may be made
24 and submitted to the state demographer for approval as
25 hereinafter provided. The school board of a school district, in
26 case it desires a population estimate, shall pass a resolution
27 by July 1 containing a current estimate of the population of the
28 school district and shall submit the resolution to the state
29 demographer. The resolution shall describe the criteria on
30 which the estimate is based and shall be in a form and
31 accompanied by the data prescribed by the state demographer.
32 The state demographer shall determine whether or not the
33 criteria and process described in the resolution provide a
34 reasonable basis for the population estimate and shall inform
35 the school district of that determination within 30 days of
36 receipt of the resolution. If the state demographer determines

1 that the criteria and process described in the resolution do not
2 provide a reasonable basis for the population estimate, the
3 resolution shall be of no effect. If the state demographer
4 determines that the criteria and process do provide a reasonable
5 basis for the population estimate, the estimate shall be treated
6 as the population of the school district for the purposes of
7 sections ~~275.124 to 275.16~~ 124D.20 and 124D.531 until the
8 population of the school district has been established by the
9 next federal census or until a more current population estimate
10 is prepared and approved as provided herein, whichever occurs
11 first. The state demographer shall establish guidelines for
12 acceptable population estimation criteria and processes. The
13 state demographer shall issue advisory opinions upon request in
14 writing to cities or school districts as to proposed criteria
15 and processes prior to their implementation in an estimation.
16 The advisory opinion shall be final and binding upon the
17 demographer unless the demographer can show cause why it should
18 not be final and binding.

19 In the event that a census tract employed in taking a
20 federal or local census overlaps two or more school districts,
21 the county auditor shall, on the basis of the best information
22 available, allocate the population of said census tract to the
23 school districts involved.

24 ~~The term "council," as used in sections 275.124 to 275.167~~
25 ~~means any board or body, whether composed of one or more~~
26 ~~branches, authorized to make ordinances for the government of a~~
27 ~~city within this state.~~

28 Sec. 50. Minnesota Statutes 2004, section 275.16, is
29 amended to read:

30 275.16 [COUNTY AUDITOR TO FIX AMOUNT OF LEVY.]

31 If any such municipality shall return to the county auditor
32 a levy greater than permitted by chapters 123A, 123B, 124D,
33 126C, and 136C, ~~and 136B~~, sections 275.124 to 275.16, and 275.70
34 to 275.74, such county auditor shall extend only such amount of
35 taxes as the limitations herein prescribed will permit;
36 provided, if such levy shall include any levy for the payment of

1 bonded indebtedness or judgments, such levies for bonded
 2 indebtedness or judgments shall be extended in full, and the
 3 remainder of the levies shall be reduced so that the total
 4 thereof, including levies for bonds and judgments, shall not
 5 exceed such amount as the limitations herein prescribed will
 6 permit.

7 Sec. 51. Minnesota Statutes 2004, section 469.177,
 8 subdivision 9, is amended to read:

9 Subd. 9. [DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET
 10 TAX CAPACITY.] (a) If the amount of tax paid on captured net tax
 11 capacity exceeds the amount of tax increment, the county auditor
 12 shall distribute the excess to the municipality, county, and
 13 school district as follows: each governmental unit's share of
 14 the excess equals

15 (1) the total amount of the excess for the tax increment
 16 financing district, multiplied by

17 (2) a fraction, the numerator of which is the current local
 18 tax rate of the governmental unit less the governmental unit's
 19 local tax rate for the year the original local tax rate for the
 20 district was certified (in no case may this amount be less than
 21 zero) and the denominator of which is the sum of the numerators
 22 for the municipality, county, and school district.

23 If the entire increase in the local tax rate is attributable to
 24 a taxing district, other than the municipality, county, or
 25 school district, then the excess must be distributed to the
 26 municipality, county, and school district in proportion to their
 27 respective local tax rates.

28 (b) The amounts distributed shall be deducted in computing
 29 the levy limits of the taxing district for the succeeding
 30 taxable year. ~~In the case of a school district, only the~~
 31 ~~proportion of the excess taxes attributable to unequalized~~
 32 ~~levies that are subject to a fixed dollar amount levy limit~~
 33 ~~shall be deducted from the levy limit.~~

34 (c) In the case of distributions to a school district that
 35 ~~are attributable to state-equalized levies,~~ the county auditor
 36 shall report amounts distributed to the commissioner of

1 education in the same manner as provided for excess increments
2 under section 469.176, subdivision 2, and the distribution shall
3 be deducted from the school district's state aid payments and
4 levy limitation according to section 127A.49, subdivision 3.

5 Sec. 52. 2005 S.F. No. 1879, article 3, section 3,
6 subdivision 2, if enacted, is amended to read:

7 Subd. 2. [GENERAL EDUCATION AID.] For general education
8 aid under Minnesota Statutes, section 126C.13, subdivision 4:

9 ~~\$5,701,271,407,000~~ 5,215,775,000 2006

10 ~~\$5,700,775,127,000~~ 5,419,253,000 2007

11 The 2006 appropriation includes \$784,978,000 for 2005 and
12 ~~\$4,227,717,000~~ 4,430,797,000 for 2006.

13 The 2007 appropriation includes ~~\$782,399,000~~ 825,190,000
14 for 2006 and ~~\$4,225,713,000~~ 4,594,063,000 for 2007.

15 Sec. 53. 2005 S.F. No. 1879, article 3, section 3,
16 subdivision 3, if enacted, is amended to read:

17 Subd. 3. [REFERENDUM TAX BASE REPLACEMENT AID.] For
18 referendum tax base replacement aid under Minnesota Statutes,
19 section 126C.17, subdivision 7a:

20 \$8,704,000 2006

21 ~~\$8,704,000~~ 8,706,000 2007

22 The 2006 appropriation includes \$1,366,000 for 2005 and
23 \$7,338,000 for 2006.

24 The 2007 appropriation includes \$1,366,000 for 2006 and
25 ~~\$7,338,000~~ 7,340,000 for 2007.

26 Sec. 54. 2005 S.F. No. 1879, article 3, section 3,
27 subdivision 7, if enacted, is amended to read:

28 Subd. 7. [NONPUBLIC PUPIL EDUCATION AID.] For nonpublic
29 pupil education aid under Minnesota Statutes, sections 123B.40
30 to 123B.43 and 123B.87:

31 ~~\$15,174,000~~ 15,817,000 2006

32 ~~\$15,976,000~~ 17,426,000 2007

33 The 2006 appropriation includes \$2,305,000 for 2005 and
34 ~~\$12,869,000~~ 13,512,000 for 2006.

35 The 2007 appropriation includes ~~\$2,396,000~~ 2,516,000 for
36 2006 and ~~\$13,580,000~~ 14,910,000 for 2007.

1 Sec. 55. 2005 S.F. No. 1879, article 3, section 3,
2 subdivision 8, if enacted, is amended to read:

3 Subd. 8. [NONPUBLIC PUPIL TRANSPORTATION AID.] For
4 nonpublic pupil transportation aid under Minnesota Statutes,
5 section 123B.92, subdivision 9:

6 ~~\$20,758,000~~ 21,633,000 2006

7 ~~\$21,446,000~~ 23,390,000 2007

8 The 2006 appropriation includes \$3,274,000 for 2005 and
9 ~~\$17,484,000~~ 18,359,000 for 2006.

10 The 2007 appropriation includes ~~\$3,256,000~~ 3,418,000 for
11 2006 and ~~\$18,190,000~~ 19,972,000 for 2007.

12 Sec. 56. [FOUR-YEAR OLD PREKINDERGARTEN ALLOWANCE.]

13 (a) A district's four-year old prekindergarten revenue
14 equals the sum of (1) the amount of referendum revenue under
15 Minnesota Statutes, section 126C.17, and general education
16 revenue, excluding transition revenue, for fiscal year 2004
17 attributable to pupils four or five years of age on September 1,
18 2003, enrolled in a prekindergarten program implemented by the
19 district before July 1, 2003, and reported as kindergarten
20 pupils under Minnesota Statutes, section 126C.05, subdivision 1,
21 for fiscal year 2004, plus (2) the amount of compensatory
22 education revenue under Minnesota Statutes, section 126C.05,
23 subdivision 3, for fiscal year 2005 attributable to pupils four
24 years of age on September 1, 2003, enrolled in a prekindergarten
25 program implemented by the district before July 1, 2003, and
26 reported as kindergarten pupils under Minnesota Statutes,
27 section 126C.05, subdivision 1, for 2004.

28 (b) A district's four-year old prekindergarten allowance
29 equals a district's four-year old prekindergarten revenue under
30 paragraph (a) divided by its 2007 resident marginal cost pupil
31 units.

32 Sec. 57. [TRANSITION REVENUE 2004 CONVERSION ALLOWANCE.]

33 (a) A district's transition revenue 2004 conversion
34 allowance is equal to the sum of (1) the district's fiscal year
35 2004 transition revenue allowance multiplied by the ratio of its
36 adjusted marginal cost pupil units to its resident marginal cost

1 pupil units for the preceding fiscal year, plus (2) its
2 four-year old prekindergarten allowance multiplied by 0.01.

3 (b) Notwithstanding Minnesota Statutes, section 126C.17,
4 subdivision 2, the transition revenue 2004 conversion allowance
5 is increased by \$40 for any school district whose referendum
6 allowance limit under Minnesota Statutes, section 126C.17,
7 subdivision 2, does not increase in fiscal year 2007 as a result
8 of growth, excluding roll-ins, in the formula allowance under
9 Minnesota Statutes, section 126C.10, subdivision 2, and whose
10 referendum allowance under Minnesota Statutes, section 126C.17,
11 subdivision 1, is greater than the formula allowance multiplied
12 by 18.6 percent. A district that is eligible for sparsity
13 revenue is not eligible for this additional transition allowance
14 adjustment.

15 Sec. 58. [SCHOOL BUS LOAN; CARPENTER SCHOOL BUSES.]

16 Subdivision 1. [BUS LOAN REVENUE.] In fiscal year 2006
17 only, a school district may receive bus loan revenue equal to up
18 to \$30,000 times the number of Carpenter school buses in its
19 fleet between March 30, 2003, and March 30, 2004, that have been
20 determined to have potentially defective welds and are subject
21 to the limitations imposed by the Department of Public Safety.
22 A school district that is eligible to receive revenue under this
23 subdivision must approve a board resolution to receive revenue
24 according to this section.

25 Subd. 2. [LEVY.] For taxes payable in 2006 through 2009, a
26 school district that receives revenue under subdivision 1 must
27 levy an amount equal to its bus loan revenue times .25.

28 Subd. 3. [GENERAL EDUCATION REVENUE WITHHOLDING.] For
29 fiscal years 2007 through 2010, the Department of Education
30 shall reduce the general education aid under Minnesota Statutes,
31 section 126C.13, subdivision 4, for each district that receives
32 revenue under subdivision 1 in an amount equal to the district's
33 bus loan revenue times .25.

34 Sec. 59. [RED LAKE FISCAL YEAR 2005 PUPIL UNITS.]

35 Notwithstanding Minnesota Statutes, section 126C.05, the
36 fiscal year 2005 average daily membership for Independent School

1 District No. 38, Red Lake, shall be the greater of the amount
2 that would have been computed if the district's school buildings
3 had not reopened after March 21, 2005, or the amount computed
4 using actual data for the entire school year. Notwithstanding
5 Minnesota Statutes, section 126C.05, subdivision 15, for fiscal
6 year 2005, learning year pupil units for Independent School
7 District No. 38, Red Lake, must be calculated using the hours in
8 excess of the actual number of instructional hours in the
9 calendar year for the school attended by the student, instead of
10 the number of hours in excess of 1,020 for a secondary school
11 pupil.

12 Sec. 60. [FISCAL YEARS 2006 AND 2007 DECLINING PUPIL UNIT
13 AID, RED LAKE.]

14 For fiscal years 2006 and 2007 only, Independent School
15 District No. 38, Red Lake, is eligible for declining pupil unit
16 aid equal to the greater of zero or the product of the general
17 education formula allowance times the difference between the
18 district's adjusted marginal cost pupil units for fiscal year
19 2005 and the district's adjusted marginal cost pupil units for
20 that fiscal year. Notwithstanding Minnesota Statutes, section
21 126C.13, the declining pupil unit aid must be included in
22 calculating the district's general education aid.

23 Sec. 61. [KINDERGARTEN REPORTING.]

24 Notwithstanding Minnesota Statutes, sections 120A.05,
25 subdivision 18; 120A.20, subdivision 1; and 124D.02, subdivision
26 1, pupils four or five years of age on September 1 of the
27 calendar year in which the school year commences and enrolled in
28 a prekindergarten program implemented by the district before
29 July 1, 2003, may be reported as kindergarten pupils under
30 Minnesota Statutes, section 126C.05, subdivision 1, for fiscal
31 year 2004 and earlier.

32 [EFFECTIVE DATE.] This section is effective the day
33 following final enactment and applies to fiscal year 2004 and
34 earlier.

35 Sec. 62. [TRANSITION REVENUE ADJUSTMENTS.]

36 For taxes payable in 2006, a district may levy an amount

1 equal to the increase in the district's transition levy for
 2 fiscal year 2006 under Minnesota Statutes, section 126C.10,
 3 subdivision 31, paragraph (c).

4 Sec. 63. [APPROPRIATIONS.]

5 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
 6 indicated in this section are appropriated from the general fund
 7 to the Department of Education for the fiscal years designated.

8 Subd. 2. [SCHOOL BUS LOAN REVENUE.] For school bus loan
 9 revenue under section 51:

10 \$3,630,000 2006

11 Sec. 64. [REPEALER.]

12 (a) Minnesota Statutes 2004, sections 123B.83, subdivision
 13 1; and 126C.42, subdivisions 1 and 4, are repealed.

14 (b) Minnesota Statutes 2004, sections 126C.10, subdivisions
 15 13a, 13b, 29, 30, 31, 32, and 33; and 126C.44, are repealed for
 16 revenue for fiscal year 2007.

17 ARTICLE 2

18 EDUCATION EXCELLENCE

19 Section 1. Minnesota Statutes 2004, section 13.321, is
 20 amended by adding a subdivision to read:

21 Subd. 10. [TEACHER DATA FROM VALUE-ADDED ASSESSMENT
 22 MODEL.] Data on individual teachers generated from a value-added
 23 assessment model are governed under section 120B.362.

24 [EFFECTIVE DATE.] This section is effective the day
 25 following final enactment.

26 Sec. 2. [120A.38] [CLASSROOM PLACEMENT; PARENT
 27 DISCRETION.]

28 (a) A parent or guardian of twins or higher order multiples
 29 may request that the children be placed in the same classroom or
 30 in separate classrooms if the children are in the same grade
 31 level at the same school. The school may recommend classroom
 32 placement to the parents and provide professional education
 33 advice to the parents to assist them in making the best decision
 34 for their children's education. A school must provide the
 35 placement requested by the children's parent or guardian, unless
 36 the school board makes a classroom placement determination

1 following the school principal's request according to this
2 section. The parent or guardian must request the classroom
3 placement no later than 14 days after the first day of each
4 school year or 14 days after the first day of attendance of the
5 children during a school year if the children are enrolled in
6 the school after the school year commences. At the end of the
7 initial grading period, if the school principal, in consultation
8 with the children's classroom teacher, determines that the
9 requested classroom placement is disruptive to the school, the
10 school principal may request that the school board determine the
11 children's classroom placement.

12 (b) For purposes of this section, "higher order multiples"
13 means triplets, quadruplets, quintuplets, or more.

14 [EFFECTIVE DATE.] This section is effective for the
15 2005-2006 school year and later.

16 Sec. 3. Minnesota Statutes 2004, section 120B.02, is
17 amended to read:

18 120B.02 [EDUCATIONAL EXPECTATIONS FOR MINNESOTA'S
19 STUDENTS.]

20 (a) The legislature is committed to establishing rigorous
21 academic standards for Minnesota's public school students. To
22 that end, the commissioner shall adopt in rule statewide
23 academic standards. The commissioner shall not prescribe in
24 rule or otherwise the delivery system, classroom assessments, or
25 form of instruction that school sites must use. For purposes of
26 this chapter, a school site is a separate facility, or a
27 separate program within a facility that a local school board
28 recognizes as a school site for funding purposes.

29 (b) All commissioner actions regarding the rule must be
30 premised on the following:

31 (1) the rule is intended to raise academic expectations for
32 students, teachers, and schools;

33 (2) any state action regarding the rule must evidence
34 consideration of school district autonomy; and

35 (3) the Department of Education, with the assistance of
36 school districts, must make available information about all

1 state initiatives related to the rule to students and parents,
2 teachers, and the general public in a timely format that is
3 appropriate, comprehensive, and readily understandable.

4 (c) When fully implemented, the requirements for high
5 school graduation in Minnesota must require students to ~~pass-the~~
6 ~~basic-skills-test-requirements-and~~ satisfactorily complete, as
7 determined by the school district, the course credit
8 requirements under section 120B.024 and:

9 (1) for students enrolled in grade 8 before the 2005-2006
10 school year, to pass the basic skills test requirements; or

11 (2) for students enrolled in grade 8 in the 2005-2006
12 school year and later, to pass the Minnesota Comprehensive
13 Assessments Second Edition (MCA-IIIs).

14 (d) The commissioner shall periodically review and report
15 on the state's assessment process.

16 (e) School districts are not required to adopt specific
17 provisions of ~~the-Goals-2000-and~~ the federal School-to-Work
18 programs.

19 Sec. 4. Minnesota Statutes 2004, section 120B.021,
20 subdivision 1, is amended to read:

21 Subdivision 1. [REQUIRED ACADEMIC STANDARDS.] The
22 following subject areas are required for statewide
23 accountability:

24 (1) language arts;

25 (2) mathematics;

26 (3) science;

27 (4) social studies, including history, geography,
28 economics, and government and citizenship;

29 (5) health and physical education, for which locally
30 developed academic standards apply; and

31 (6) the arts, for which statewide or locally developed
32 academic standards apply, as determined by the school district.

33 Public elementary and middle schools must offer at least three
34 and require at least two of the following four arts areas:

35 dance; music; theater; and visual arts. Public high schools
36 must offer at least three and require at least one of the

1 following five arts areas: media arts; dance; music; theater;
2 and visual arts.

3 The commissioner must submit proposed standards in science
4 and social studies to the legislature by February 1, 2004.
5 For purposes of applicable federal law, the academic standards
6 for language arts, mathematics, and science apply to all public
7 school students, except the very few students with extreme
8 cognitive or physical impairments for whom an individualized
9 education plan team has determined that the required academic
10 standards are inappropriate. An individualized education plan
11 team that makes this determination must establish alternative
12 standards.

13 A school district, no later than the 2007-2008 school year,
14 must adopt graduation requirements that meet or exceed state
15 graduation requirements established in law or rule. A school
16 district that incorporates these state graduation requirements
17 before the 2007-2008 school year must provide students who enter
18 the 9th grade in or before the 2003-2004 school year the
19 opportunity to earn a diploma based on existing locally
20 established graduation requirements in effect when the students
21 entered the 9th grade. District efforts to develop, implement,
22 or improve instruction or curriculum as a result of the
23 provisions of this section must be consistent with sections
24 120B.10, 120B.11, and 120B.20.

25 At a minimum, school districts must maintain the same
26 physical education and health education requirements for
27 students in kindergarten through grade 8 adopted for the
28 2004-2005 school year through the 2007-2008 school year. Before
29 a revision of the local health and physical education standards,
30 a school district must consult the grade-specific benchmarks
31 developed by the Department of Education's health and physical
32 education quality teaching network for the six national physical
33 education standards and the seven national health standards.

34 Sec. 5. Minnesota Statutes 2004, section 120B.021, is
35 amended by adding a subdivision to read:

36 Subd. 1a. [RIGOROUS COURSE OF STUDY; WAIVER.] (a) Upon

1 receiving a student's application signed by the student's parent
2 or guardian, a school district, area learning center, or charter
3 school must declare that a student meets or exceeds a specific
4 academic standard required for graduation under this section if
5 the local school board, the school board of the school district
6 in which the area learning center is located, or the charter
7 school board of directors determines that the student:

8 (1) is participating in a course of study, including an
9 advanced placement or international baccalaureate course or
10 program; a learning opportunity outside the curriculum of the
11 district, area learning center, or charter school; or an
12 approved preparatory program for employment or postsecondary
13 education that is equally or more rigorous than the
14 corresponding state or local academic standard required by the
15 district, area learning center, or charter school;

16 (2) would be precluded from participating in the rigorous
17 course of study, learning opportunity, or preparatory employment
18 or postsecondary education program if the student were required
19 to achieve the academic standard to be waived; and

20 (3) satisfactorily completes the requirements for the
21 rigorous course of study, learning opportunity, or preparatory
22 employment or postsecondary education program.

23 Consistent with the requirements of this section, the local
24 school board, the school board of the school district in which
25 the area learning center is located, or the charter school board
26 of directors also may formally determine other circumstances in
27 which to declare that a student meets or exceeds a specific
28 academic standard that the site requires for graduation under
29 this section.

30 (b) A student who satisfactorily completes a postsecondary
31 enrollment options course or program under section 124D.09 is
32 not required to complete other requirements of the academic
33 standards corresponding to that specific rigorous course of
34 study.

35 Sec. 6. Minnesota Statutes 2004, section 120B.024, is
36 amended to read:

1 120B.024 [GRADUATION REQUIREMENTS; COURSE CREDITS.]

2 Students beginning 9th grade in the 2004-2005 school year
3 and later must successfully complete the following high school
4 level course credits for graduation:

5 (1) four credits of language arts;

6 (2) three credits of mathematics, encompassing at least the
7 mathematical reasoning, algebra, geometry, statistics, and
8 probability sufficient-to-satisfy-the-academic
9 standard identified in the mathematics grades 9, 10, and 11
10 standards documents;

11 (3) three credits of science, including at least one credit
12 in biology;

13 (4) three and one-half credits of social studies,
14 encompassing at least United States history, geography,
15 government and citizenship, world history, and economics or
16 three credits of social studies encompassing at least United
17 States history, geography, government and citizenship, and world
18 history, and one-half credit of economics taught in a school's
19 social studies or business department;

20 (5) one credit in the arts; and

21 (6) one-half credit in physical education and one-half
22 credit in health education; and

23 (7) a minimum of ~~seven~~ six elective course credits.

24 A course credit is equivalent to a student successfully
25 completing an academic year of study or a student mastering the
26 applicable subject matter, as determined by the local school
27 district.

28 Sec. 7. Minnesota Statutes 2004, section 120B.11,
29 subdivision 1, is amended to read:

30 Subdivision 1. [DEFINITIONS.] For the purposes of this
31 section and section 120B.10, the following terms have the
32 meanings given them.

33 (a) "Instruction" means methods of providing learning
34 experiences that ~~enables~~ enable a student to meet state and
35 district academic standards and graduation
36 standards requirements.

1 (b) "Curriculum" means district or school adopted programs
 2 and written plans for providing students with learning
 3 experiences that lead to expected knowledge, and skills, and
 4 positive attitudes.

5 Sec. 8. Minnesota Statutes 2004, section 120B.11,
 6 subdivision 2, is amended to read:

7 Subd. 2. [ADOPTING POLICIES.] (a) A school board shall
 8 ~~adopt annually a~~ have in place an adopted written policy that
 9 includes the following:

10 (1) district goals for instruction and including the use of
 11 best practices, district and school curriculum, and achievement
 12 for all student subgroups;

13 (2) a process for evaluating each student's progress toward
 14 meeting graduation academic standards and identifying the
 15 strengths and weaknesses of instruction and curriculum affecting
 16 students' progress;

17 (3) a system for periodically reviewing and evaluating all
 18 instruction and curriculum;

19 (4) a plan for improving instruction and, curriculum, and
 20 student achievement; and

21 (5) an ~~instruction-plan-that-includes~~ education
 22 effectiveness ~~processes-developed-under~~ plan aligned with
 23 section 122A.625 and that integrates instruction, curriculum,
 24 and technology.

25 Sec. 9. Minnesota Statutes 2004, section 120B.11,
 26 subdivision 3, is amended to read:

27 Subd. 3. [~~INSTRUCTION-AND-CURRICULUM~~ DISTRICT ADVISORY
 28 COMMITTEE.] Each school board shall establish an ~~instruction-and~~
 29 ~~curriculum~~ advisory committee to ensure active community
 30 participation in all phases of planning and improving the
 31 instruction and curriculum affecting state graduation and
 32 district academic standards. A district advisory committee, to
 33 the extent possible, shall reflect the diversity of the district
 34 and its learning sites, and shall include teachers, parents,
 35 support staff, ~~pupils~~ students, and other community residents.
 36 The district may establish building teams as subcommittees of

1 the district advisory committee under subdivision 4. The
2 district advisory committee shall recommend to the school
3 board ~~districtwide-education-standards~~ rigorous academic
4 standards, student achievement goals and measures, assessments,
5 and program evaluations. Learning sites may expand upon
6 district evaluations of instruction, curriculum, assessments, or
7 programs. Whenever possible, parents and other community
8 residents shall comprise at least two-thirds of advisory
9 committee members.

10 Sec. 10. Minnesota Statutes 2004, section 120B.11,
11 subdivision 4, is amended to read:

12 Subd. 4. [BUILDING TEAM.] A school may establish a
13 building team to develop and implement an education
14 effectiveness plan to improve instruction and, curriculum, and
15 student achievement. The team shall advise the board and the
16 advisory committee about developing an instruction and
17 curriculum improvement plan that aligns curriculum, assessment
18 of student progress in meeting state graduation and district
19 academic standards, and instruction.

20 Sec. 11. Minnesota Statutes 2004, section 120B.11,
21 subdivision 5, is amended to read:

22 Subd. 5. [REPORT.] (a) By October 1 of each year, the
23 school board shall use standard statewide reporting procedures
24 the commissioner develops and adopt a report that includes the
25 following:

26 (1) student performance achievement goals for meeting state
27 graduation academic standards adopted-for-that-year;

28 (2) results of local assessment data, and any additional
29 test data;

30 (3) the annual school district improvement plans including
31 staff development goals under section 122A.60;

32 (4) information about district and learning site progress
33 in realizing previously adopted improvement plans; and

34 (5) the amount and type of revenue attributed to each
35 education site as defined in section 123B.04.

36 (b) The school board shall publish the report in the local

1 newspaper with the largest circulation in the district or, by
2 mail, or by electronic means such as the district Web site. If
3 electronic means are used, copies of the report must be made
4 available to the public on request. The board shall make a copy
5 of the report available to the public for inspection. The board
6 shall send a copy of the report to the commissioner of education
7 by October 15 of each year.

8 (c) The title of the report shall contain the name and
9 number of the school district and read "Annual Report on
10 Curriculum, Instruction, and Student Performance Achievement."
11 The report must include at least the following information about
12 advisory committee membership:

13 (1) the name of each committee member and the date when
14 that member's term expires;

15 (2) the method and criteria the school board uses to select
16 committee members; and

17 (3) the date by which a community resident must apply to
18 next serve on the committee.

19 Sec. 12. Minnesota Statutes 2004, section 120B.11,
20 subdivision 8, is amended to read:

21 Subd. 8. [BIENNIAL EVALUATION; ASSESSMENT PROGRAM.] At
22 least once every two years, the district report shall include an
23 evaluation of the district testing programs, according to the
24 following:

25 (1) written objectives of the assessment program;

26 (2) names of tests and grade levels tested;

27 (3) use of test results; and

28 (4) ~~implementation-of-an-assurance-of-mastery-program~~
29 student achievement results compared to previous years.

30 Sec. 13. [120B.15] [GIFTED AND TALENTED STUDENTS
31 PROGRAMS.]

32 Subdivision 1. [GIFTED AND TALENTED STUDENTS.] School
33 districts must adopt guidelines for assessing and identifying
34 students for participation in gifted and talented programs. The
35 guidelines should include the use of:

36 (1) multiple and objective criteria; and

1 (2) assessments and procedures that are valid and reliable,
2 fair, and based on current theory and research.

3 Subd. 2. [STUDENT ACCESS; PROGRAM CONTENT AND
4 DEVELOPMENT.] (a) Gifted and talented programs may include:

5 (1) curriculum aligned with the cognitive, affective,
6 developmental, and physical needs of gifted and talented
7 students;

8 (2) articulated prekindergarten through grade 12 learning
9 experiences;

10 (3) flexible instructional pacing and subject and
11 grade-based opportunities to accelerate instruction;

12 (4) rigorous content consistent with students' abilities
13 and social and emotional development;

14 (5) challenging learning experiences focused on problem
15 solving and advanced reasoning; and

16 (6) differentiated guidance services to nurture students'
17 social and emotional development.

18 (b) School districts, in collaboration with interested
19 community members and with technical assistance from the state
20 Department of Education, may offer gifted and talented programs.

21 [EFFECTIVE DATE.] This section is effective for the
22 2005-2006 school year and later.

23 Sec. 14. Minnesota Statutes 2004, section 120B.22,
24 subdivision 1, is amended to read:

25 Subdivision 1. [VIOLENCE PREVENTION CURRICULUM.] (a) The
26 commissioner of education, in consultation with the
27 commissioners of health and human services, state minority
28 councils, battered women's and domestic abuse programs, battered
29 women's shelters, sexual assault centers, representatives of
30 religious communities, and the assistant commissioner of the
31 Office of Drug Policy and Violence Prevention, shall assist
32 districts on request in developing or implementing a violence
33 prevention program for students in kindergarten to grade 12 that
34 can be integrated into existing curriculum. The purpose of the
35 program is to help students learn how to resolve conflicts
36 within their families and communities in nonviolent, effective

1 ways.

2 (b) Each district is encouraged to integrate into its
3 existing curriculum a program for violence prevention that
4 includes at least:

5 (1) a comprehensive, accurate, and age appropriate
6 curriculum on violence prevention, nonviolent conflict
7 resolution, sexual, racial, and cultural
8 harassment, self-protection, and student hazing that promotes
9 equality, respect, understanding, effective communication,
10 individual responsibility, thoughtful decision making, positive
11 conflict resolution, useful coping skills, critical thinking,
12 listening and watching skills, and personal safety;

13 (2) planning materials, guidelines, and other accurate
14 information on preventing physical and emotional violence,
15 identifying and reducing the incidence of sexual, racial, and
16 cultural harassment, and reducing child abuse and neglect;

17 (3) a special parent education component of early childhood
18 family education programs to prevent child abuse and neglect and
19 to promote positive parenting skills, giving priority to
20 services and outreach programs for at-risk families;

21 (4) involvement of parents and other community members,
22 including the clergy, business representatives, civic leaders,
23 local elected officials, law enforcement officials, and the
24 county attorney;

25 (5) collaboration with local community services, agencies,
26 and organizations that assist in violence intervention or
27 prevention, including family-based services, crisis services,
28 life management skills services, case coordination services,
29 mental health services, and early intervention services;

30 (6) collaboration among districts and service cooperatives;

31 (7) targeting early adolescents for prevention efforts,
32 especially early adolescents whose personal circumstances may
33 lead to violent or harassing behavior;

34 (8) opportunities for teachers to receive in-service
35 training or attend other programs on strategies or curriculum
36 designed to assist students in intervening in or preventing

1 violence in school and at home; and

2 (9) administrative policies that reflect, and a staff that
3 models, nonviolent behaviors that do not display or condone
4 sexual, racial, or cultural harassment or student hazing.

5 (c) The department may provide assistance at a neutral site
6 to a nonpublic school participating in a district's program.

7 Sec. 15. [120B.25] [AMERICAN HERITAGE EDUCATION.]

8 School districts shall permit grade-level instruction for
9 students to read and study America's founding documents,
10 including documents that contributed to the foundation or
11 maintenance of America's representative form of limited
12 government, the Bill of Rights, our free-market economic system,
13 and patriotism.

14 Sec. 16. Minnesota Statutes 2004, section 120B.30,
15 subdivision 1, is amended to read:

16 Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner,
17 with advice from experts with appropriate technical
18 qualifications and experience and stakeholders, consistent with
19 subdivision 1a, shall include in the comprehensive assessment
20 system, for each grade level to be tested, state-constructed
21 tests developed from and aligned with the state's required
22 academic standards under section 120B.021 and administered
23 annually to all students in grades 3 through 8 and at the high
24 school level. A state-developed test in a subject other than
25 writing, developed after the 2002-2003 school year, must include
26 both ~~multiple-choice~~ machine-scoreable and constructed response
27 questions. The commissioner shall establish one or more months
28 during which schools shall administer the tests to students each
29 school year. For students enrolled in grade 8 before the
30 2005-2006 school year, only Minnesota basic skills tests in
31 reading, mathematics, and writing shall fulfill students' basic
32 skills testing requirements for a passing state notation. The
33 passing scores of the state tests in reading and mathematics are
34 the equivalent of:

35 (1) 70 percent correct for students entering grade 9 in
36 1996; and

1 (2) 75 percent correct for students entering grade 9 in
2 1997 and thereafter, as based on the first uniform test
3 administration of February 1998.

4 For students enrolled in grade 8 in the 2005-2006 school
5 year and later, only the Minnesota Comprehensive Assessments
6 Second Edition (MCA-IIIs) in reading, mathematics, and writing
7 shall fulfill students' academic standard requirements.

8 (b) The third through 8th grade and high school level test
9 results shall be available to districts for diagnostic purposes
10 affecting student learning and district instruction and
11 curriculum, and for establishing educational accountability.
12 The commissioner must disseminate to the public the test results
13 upon receiving those results.

14 (c) State tests must be constructed and aligned with state
15 academic standards. The testing process and the order of
16 administration shall be determined by the commissioner. The
17 statewide results shall be aggregated at the site and district
18 level, consistent with subdivision 1a.

19 (d) In addition to the testing and reporting requirements
20 under this section, the commissioner shall include the following
21 components in the statewide public reporting system:

22 (1) uniform statewide testing of all students in grades 3
23 through 8 and at the high school level that provides exemptions,
24 only with parent or guardian approval, for those very few
25 students for whom the student's individual education plan team
26 under sections 125A.05 and 125A.06, determines that the student
27 is incapable of taking a statewide test, or for a limited
28 English proficiency student under section 124D.59, subdivision
29 2, if the student has been in the United States for fewer than
30 three years;

31 (2) educational indicators that can be aggregated and
32 compared across school districts and across time on a statewide
33 basis, including average daily attendance, high school
34 graduation rates, and high school drop-out rates by age and
35 grade level;

36 (3) students' scores on the American College Test; and

1 (4) state results from participation in the National
2 Assessment of Educational Progress so that the state can
3 benchmark its performance against the nation and other states,
4 and, where possible, against other countries, and contribute to
5 the national effort to monitor achievement.

6 (e) Districts must report exemptions under paragraph (d),
7 clause (1), to the commissioner consistent with a format
8 provided by the commissioner.

9 Sec. 17. Minnesota Statutes 2004, section 120B.30,
10 subdivision 1a, is amended to read:

11 Subd. 1a. [STATEWIDE AND LOCAL ASSESSMENTS; RESULTS.] (a)
12 The commissioner must develop ~~language-arts~~ reading,
13 mathematics, and science assessments aligned with state academic
14 standards that districts and sites must use to monitor student
15 growth toward achieving those standards. The commissioner must
16 not develop statewide assessments for academic standards in
17 social studies, health and physical education, and the arts.
18 The commissioner must require:

19 (1) annual ~~language-arts~~ reading and mathematics
20 assessments in grades 3 through 8 and at the high school level
21 for the 2005-2006 school year and later; and

22 (2) annual science assessments in one grade in the grades 3
23 through 5 span, the grades 6 through 9 span, and a life sciences
24 assessment in the grades 10 through 12 span for the 2007-2008
25 school year and later.

26 (b) The commissioner must ensure that all statewide tests
27 administered to elementary and secondary students measure
28 students' academic knowledge and skills and not students'
29 values, attitudes, and beliefs.

30 (c) Reporting of assessment results must:

31 (1) provide timely, useful, and understandable information
32 on the performance of individual students, schools, school
33 districts, and the state;

34 (2) include, by the 2006-2007 school year, a value-added
35 component to measure student achievement growth over time; and

36 (3) (i) for students enrolled in grade 8 before the

1 2005-2006 school year, determine whether students have met the
2 state's basic skills requirements; or

3 (ii) for students enrolled in grade 8 in the 2005-2006
4 school year and later, determine whether students have met the
5 state's academic standards.

6 (d) Consistent with applicable federal law and subdivision
7 1, paragraph (d), clause (1), the commissioner must include
8 alternative assessments for the very few students with
9 disabilities for whom statewide assessments are inappropriate
10 and for students with limited English proficiency.

11 (e) A school, school district, and charter school must
12 administer statewide assessments under this section, as the
13 assessments become available, to evaluate student progress in
14 achieving the academic standards. If a state assessment is not
15 available, a school, school district, and charter school must
16 determine locally if a student has met the required academic
17 standards. A school, school district, or charter school may use
18 a student's performance on a statewide assessment as one of
19 multiple criteria to determine grade promotion or retention. A
20 school, school district, or charter school may use a high school
21 student's performance on a statewide assessment as a percentage
22 of the student's final grade in a course, or place a student's
23 assessment score on the student's transcript.

24 Sec. 18. Minnesota Statutes 2004, section 120B.30, is
25 amended by adding a subdivision to read:

26 Subd. 4. [ACCESS TO TESTS.] The commissioner must adopt
27 and publish a policy to provide public and parental access for
28 review of basic skills tests, Minnesota Comprehensive
29 Assessments, or any other such statewide test and assessment.
30 Upon receiving a written request, the commissioner must make
31 available to parents or guardians a copy of their student's
32 actual answer sheet to the test questions to be reviewed by the
33 parent.

34 Sec. 19. [120B.361] [VALUE-ADDED ASSESSMENT PROGRAM.]

35 (a) The commissioner of education must implement a
36 value-added assessment program to assist school districts,

1 public schools, and charter schools in assessing and reporting
2 students' growth in academic achievement under section 120B.30,
3 subdivision 1a. The program must use assessments consistent
4 with paragraph (d) of students' academic achievement to make
5 longitudinal comparisons of each student's academic growth over
6 time. School districts, public schools, and charter schools may
7 apply to the commissioner to participate in the initial trial
8 program using a form and in the manner the commissioner
9 prescribes. The commissioner must select program participants
10 from urban, suburban, and rural areas throughout the state.

11 (b) The commissioner may issue a request for a proposal to
12 contract with an organization that provides a value-added
13 assessment model that uses fully adaptive computer-based
14 assessments that reliably estimates school and school district
15 effects on students' academic achievement over time. The model
16 the commissioner selects must use each student's test data
17 across grades.

18 (c) The contract under paragraph (b) must be consistent
19 with the definition of "best value" under section 16C.02,
20 subdivision 4, and may not be executed until the state has
21 authority to use the assessments described in paragraph (d) for
22 purposes of the No Child Left Behind Act, Public Law 107-110.

23 (d) In connection with implementation of the value-added
24 assessment program, the department must request and obtain from
25 the United States Department of Education authority to use fully
26 adaptive computer-based assessments that accurately measure
27 student achievement and growth over time. The assessments must
28 be aligned with Minnesota standards, use a common scale score
29 over multiple grades or ages, and be capable of being used for
30 source data for a growth or value-added model of school
31 evaluation.

32 (e) In implementing the value-added assessment program, the
33 commissioner must report assessment result data in a way that
34 shows the growth trends over time for students in four groups:

- 35 (1) performing above grade level;
36 (2) performing at grade level;

1 (3) approaching grade-level performance; and

2 (4) performing significantly below grade level.

3 [EFFECTIVE DATE.] This section is effective the day
4 following final enactment.

5 Sec. 20. Minnesota Statutes 2004, section 121A.06,
6 subdivision 2, is amended to read:

7 Subd. 2. ~~[REPORTS; CONTENT.] By January 17, 1994, the~~
8 ~~commissioner, in consultation with the criminal and juvenile~~
9 ~~information policy group, shall develop a standardized form to~~
10 ~~be used by schools to report incidents involving the use or~~
11 ~~possession of a dangerous weapon in school zones. School~~
12 districts must electronically report to the commissioner of
13 education incidents involving the use or possession of a
14 dangerous weapon in school zones. The form ~~shall~~ must include
15 the following information:

16 (1) a description of each incident, including a description
17 of the dangerous weapon involved in the incident;

18 (2) where, at what time, and under what circumstances the
19 incident occurred;

20 (3) information about the offender, other than the
21 offender's name, including the offender's age; whether the
22 offender was a student and, if so, where the offender attended
23 school; and whether the offender was under school expulsion or
24 suspension at the time of the incident;

25 (4) information about the victim other than the victim's
26 name, if any, including the victim's age; whether the victim was
27 a student and, if so, where the victim attended school; and if
28 the victim was not a student, whether the victim was employed at
29 the school;

30 (5) the cost of the incident to the school and to the
31 victim; and

32 (6) the action taken by the school administration to
33 respond to the incident.

34 The commissioner ~~also shall develop~~ provide an alternative
35 electronic reporting format that allows school districts to
36 provide aggregate data, ~~with an option to use computer~~

1 ~~technology-to-report-the-data.~~

2 Sec. 21. Minnesota Statutes 2004, section 121A.06,
3 subdivision 3, is amended to read:

4 Subd. 3. [REPORTS; FILING REQUIREMENTS.] By ~~February-1-and~~
5 July ± 31 of each year, each school, other than a home-school,
6 shall report incidents involving the use or possession of a
7 dangerous weapon in school zones to the commissioner. The
8 reports by public schools must be ~~made-on-the-standardized-forms~~
9 ~~or-using-the-alternative-format~~ submitted using the electronic
10 reporting system developed by the commissioner under subdivision
11 2. The commissioner shall compile the information it receives
12 from the schools and report it annually to the commissioner of
13 ~~public safety, the criminal and juvenile information policy~~
14 ~~group,~~ and the legislature.

15 Sec. 22. [121A.0695] [SCHOOL BOARD POLICY; PROHIBITING
16 INTIMIDATION AND BULLYING.]

17 Subdivision 1. [INTIMIDATION OR BULLYING
18 DEFINED.] "Intimidation or bullying" means an intentional
19 gesture or a written, oral, or physical act or threat that a
20 reasonable person under the circumstances knows or should know
21 has the effect of:

22 (1) harming a student;

23 (2) damaging a student's property;

24 (3) placing a student in reasonable fear of harm to the
25 student's person;

26 (4) placing a student in reasonable fear of damage to the
27 student's property; or

28 (5) creating a severe or persistent environment of
29 intimidation or abuse.

30 Subd. 2. [MODEL POLICY.] The commissioner of education
31 shall maintain and make available to school boards and other
32 schools a model policy prohibiting intimidation and bullying
33 that addresses the requirements of subdivision 3.

34 Subd. 3. [SCHOOL BOARD POLICY.] Each school board shall
35 adopt a written policy prohibiting intimidation and bullying of
36 any student, including, but not limited to, the acts defined in

1 subdivision 1. The policy must describe the behavior expected
2 of each student and state the consequences for and the
3 appropriate remedial action to be taken against the person
4 acting to intimidate or bully. The policy must include
5 reporting procedures, including, at a minimum, requiring school
6 personnel to report student intimidation or bullying incidents
7 and allowing persons to report incidents anonymously. Each
8 district must integrate into its violence prevention program
9 under section 120B.22, if applicable, behavior and expectations
10 established under this section. Each school must include the
11 policy in the student handbook on school policies.

12 [EFFECTIVE DATE.] This section is effective for the
13 2005-2006 school year and later.

14 Sec. 23. [121A.222] [POSSESSION AND USE OF NONPRESCRIPTION
15 PAIN RELIEVERS BY SECONDARY STUDENTS.]

16 A secondary student may possess and use nonprescription
17 pain relief in a manner consistent with the labeling, if the
18 district has received a written authorization from the student's
19 parent permitting the student to self-administer the
20 medication. The parent must submit written authorization for
21 the student to self-administer the medication each school year.
22 The district may revoke a student's privilege to possess and use
23 nonprescription pain relievers if the district determines that
24 the student is abusing the privilege.

25 Sec. 24. [121A.231] [COMPREHENSIVE FAMILY LIFE AND
26 SEXUALITY EDUCATION PROGRAMS.]

27 Subdivision 1. [DEFINITIONS.] (a) "Comprehensive family
28 life and sexuality education" means education in grades 7
29 through 12 that:

30 (1) respects community values and encourages family
31 communication;

32 (2) develops skills in communication, decision making, and
33 conflict resolution;

34 (3) contributes to healthy relations;

35 (4) provides human development and sexuality education that
36 is age appropriate and medically accurate;

1 (5) promotes responsible sexual behavior, including an
2 abstinence-first approach to delaying initiation to sexual
3 activity that emphasizes abstinence while also including
4 education about the use of protection and contraception; and

5 (6) promotes individual responsibility.

6 (b) "Age appropriate" refers to topics, messages, and
7 teaching methods suitable to particular ages or age groups of
8 children and adolescents, based on developing cognitive,
9 emotional, and behavioral capacity typical for the age or age
10 group.

11 (c) "Medically accurate" means verified or supported by
12 research conducted in compliance with scientific methods and
13 published in peer-reviewed journals, where appropriate, and
14 recognized as accurate and objective by professional
15 organizations and agencies in the relevant field, such as the
16 federal Centers for Disease Control and Prevention, the American
17 Public Health Association, the American Academy of Pediatrics,
18 or the American College of Obstetricians and Gynecologists.

19 Subd. 2. [CURRICULUM REQUIREMENTS.] (a) A school district
20 may offer and may independently establish policies, procedures,
21 curriculum, and services for providing comprehensive family life
22 and sexuality education that is age appropriate and medically
23 accurate for kindergarten through grade 6.

24 (b) A school district must offer and may independently
25 establish policies, procedures, curriculum, and services for
26 providing comprehensive family life and sexuality education that
27 is age appropriate and medically accurate for grades 7 through
28 12.

29 Subd. 3. [NOTICE AND PARENTAL OPTIONS.] (a) It is the
30 legislature's intent to encourage pupils to communicate with the
31 pupils' parents or guardians about human sexuality and to
32 respect rights of parents or guardians to supervise the parents'
33 or guardians' children's education on these subjects.

34 (b) Parents or guardians may excuse the parents' or
35 guardians' children from all or part of a comprehensive family
36 life and sexuality education program.

1 (c) A school district must establish procedures for
2 providing parents or guardians reasonable notice with the
3 following information:

4 (1) if the district is offering a comprehensive family life
5 and sexuality education program to the parents' or guardians'
6 child during the course of the year;

7 (2) how the parents or guardians may inspect the written
8 and audiovisual educational materials used in the program and
9 the process for inspection;

10 (3) if the program is presented by school district
11 personnel or outside consultants, and if outside consultants are
12 used, who they may be; and

13 (4) the right to choose not to have the parents' or
14 guardians' child participate in the program and the procedure
15 for exercising that right.

16 (d) A school district must establish procedures for
17 reasonably restricting the availability of written and
18 audiovisual educational materials from public view of students
19 who have been excused from all or part of a comprehensive family
20 life and sexuality education program at the request of a parent
21 or guardian.

22 Sec. 25. Minnesota Statutes 2004, section 121A.53, is
23 amended to read:

24 121A.53 [REPORT TO COMMISSIONER OF EDUCATION.]

25 Subdivision 1. [EXCLUSIONS AND EXPULSIONS.] The school
26 board ~~shall~~ must report through the department electronic
27 reporting system each exclusion or expulsion within 30 days of
28 the effective date of the action to the commissioner of
29 education. This report ~~shall~~ must include a statement of
30 alternative educational services given the pupil and the reason
31 for, the effective date, and the duration of the exclusion or
32 expulsion. The report must also include the student's age,
33 grade, gender, race, and special education status.

34 Subd. 2. [REPORT.] The school board must include state
35 student identification numbers of affected pupils on all
36 dismissal reports required by the department. The department

1 must report annually to the commissioner summary data on the
 2 number of dismissals by age, grade, gender, race, and special
 3 education status of the affected pupils. All dismissal reports
 4 must be submitted through the department electronic reporting
 5 system.

6 Sec. 26. Minnesota Statutes 2004, section 122A.06,
 7 subdivision 4, is amended to read:

8 Subd. 4. [COMPREHENSIVE, SCIENTIFICALLY BASED READING
 9 INSTRUCTION.] "~~Comprehensive, scientifically based reading~~
 10 ~~instruction~~" ~~includes instruction and practice in phonemic~~
 11 ~~awareness, phonics and other word recognition skills, and guided~~
 12 ~~oral reading for beginning readers, as well as extensive silent~~
 13 ~~reading, vocabulary instruction, instruction in comprehension,~~
 14 ~~and instruction that fosters understanding and higher-order~~
 15 ~~thinking for readers of all ages and proficiency~~
 16 ~~levels.~~ "Comprehensive, scientifically based reading
 17 instruction" includes a program or collection of instructional
 18 practices with demonstrated success in instructing learners and
 19 reliable and valid evidence to support the conclusion that when
 20 these methods are used with learners, learners can be expected
 21 to achieve, at a minimum, satisfactory progress in reading
 22 achievement. The program or collection of practices must
 23 include, at a minimum, instruction in five areas of reading:
 24 phonemic awareness, phonics, fluency, vocabulary, and text
 25 comprehension.

26 Comprehensive, scientifically based reading instruction
 27 also includes and integrates instructional strategies for
 28 continuously assessing and evaluating the learner's reading
 29 progress and needs in order to design and implement ongoing
 30 interventions so that learners of all ages and proficiency
 31 levels can read and comprehend text and apply higher-level
 32 thinking skills.

33 Sec. 27. Minnesota Statutes 2004, section 122A.12,
 34 subdivision 2, is amended to read:

35 Subd. 2. [TERMS; COMPENSATION; REMOVAL; ADMINISTRATION;
 36 REIMBURSEMENT.] (a) Membership terms, removal of members, and

1 the filling of membership vacancies are as provided in section
2 214.09. The terms of the initial board members must be
3 determined by lot as follows:

4 (1) three members must be appointed for terms that expire
5 August 1, 2002;

6 (2) three members must be appointed for terms that expire
7 August 1, 2003; and

8 (3) four members must be appointed for terms that expire
9 August 1, 2004.

10 Members shall not receive the daily payment under section
11 214.09, subdivision 3. The public employer of a member shall
12 not reduce the member's compensation or benefits for the
13 member's absence from employment when engaging in the business
14 of the board. The provision of staff, administrative services,
15 and office space; the review and processing of complaints; the
16 setting of fees; the selection and duties of an executive
17 secretary to serve the board; and other provisions relating to
18 board operations are as provided in chapter 214. Fiscal year
19 and reporting requirements are as provided in sections 214.07
20 and 214.08.

21 (b) The board may reimburse local school districts for the
22 cost of a substitute teacher employed when a regular teacher is
23 providing professional assistance to the state by serving on the
24 board or on a committee or task force appointed by the board.

25 Sec. 28. Minnesota Statutes 2004, section 122A.18,
26 subdivision 2a, is amended to read:

27 Subd. 2a. [READING STRATEGIES.] (a) All colleges and
28 universities approved by the Board of Teaching to prepare
29 persons for classroom teacher licensure must include in their
30 teacher preparation programs ~~reading-best-practices-that-enable~~
31 ~~classroom-teacher-licensure-candidates-to-know-how-to-teach~~
32 ~~reading,~~ ~~such-as-phonics-or-other~~ research-based best practices
33 in reading, consistent with section 122A.06, subdivision 4, that
34 enable the licensure candidate to know how to teach reading in
35 the candidate's content areas.

36 (b) Board-approved teacher preparation programs for

1 teachers of elementary education must require instruction in the
2 application of comprehensive, scientifically based, and balanced
3 reading instruction programs that:

4 (1) teach students to read using foundational knowledge,
5 practices, and strategies consistent with section 122A.06,
6 subdivision 4, so that all students will achieve continuous
7 progress in reading; and

8 (2) teach specialized instruction in reading strategies,
9 interventions, and remediations that enable students of all ages
10 and proficiency levels to become proficient readers.

11 Sec. 29. Minnesota Statutes 2004, section 122A.40,
12 subdivision 5, is amended to read:

13 Subd. 5. [PROBATIONARY PERIOD.] (a) The first three
14 consecutive years of a teacher's first teaching experience in
15 Minnesota in a single district is deemed to be a probationary
16 period of employment, and after completion thereof, the
17 probationary period in each district in which the teacher is
18 thereafter employed shall be one year. The school board must
19 adopt a plan for written evaluation of teachers during the
20 probationary period. Evaluation must occur at least three times
21 each year for a teacher performing services on 120 or more
22 school days, at least two times each year for a teacher
23 performing services on 60 to 119 school days, and at least one
24 time each year for a teacher performing services on fewer than
25 60 school days. Days devoted to parent-teacher conferences,
26 teachers' workshops, and other staff development opportunities
27 and days on which a teacher is absent from school must not be
28 included in determining the number of school days on which a
29 teacher performs services. Except as otherwise provided in
30 paragraph (b), during the probationary period any annual
31 contract with any teacher may or may not be renewed as the
32 school board shall see fit. However, the board must give any
33 such teacher whose contract it declines to renew for the
34 following school year written notice to that effect before July
35 1. If the teacher requests reasons for any nonrenewal of a
36 teaching contract, the board must give the teacher its reason in

1 writing, including a statement that appropriate supervision was
2 furnished describing the nature and the extent of such
3 supervision furnished the teacher during the employment by the
4 board, within ten days after receiving such request. The school
5 board may, after a hearing held upon due notice, discharge a
6 teacher during the probationary period for cause, effective
7 immediately, under section 122A.44.

8 (b) A board must discharge a probationary teacher,
9 effective immediately, upon receipt of notice under section
10 122A.20, subdivision 1, paragraph (b), that the teacher's
11 license has been revoked due to a conviction for child abuse or
12 sexual abuse.

13 (c) A probationary teacher must complete at least 60 days
14 of teaching service each year during the probationary period.
15 Days devoted to parent-teacher conferences, teachers' workshops,
16 and other staff development opportunities and days on which a
17 teacher is absent from school do not count as days of teaching
18 service under this paragraph.

19 (d) A probationary teacher whose first three years of
20 consecutive employment is interrupted for active military
21 service and who promptly resumes teaching consistent with
22 federal reemployment timelines for uniformed service personnel
23 under United States Code, title 38, section 4312(e), is
24 considered to have a consecutive teaching experience for
25 purposes of paragraph (a).

26 [EFFECTIVE DATE.] Paragraph (c) of this section is
27 effective July 1, 2005. Paragraph (d) of this section is
28 retroactively effective from September 10, 2001, and applies to
29 those probationary teachers absent for active military service
30 beginning on September 10, 2001, or later.

31 Sec. 30. Minnesota Statutes 2004, section 122A.41,
32 subdivision 2, is amended to read:

33 Subd. 2. [PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.] (a)
34 All teachers in the public schools in cities of the first class
35 during the first three years of consecutive employment shall be
36 deemed to be in a probationary period of employment during which

1 period any annual contract with any teacher may, or may not, be
2 renewed as the school board, after consulting with the peer
3 review committee charged with evaluating the probationary
4 teachers under subdivision 3, shall see fit. The school site
5 management team or the school board if there is no school site
6 management team, shall adopt a plan for a written evaluation of
7 teachers during the probationary period according to subdivision
8 3. Evaluation by the peer review committee charged with
9 evaluating probationary teachers under subdivision 3 shall occur
10 at least three times each year for a teacher performing services
11 on 120 or more school days, at least two times each year for a
12 teacher performing services on 60 to 119 school days, and at
13 least one time each year for a teacher performing services on
14 fewer than 60 school days. Days devoted to parent-teacher
15 conferences, teachers' workshops, and other staff development
16 opportunities and days on which a teacher is absent from school
17 shall not be included in determining the number of school days
18 on which a teacher performs services. The school board may,
19 during such probationary period, discharge or demote a teacher
20 for any of the causes as specified in this code. A written
21 statement of the cause of such discharge or demotion shall be
22 given to the teacher by the school board at least 30 days before
23 such removal or demotion shall become effective, and the teacher
24 so notified shall have no right of appeal therefrom.

25 (b) A probationary teacher must complete at least 60 days
26 of teaching service each year during the probationary period.
27 Days devoted to parent-teacher conferences, teachers' workshops,
28 and other staff development opportunities and days on which a
29 teacher is absent from school do not count as days of teaching
30 service under this paragraph.

31 (c) A probationary teacher whose first three years of
32 consecutive employment is interrupted for active military
33 service and who promptly resumes teaching consistent with
34 federal reemployment timelines for uniformed service personnel
35 under United States Code, title 38, section 4312(e), is
36 considered to have a consecutive teaching experience for

1 purposes of paragraph (a).

2 [EFFECTIVE DATE.] Paragraph (b) of this section is
3 effective July 1, 2005. Paragraph (c) of this section is
4 retroactively effective from September 10, 2001, and applies to
5 those probationary teachers absent for active military service
6 beginning on September 10, 2001, or later.

7 Sec. 31. Minnesota Statutes 2004, section 122A.41,
8 subdivision 5a, is amended to read:

9 Subd. 5a. [PROBATIONARY PERIOD FOR PRINCIPALS HIRED
10 INTERNALLY.] A board and the exclusive representative of the
11 school principals in the district may negotiate a plan for a
12 probationary period of up to two school years for licensed
13 teachers employed by the board who are subsequently employed by
14 the board as a licensed school principal or assistant principal
15 and an additional probationary period of up to two years for
16 licensed assistant principals employed by the board who are
17 subsequently employed by the board as a licensed school
18 principal.

19 [EFFECTIVE DATE.] This section is effective August 1, 2005.

20 Sec. 32. Minnesota Statutes 2004, section 122A.41,
21 subdivision 14, is amended to read:

22 Subd. 14. [SERVICES TERMINATED BY DISCONTINUANCE OR LACK
23 OF PUPILS; PREFERENCE GIVEN.] (a) A teacher whose services are
24 terminated on account of discontinuance of position or lack of
25 pupils must receive first consideration for other positions in
26 the district for which that teacher is qualified. In the event
27 it becomes necessary to discontinue one or more positions, in
28 making such discontinuance, teachers must be discontinued in any
29 department in the inverse order in which they were employed,
30 unless a board and the exclusive representative of teachers in
31 the district negotiate a plan providing otherwise.

32 (b) Notwithstanding the provisions of clause (a), a teacher
33 is not entitled to exercise any seniority when that exercise
34 results in that teacher being retained by the district in a
35 field for which the teacher holds only a provisional license, as
36 defined by the Board of Teaching, unless that exercise of

1 seniority results in the termination of services, on account of
 2 discontinuance of position or lack of pupils, of another teacher
 3 who also holds a provisional license in the same field. The
 4 provisions of this clause do not apply to vocational education
 5 licenses.

6 (c) Notwithstanding the provisions of clause (a), a teacher
 7 must not be reinstated to a position in a field in which the
 8 teacher holds only a provisional license, other than a
 9 vocational education license, while another teacher who holds a
 10 nonprovisional license in the same field is available for
 11 reinstatement.

12 [EFFECTIVE DATE.] This section is effective August 1, 2005.

13 Sec. 33. Minnesota Statutes 2004, section 122A.413, is
 14 amended to read:

15 122A.413 [EDUCATIONAL IMPROVEMENT PLAN.]

16 Subdivision 1. [QUALIFYING PLAN.] A district may develop
 17 an educational improvement plan for the purpose of qualifying
 18 for alternative-teacher-compensation-aid the professional
 19 compensation initiative under sections-122A.414-and
 20 122A.415 section 122A.4142. The plan must include measures for
 21 improving school district, school site, teacher, and individual
 22 student performance.

23 Subd. 2. [PLAN COMPONENTS.] The educational improvement
 24 plan must be approved by the school board and have at least
 25 these elements:

26 (1) assessment and evaluation tools to measure student
 27 performance and progress;

28 (2) performance goals and benchmarks for improvement;

29 (3) measures of student attendance and completion rates;

30 (4) a rigorous professional development system, consistent
 31 with section 122A.60, that is aligned with educational
 32 improvement, designed to achieve teaching quality improvement,
 33 and consistent with clearly defined research-based standards;

34 (5) measures of student, family, and community involvement
 35 and satisfaction;

36 (6) a data system about students and their academic

1 progress that provides parents and the public with
2 understandable information; and

3 (7) a teacher induction and mentoring program for
4 probationary teachers that provides continuous learning and
5 sustained teacher support; ~~---The process for developing the plan~~
6 ~~must involve district teachers; and~~

7 (8) substantial teacher participation in developing the
8 plan, including teachers selected by the exclusive
9 representative of the teachers.

10 Subd. 3. [SCHOOL SITE ACCOUNTABILITY.] A district that
11 develops a plan under subdivisions 1 and 2 must ensure that each
12 school site develops a board-approved educational improvement
13 plan that is aligned with the district educational improvement
14 plan under subdivision 2 and developed with teacher
15 participation consistent with subdivision 2, clause (8). While
16 a site plan must be consistent with the district educational
17 improvement plan, it may establish performance goals and
18 benchmarks that meet or exceed those of the district. ~~The~~
19 ~~process for developing the plan must involve site teachers.~~

20 Sec. 34. [122A.4142] [PROFESSIONAL COMPENSATION
21 INITIATIVE.]

22 Subdivision 1. [PROFESSIONAL COMPENSATION AGREEMENT.] A
23 school district and the exclusive representative of the teachers
24 may adopt, by agreement, professional compensation under
25 subdivision 2 to provide incentives to attract and retain
26 high-quality teachers and instructional staff, encourage
27 high-quality teachers to accept difficult assignments, encourage
28 teachers to improve their knowledge and skills, and support
29 teachers' roles in improving students' educational achievement.

30 Subd. 2. [ELIGIBILITY.] (a) To be eligible to participate
31 in the professional compensation initiative in fiscal year 2006,
32 a school district must comply with the conditions stated in
33 paragraph (b) or with the following conditions:

34 (1) submit to the department a letter of intent executed by
35 the school district and the exclusive representative of the
36 teachers to complete planning for and satisfy the conditions for

1 participation in fiscal year 2007 and later;

2 (2) reserve at least two percent of basic revenue for staff
3 development purposes consistent with sections 122A.60 and
4 122A.61, subdivision 1; and

5 (3) commit to spending at least the additional one percent
6 of basic revenue available through participation in the
7 professional compensation initiative for staff development
8 supporting the development of a district educational improvement
9 plan and site-based educational improvement plan under section
10 122A.413 and for developing the professional compensation
11 agreement under this section.

12 (b) To be eligible to participate in the professional
13 compensation initiative in fiscal year 2007 and later, a school
14 district must submit to the department:

15 (1) a districtwide or site-based educational improvement
16 plan as described in section 122A.413; and

17 (2) an executed collective bargaining agreement that
18 contains at least the following elements:

19 (i) a description of the conditions or actions necessary
20 for career advancement and additional compensation;

21 (ii) compensation provisions that base at least 60 percent
22 of any increase in compensation on performance and not on years
23 of service or the attainment of additional education or
24 training;

25 (iii) career advancement options for teachers retaining
26 primary roles in student instruction, including staff
27 development activities, and for other members of the bargaining
28 unit;

29 (iv) incentives for teachers' continuous improvement in
30 content knowledge, pedagogy, and use of best practices;

31 (v) an objective evaluation program, including classroom or
32 performance observation, that is aligned with the district's or
33 site's educational improvement plan, and is a component of
34 determining performance;

35 (vi) provisions preventing any teacher's compensation from
36 being reduced as a result of implementing professional

1 compensation for teachers;

2 (vii) provisions enabling any teacher in the district, if
3 professional compensation for teachers is applied districtwide,
4 or at a site, if professional compensation for teachers applies
5 only to a site, to participate in professional compensation for
6 teachers without limitations by quota or other restrictions;

7 (viii) provisions encouraging collaboration among teachers
8 rather than competition; and

9 (ix) provisions for participation by all teachers in a
10 district, all teachers at a site, or at least 25 percent of the
11 teachers in a district.

12 (c) An agreement may contain different compensation
13 provisions for separate classifications of employees.

14 Subd. 3. [COMMISSIONER APPROVAL.] (a) Before concluding a
15 collective bargaining agreement, a district may submit a
16 proposed agreement and educational improvement plan for review,
17 comment, and preliminary approval by the commissioner. If the
18 plan and agreement are executed in the same form as
19 preliminarily approved by the commissioner, the plan and
20 agreement must be approved without further review.

21 (b) The application to the commissioner must contain a
22 formally adopted collective bargaining agreement, memorandum of
23 understanding, or other binding agreement that implements the
24 professional compensation initiative consistent with this
25 section.

26 (c) The commissioner's approval must be based on the
27 requirements established in subdivision 2. If the commissioner
28 does not approve an application, the notice to the school
29 district must provide details regarding the commissioner's
30 reason for rejecting the application.

31 Subd. 4. [PROFESSIONAL COMPENSATION REVENUE.] (a)
32 Professional compensation revenue for a school district that
33 qualifies for participation under subdivision 2, paragraph (a),
34 equals one percent of basic revenue.

35 (b) For participation in fiscal year 2007 and later, the
36 school district's application must be approved by the

1 commissioner under subdivision 3.

2 (c) Professional compensation revenue for a qualifying
3 school district, site, or portion of a district or school site
4 that qualifies for participation under subdivision 2, paragraph
5 (b), is as follows:

6 (1) for a school district in which the school board and the
7 exclusive representative of the teachers agree to place all
8 teachers in the district in the professional compensation for
9 teachers initiative, revenue equals one percent of the
10 district's basic revenue for the fiscal year; or if a site only
11 is participating, the portion of one percent attributable to the
12 site's number of pupils enrolled on October 1 of the previous
13 fiscal year; or

14 (2) for a district in which the school board and the
15 exclusive representative of the teachers agree that at least 25
16 percent of the district's licensed teachers will participate in
17 the professional compensation initiative revenue equals one
18 percent of basic revenue for the fiscal year multiplied by the
19 percentage of participating teachers.

20 Subd. 5. [PERCENTAGE OF TEACHERS.] For purposes of
21 subdivision 4, the percentage of teachers participating in the
22 professional compensation initiative equals the ratio of the
23 number of licensed teachers who are working at least 60 percent
24 of a full-time teacher's hours and agree to participate in the
25 initiative to the total number of licensed teachers who are
26 working at least 60 percent of a full-time teacher's hours.

27 Subd. 6. [REVENUE TIMING.] Districts or sites with
28 approved applications must receive professional compensation
29 revenue for each school year that the district or site
30 participates in the initiative and is in compliance with the
31 conditions for participation.

32 Subd. 7. [BASIC REVENUE.] A school district that qualifies
33 for participation in the professional compensation initiative
34 under subdivision 2, paragraph (b), may use the two percent of
35 basic revenue that would otherwise be reserved under section
36 122A.61 for compliance with the professional compensation

1 agreement under this section. If fewer than all of the licensed
2 teachers in the district participate in the initiative, the
3 amount of the two percent that may be used for the initiative
4 equals the two percent multiplied by the percentage of licensed
5 teachers participating in the initiative.

6 Subd. 8. [PARTICIPATION.] If a district and bargaining
7 unit do not participate in the professional compensation
8 initiatives in fiscal year 2006, they may elect to participate
9 in subsequent years. The requirements for participation in the
10 first year are the requirements described for fiscal year 2006.

11 [EFFECTIVE DATE.] This section is effective for fiscal year
12 2006 and thereafter.

13 Sec. 35. [122A.4143] [CLOSED CONTRACT.]

14 A district and the exclusive representative of the teachers
15 may agree jointly to reopen a collective bargaining agreement
16 for the sole purpose of entering into a professional
17 compensation system consistent with section 122A.4142 and an
18 educational improvement plan under section 122A.413.

19 [EFFECTIVE DATE.] This section is effective for fiscal year
20 2006 and later.

21 Sec. 36. [122A.4144] [PROFESSIONAL COMPENSATION PILOT SITE
22 AID.]

23 Subdivision 1. [AID AMOUNT.] (a) A school district that
24 received revenue under Minnesota Statutes 2004, section
25 122A.415, or meets the eligibility conditions of section
26 122A.4142, subdivision 1, paragraph (b), and submits an
27 application approved by the commissioner is eligible for
28 professional compensation pilot site aid. The commissioner must
29 consider only applications submitted jointly by a school
30 district and the exclusive representative of the teachers for
31 participation in the program. The application must contain a
32 formally adopted collective bargaining agreement, memorandum of
33 understanding, or other binding agreement that implements a
34 professional compensation pay system consistent with the
35 eligibility conditions of section 122A.4142, subdivision 2,
36 paragraph (b), and includes all teachers in a district, all

1 teachers at a school site, or at least 25 percent of the
2 teachers in a district. The commissioner, in approving
3 applications, may give preference to applications involving
4 entire districts or sites or to applications that align measures
5 of teacher performance with student academic achievement and
6 progress under section 122A.4142.

7 (b) Professional compensation aid for a qualifying school
8 district, site, or portion of a district or school site is as
9 follows:

10 (1) for a school district in which the school board and the
11 exclusive representative of the teachers agree to place all
12 teachers in the district or at the site on the alternative
13 compensation schedule, alternative compensation aid equals \$150
14 times the district's or the site's number of pupils enrolled on
15 October 1 of the previous fiscal year; or

16 (2) for a district in which the school board and the
17 exclusive representative of the teachers agree that at least 25
18 percent of the district's licensed teachers will be paid on the
19 alternative compensation schedule, alternative compensation aid
20 equals \$150 times the percentage of participating teachers times
21 the district's number of pupils enrolled as of October 1 of the
22 previous fiscal year.

23 Subd. 2. [PERCENTAGE OF TEACHERS.] For purposes of this
24 section, the percentage of teachers participating in the teacher
25 professional pay system equals the ratio of the number of
26 licensed teachers who are working at least 60 percent of a
27 full-time teacher's hours and agree to participate in the
28 teacher professional pay system to the total number of licensed
29 teachers who are working at least 60 percent of a full-time
30 teacher's hours.

31 Subd. 3. [AID TIMING.] (a) Districts or sites with
32 approved applications must receive alternative compensation aid
33 for each school year that the district or site participates in
34 the program as described in this subdivision. Districts or
35 sites with applications received by the commissioner before June
36 1 of the first year of a two-year contract shall receive

1 alternative compensation aid for both years of the contract.
2 Districts or sites with applications received by the
3 commissioner after June 1 of the first year of a two-year
4 contract shall receive alternative compensation aid only for the
5 second year of the contract. A qualifying district or site that
6 received alternative compensation aid for the previous fiscal
7 year must receive at least an amount equal to the lesser of the
8 amount it received for the previous fiscal year or its
9 proportionate share of the previous year's appropriation if the
10 district or site submits a timely application and the
11 commissioner determines that the district or site continues to
12 implement an alternative teacher professional pay system,
13 consistent with its application under this section. The
14 commissioner must approve initial applications for school
15 districts qualifying under subdivision 1, paragraph (b), clause
16 (1), by January 15 of each year. If any money remains, the
17 commissioner must approve aid amounts for school districts
18 qualifying under subdivision 1, paragraph (b), clause (2), by
19 February 15 of each year.

20 (b) The commissioner shall select applicants that qualify
21 for this program, notify school districts and school sites about
22 the program, develop and disseminate application materials, and
23 carry out other activities needed to implement this section.

24 [EFFECTIVE DATE.] This section is effective for revenue for
25 fiscal year 2006 and later.

26 Sec. 37. Minnesota Statutes 2004, section 122A.60,
27 subdivision 1, is amended to read:

28 Subdivision 1. [STAFF DEVELOPMENT COMMITTEE.] A school
29 board must use the revenue authorized in section 122A.61 for
30 in-service education for programs under section 120B.22,
31 subdivision 2, or for staff development plans under this
32 section. The board must establish an advisory staff development
33 committee to develop the plan, assist site professional
34 development teams in developing a site plan consistent with the
35 goals of the plan, and evaluate staff development efforts at the
36 site level. A majority of the advisory committee and the site

1 professional development team must be teachers representing
 2 various grade levels, subject areas, and special education. The
 3 advisory committee must also include nonteaching staff, parents,
 4 and administrators. ~~Districts must report staff development~~
 5 ~~results and expenditures to the commissioner in the form and~~
 6 ~~manner determined by the commissioner. The expenditure report~~
 7 ~~must include expenditures by the board for district-level~~
 8 ~~activities and expenditures made by the staff. The report must~~
 9 ~~provide a breakdown of expenditures for (1) curriculum~~
 10 ~~development and programs, (2) in-service education, workshops,~~
 11 ~~and conferences, and (3) the cost of teachers or substitute~~
 12 ~~teachers for staff development purposes. Within each of these~~
 13 ~~categories, the report must also indicate whether the~~
 14 ~~expenditures were incurred at the district level or the school~~
 15 ~~site level, and whether the school-site expenditures were made~~
 16 ~~possible by the grants to school sites that demonstrate~~
 17 ~~exemplary use of allocated staff development revenue. These~~
 18 ~~expenditures are to be reported using the UFARS system. The~~
 19 ~~commissioner shall report the staff development expenditure data~~
 20 ~~to the education committees of the legislature by February 15~~
 21 ~~each year.~~

22 Sec. 38. Minnesota Statutes 2004, section 122A.60, is
 23 amended by adding a subdivision to read:

24 Subd. 1a. [EFFECTIVE STAFF DEVELOPMENT ACTIVITIES.] Staff
 25 development activities must:

26 (1) focus on the school classroom and research-based
 27 strategies that improve student learning;

28 (2) provide opportunities for teachers to practice and
 29 improve their skills over time;

30 (3) provide opportunities for teachers to use data to
 31 increase student achievement as part of their daily work;

32 (4) enhance teacher content knowledge and instructional
 33 skills;

34 (5) align with state and local academic standards; and

35 (6) provide opportunities to build professional
 36 relationships, foster collaboration among principals and staff

1 who provide instruction, and provide opportunities for
2 teacher-to-teacher mentoring.
3 Staff development activities may include curriculum development
4 and curriculum training programs, and activities that provide
5 teachers and other members of site-based teams training to
6 enhance team performance. In addition, the school district may
7 implement other staff development activities as required by law
8 and those associated with professional teacher compensation
9 models. Release time provided for teachers to supervise
10 students on field trips and school activities, or independent
11 tasks not associated with enhancing the teacher's knowledge and
12 skills, such as preparing report cards, calculating grades, or
13 organizing classroom materials, may not be counted as staff
14 development time that is financed with staff development
15 reserved revenue under section 122A.61.

16 Sec. 39. Minnesota Statutes 2004, section 122A.60, is
17 amended by adding a subdivision to read:

18 Subd. 4. [STAFF DEVELOPMENT REPORT.] (a) By October 15 of
19 each year, the district and site staff development committees
20 shall write and submit a report of staff development activities
21 and expenditures for the previous year, in the form and manner
22 determined by the commissioner. The report must include
23 assessment and evaluation data indicating progress toward
24 district and site staff development goals based on teaching and
25 learning outcomes, including the percentage of teachers and
26 other staff involved in instruction participating in effective
27 staff development activities under subdivision 3.

28 (b) The report must provide a breakdown of expenditures for:

29 (1) curriculum development and curriculum training
30 programs; and

31 (2) staff development training models, workshops, and
32 conferences, and the cost of releasing teachers or providing
33 substitute teachers for staff development purposes.

34 The report must also include whether the expenditures were
35 incurred at the district level or the school site level, and
36 whether the school site expenditures were made possible by

1 grants to school sites that demonstrate exemplary use of
2 allocated staff development revenue. These expenditures must be
3 reported using the uniform financial and accounting and
4 reporting standards.

5 (c) The commissioner shall report the staff development
6 progress and expenditure data to the house of representatives
7 and senate committees having jurisdiction over education by
8 February 15 each year.

9 Sec. 40. Minnesota Statutes 2004, section 122A.61,
10 subdivision 1, is amended to read:

11 Subdivision 1. [STAFF DEVELOPMENT REVENUE.] A district is
12 required to reserve an amount equal to at least two percent of
13 the basic revenue under section 126C.10, subdivision 2, for
14 in-service education for programs under section 120B.22,
15 subdivision 2, for staff development plans, including plans for
16 challenging instructional activities and experiences under
17 section 122A.60, and for curriculum development and programs,
18 other in-service education, teachers' workshops, teacher
19 conferences, the cost of substitute teachers staff development
20 purposes, preservice and in-service education for special
21 education professionals and paraprofessionals, and other related
22 costs for staff development efforts. ~~A district may annually~~
23 ~~waive the requirement to reserve their basic revenue under this~~
24 ~~section if a majority vote of the licensed teachers in the~~
25 ~~district and a majority vote of the school board agree to a~~
26 ~~resolution to waive the requirement.~~ A district in statutory
27 operating debt is exempt from reserving basic revenue according
28 to this section. Districts may expend an additional amount of
29 unreserved revenue for staff development based on their needs.
30 With the exception of amounts reserved for staff development
31 from revenues allocated directly to school sites, the board must
32 initially allocate 50 percent of the reserved revenue to each
33 school site in the district on a per teacher basis, which must
34 be retained by the school site until used. The board may retain
35 25 percent to be used for district wide staff development
36 efforts. The remaining 25 percent of the revenue must be used

1 to make grants to school sites for best practices methods. A
2 grant may be used for any purpose authorized under section
3 120B.22, subdivision 2, 122A.60, or for the costs of curriculum
4 development and programs, other in-service education, teachers'
5 workshops, teacher conferences, substitute teachers for staff
6 development purposes, and other staff development efforts, and
7 determined by the site professional development team. The site
8 professional development team must demonstrate to the school
9 board the extent to which staff at the site have met the
10 outcomes of the program. The board may withhold a portion of
11 initial allocation of revenue if the staff development outcomes
12 are not being met. A school district that participates in the
13 professional compensation initiative may, but is not required
14 to, reserve revenue under this section, except to the extent the
15 school district agrees to reserve or use revenue as a condition
16 of participation in the initiative.

17 Sec. 41. [122A.74] [PRINCIPALS' LEADERSHIP INSTITUTE.]

18 Subdivision 1. [ESTABLISHMENT.] (a) The commissioner of
19 education may contract with the regents of the University of
20 Minnesota to establish a Principals' Leadership Institute to
21 provide professional development to school principals by:

22 (1) creating a network of leaders in the educational and
23 business communities to communicate current and future trends in
24 leadership techniques;

25 (2) helping to create a vision for the school that is
26 aligned with the community and district priorities; and

27 (3) developing strategies to retain highly qualified
28 teachers.

29 (b) The University of Minnesota must cooperate with
30 participating members of the business community to provide
31 funding and content for the institute.

32 (c) Participants must agree to attend the Principals'
33 Leadership Institute for four weeks during the academic summer.

34 (d) The Principals' Leadership Institute must incorporate
35 program elements offered by leadership programs at the
36 University of Minnesota and program elements used by the

1 participating members of the business community to enhance
2 leadership within their businesses.

3 Subd. 2. [METHOD OF SELECTION AND REQUIREMENTS.] (a) The
4 board of each school district in the state may select a
5 principal, upon the recommendation of the district's
6 superintendent and based on the principal's leadership
7 potential, to attend the institute.

8 (b) The school board shall forward its list of recommended
9 participants to the commissioner of education by February 1 each
10 year. In addition, a principal may submit an application
11 directly to the commissioner by February 1. The commissioner of
12 education shall notify the school board, the principal
13 candidates, and the University of Minnesota of the principals
14 selected to participate in the Principals' Leadership Institute
15 each year.

16 Sec. 42. Minnesota Statutes 2004, section 123B.02, is
17 amended by adding a subdivision to read:

18 Subd. 14a. [EMPLOYEE RECOGNITION.] A school board may
19 establish and operate an employee recognition program for
20 district employees, including teachers, and may expend funds as
21 necessary to achieve the objectives of the program. The
22 employee recognition program shall not include monetary awards.

23 Sec. 43. Minnesota Statutes 2004, section 123B.02, is
24 amended by adding a subdivision to read:

25 Subd. 22. [REWARDS.] A school board may offer a reward to
26 persons who provide accurate and reliable information that leads
27 to the apprehension and arrest of a person who has committed a
28 crime against school district property, students, employees or
29 volunteers, or school board members.

30 [EFFECTIVE DATE.] This section is effective the day
31 following final enactment.

32 Sec. 44. Minnesota Statutes 2004, section 123B.04,
33 subdivision 1, is amended to read:

34 Subdivision 1. [DEFINITION.] "Education site" means a
35 separate facility. A program within a facility or within a
36 district is an education site if the school board recognizes it

1 as a site.

2 Sec. 45. Minnesota Statutes 2004, section 123B.04,
3 subdivision 2, is amended to read:

4 Subd. 2. [AGREEMENT.] (a) ~~Either-the-school-board-or-the~~
5 ~~school-site-decision-making-team-may-request-that-the-school~~
6 ~~board-enter-into-an-agreement-with-a-school-site-decision-making~~
7 ~~team-concerning~~ Upon the request of 60 percent of the licensed
8 employees of a site or a school site decision-making team, the
9 school board shall enter into discussions to reach an agreement
10 concerning the governance, management, or control of the
11 school. A school site decision-making team may include the
12 school principal, teachers in the school or their designee,
13 other employees in the school, parents of pupils in the school,
14 representatives of pupils in the school, or other members in the
15 community. For purposes of formation of a new site, a school
16 site decision-making team may be a team of teachers that is
17 recognized by the board as a site. The school site
18 decision-making team shall include the school principal or other
19 person having general control and supervision of the school.
20 The site decision-making team must reflect the diversity of the
21 education site. ~~No-more-than~~ At least one-half of the members
22 shall be employees of the district, unless an employee is the
23 parent of a student enrolled in the school site, in which case
24 the employee may elect to serve as a parent member of the site
25 team.

26 (b) School site decision-making agreements must delegate
27 powers, duties, and broad management responsibilities to site
28 teams and involve staff members, students as appropriate, and
29 parents in decision making.

30 (c) An agreement shall include a statement of powers,
31 duties, responsibilities, and authority to be delegated to and
32 within the site.

33 (d) An agreement may include:

34 (1) an achievement contract according to subdivision 4;

35 (2) a mechanism to allow principals, a site leadership
36 team, or other persons having general control and supervision of

1 the school, to make decisions regarding how financial and
2 personnel resources are best allocated at the site and from whom
3 goods or services are purchased;

4 (3) a mechanism to implement parental involvement programs
5 under section 124D.895 and to provide for effective parental
6 communication and feedback on this involvement at the site
7 level;

8 (4) a provision that would allow the team to determine who
9 is hired into licensed and nonlicensed positions;

10 (5) a provision that would allow teachers to choose the
11 principal or other person having general control;

12 (6) an amount of revenue allocated to the site under
13 subdivision 3; and

14 (7) any other powers and duties determined appropriate by
15 the board.

16 The school board of the district remains the legal employer
17 under clauses (4) and (5).

18 (e) Any powers or duties not delegated to the school site
19 management team in the school site management agreement shall
20 remain with the school board.

21 (f) Approved agreements shall be filed with the
22 commissioner. If a school board denies a request or the school
23 site and school board fail to reach an agreement to enter into a
24 school site management agreement, ~~it~~ the school board shall
25 provide a copy of the request and the reasons for its denial to
26 the commissioner.

27 Sec. 46. Minnesota Statutes 2004, section 123B.88, is
28 amended by adding a subdivision to read:

29 Subd. 3a. [PUPIL TRANSPORTATION SAFETY COMMITTEE.] (a) A
30 school board may establish a pupil transportation safety
31 committee. The chair of the pupil transportation safety
32 committee is the district's school transportation safety
33 director. The school board shall appoint the other members of
34 the pupil transportation safety committee. Membership may
35 include parents, school bus drivers, representatives of school
36 bus companies, local law enforcement officials, other school

1 district staff, and representatives from other units of local
2 government.

3 (b) The duties of the pupil transportation safety committee
4 include: (1) reviewing and recommending changes to the
5 district's pupil transportation safety policy required under
6 subdivision 1; and (2) developing a comprehensive plan for the
7 safe transportation of students who face hazardous
8 transportation conditions. The comprehensive hazardous
9 transportation plan shall consider safety factors including the
10 types of roads that students must cross, the speed of traffic on
11 those roads, the age of the students, and any other factors as
12 determined by the committee.

13 (c) The pupil transportation safety committee must hold at
14 least one public meeting before adopting its comprehensive plan
15 for transporting students who face hazardous transportation
16 conditions.

17 (d) Any recommended changes to the district's pupil
18 transportation safety policy and the comprehensive plan for
19 hazardous transportation must be submitted to the school board.

20 [EFFECTIVE DATE.] This section is effective the day
21 following final enactment.

22 Sec. 47. Minnesota Statutes 2004, section 124D.081, is
23 amended to read:

24 124D.081 [~~FIRST-GRADE-PREPAREDNESS~~ ALL-DAY KINDERGARTEN
25 PROGRAM.]

26 Subdivision 1. [PURPOSE.] The purposes of the first-grade
27 preparedness all-day kindergarten program are to ensure that
28 every child has the opportunity before first grade to develop
29 the skills and abilities necessary to read and succeed in school
30 and to reduce the underlying causes that create a need for
31 compensatory revenue.

32 Subd. 2. [QUALIFYING DISTRICT.] A school district may
33 receive first-grade-preparedness all-day kindergarten revenue
34 for qualifying school sites if, consistent with subdivision 5,
35 the school board approves a resolution requiring the district to
36 provide services to all children located in a qualifying school

1 site attendance area.

2 Subd. 3. [QUALIFYING SCHOOL SITE.] (a) The commissioner
3 shall rank all school sites with kindergarten programs that do
4 not exclusively serve students under sections 125A.03 to
5 125A.24, and 125A.65. The ranking must be from highest to
6 lowest based on the site's free and reduced lunch count as a
7 percent of the fall enrollment using the preceding October 1
8 enrollment data. Once a school site is calculated to be
9 eligible, it remains eligible for the duration of the pilot
10 program, ~~unless the site's ranking falls below the state average~~
11 ~~for elementary schools.~~ For each school site, the percentage
12 used to calculate the ranking must be the greater of (1) the
13 percent of the fall kindergarten enrollment receiving free and
14 reduced lunch, or (2) the percent of the total fall enrollment
15 receiving free and reduced lunch. The list of ranked sites must
16 be separated into the following geographic areas: Minneapolis
17 district, St. Paul district, suburban Twin Cities districts in
18 the seven-county metropolitan area, and school districts in
19 greater Minnesota.

20 (b) The commissioner shall establish a process and
21 timelines to qualify school sites for the next school year.
22 School sites must be qualified in each geographic area from the
23 list of ranked sites until the estimated revenue available for
24 this program has been allocated. The total estimated revenue
25 must be distributed to qualified school sites in each geographic
26 area as follows: 25 percent for Minneapolis sites, 25 percent
27 for St. Paul sites, 25 percent for suburban Twin Cities sites,
28 and 25 percent for greater Minnesota.

29 Subd. 4. [PROGRAM.] A qualifying school site must develop
30 its ~~first-grade-preparedness~~ all-day kindergarten program in
31 collaboration with other providers of school readiness and child
32 development services. A school site must offer a full-day
33 kindergarten program to participating children who are five
34 years of age or older for the full school day every day, a
35 program for participating children who are four years old, or a
36 combination of both. The program may offer as an option to

1 families home visits and other practices as appropriate, and may
 2 provide such services with the consent of the parent or
 3 guardian. Program providers must ensure that the program
 4 supplements existing school readiness and child development
 5 programs and complements the services provided with compensatory
 6 revenue. Where possible, individuals receiving assistance under
 7 a family assistance plan can meet the work activity requirement
 8 of the plan by participating in a first-grade-preparedness an
 9 all-day kindergarten program as a volunteer.

10 Subd. 5. [EXTENDED DAY REQUIREMENTS.] The board of a
 11 qualifying school district must develop and approve a plan to
 12 provide extended day services to serve as many children as
 13 possible. To accept children whose families participate in
 14 child care assistance programs under section 119B.03 or 119B.05,
 15 and to meet the requirements of section 245A.03, subdivision 2,
 16 the board must formally approve the first-grade-preparedness
 17 all-day kindergarten program. All revenue received under
 18 subdivision 6 must be allocated to the qualifying school sites
 19 within the district.

20 Subd. 6. [PREPAREDNESS REVENUE.] (a) A qualifying school
 21 district is eligible for first-grade-preparedness all-day
 22 kindergarten revenue equal to the basic formula allowance for
 23 that year times the number of children five years of age or
 24 older enrolled in a kindergarten program at the site on October
 25 1 of the previous year times .53.

26 (b) This revenue must supplement and not replace
 27 compensatory revenue that the district uses for the same or
 28 similar purposes under chapters 120B, 123A, 123B, 124D, 126C,
 29 and 127A.

30 (c) A pupil enrolled in the first-grade-preparedness
 31 all-day kindergarten program at a qualifying school site is
 32 eligible for transportation under section 123B.88, subdivision 1.

33 (d) First-grade-preparedness All-day kindergarten revenue
 34 paid to a charter school for which a school district is
 35 providing transportation according to section 124D.10,
 36 subdivision 16, shall be decreased by an amount equal to the

1 product of the formula allowance according to section 126C.10,
2 subdivision 2, times .0485 times the pupil units calculated
3 according to paragraph (a). This amount shall be paid to the
4 school district for transportation costs.

5 Subd. 9. [RESERVE ACCOUNT.] ~~First-grade-preparedness~~
6 All-day kindergarten revenue must be placed in a reserve account
7 within the general fund and may only be used for ~~first-grade~~
8 ~~preparedness~~ all-day kindergarten programs at qualifying school
9 sites.

10 Sec. 48. Minnesota Statutes 2004, section 124D.09,
11 subdivision 12, is amended to read:

12 Subd. 12. [CREDITS.] A pupil may enroll in a course under
13 this section for either secondary credit or postsecondary
14 credit. At the time a pupil enrolls in a course, the pupil
15 shall designate whether the course is for secondary or
16 postsecondary credit. A pupil taking several courses may
17 designate some for secondary credit and some for postsecondary
18 credit. A pupil must not audit a course under this section.

19 A district shall grant academic credit to a pupil enrolled
20 in a course for secondary credit if the pupil successfully
21 completes the course. Seven quarter or four semester college
22 credits equal at least one full year of high school credit.
23 Fewer college credits may be prorated. A district must also
24 grant academic credit to a pupil enrolled in a course for
25 postsecondary credit if secondary credit is requested by a
26 pupil. If no comparable course is offered by the district, the
27 district must, as soon as possible, notify the commissioner, who
28 shall determine the number of credits that shall be granted to a
29 pupil who successfully completes a course. If a comparable
30 course is offered by the district, the school board shall grant
31 a comparable number of credits to the pupil. If there is a
32 dispute between the district and the pupil regarding the number
33 of credits granted for a particular course, the pupil may appeal
34 the board's decision to the commissioner. The commissioner's
35 decision regarding the number of credits shall be final.

36 The secondary credits granted to a pupil must be counted

1 toward the graduation requirements and subject area requirements
2 of the district. Evidence of successful completion of each
3 course and secondary credits granted must be included in the
4 pupil's secondary school record. A pupil shall provide the
5 school with a copy of the pupil's grade in each course taken for
6 secondary credit under this section. Upon the request of a
7 pupil, the pupil's secondary school record must also include
8 evidence of successful completion and credits granted for a
9 course taken for postsecondary credit. In either case, the
10 record must indicate that the credits were earned at a
11 postsecondary institution.

12 If a pupil enrolls in a postsecondary institution after
13 leaving secondary school, the postsecondary institution must
14 award postsecondary credit for any course successfully completed
15 for secondary credit at that institution. Other postsecondary
16 institutions may award, after a pupil leaves secondary school,
17 postsecondary credit for any courses successfully completed
18 under this section. An institution may not charge a pupil for
19 the award of credit.

20 The Board of Trustees of the Minnesota State Colleges and
21 Universities and the Board of Regents of the University of
22 Minnesota must, and private nonprofit and proprietary
23 postsecondary institutions, should award postsecondary credit
24 for any successfully completed courses in a program certified by
25 the National Alliance of Concurrent Enrollment Partnerships
26 offered according to an agreement under subdivision 10.

27 Sec. 49. Minnesota Statutes 2004, section 124D.11,
28 subdivision 6, is amended to read:

29 Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter
30 school is eligible to receive other aids, grants, and revenue
31 according to chapters 120A to 129C, as though it were a district.

32 (b) Notwithstanding paragraph (a), a charter school may not
33 receive aid, a grant, or revenue if a levy is required to obtain
34 the money, or if the aid, grant, or revenue is a replacement of
35 levy revenue, except as otherwise provided in this section.

36 (c) Federal aid received by the state must be paid to the

1 school, if it qualifies for the aid as though it were a school
2 district.

3 (d) A charter school may receive money from any source for
4 capital facilities needs. In the year-end report to the
5 commissioner of education, the charter school shall report the
6 total amount of funds received from grants and other outside
7 sources.

8 Sec. 50. Minnesota Statutes 2004, section 124D.66,
9 subdivision 3, is amended to read:

10 Subd. 3. [ELIGIBLE SERVICES.] (a) Assurance of mastery
11 programs may provide direct instructional services to an
12 eligible pupil, or a group of eligible pupils, under the
13 following conditions in paragraphs (b) to (d).

14 (b) Instruction may be provided at one or more grade levels
15 from kindergarten to grade 8 and for students in grades 9
16 through 12 who were enrolled in grade 8 before the 2005-2006
17 school year and have failed the basic skills tests, or were
18 enrolled in grade 8 in the 2005-2006 school year and later and
19 who have failed the Minnesota Comprehensive Assessments
20 (MCA-IIIs) in reading, mathematics, or writing as required for
21 high school graduation under section 120B.02. If an assessment
22 of pupils' needs within a district demonstrates that the
23 eligible pupils in grades kindergarten to grade 8 are being
24 appropriately served, a district may serve eligible pupils in
25 grades 9 to 12.

26 (c) Instruction must be provided under the supervision of
27 the eligible pupil's regular classroom teacher. Instruction may
28 be provided by the eligible pupil's classroom teacher, by
29 another teacher, by a team of teachers, or by an education
30 assistant or aide. A special education teacher may provide
31 instruction, but instruction that is provided under this section
32 is not eligible for aid under section 125A.76.

33 (d) The instruction that is provided must differ from the
34 initial instruction the pupil received in the regular classroom
35 setting. The instruction may differ by presenting different
36 curriculum than was initially presented in the regular classroom

1 or by presenting the same curriculum:

2 (1) at a different rate or in a different sequence than it
3 was initially presented;

4 (2) using different teaching methods or techniques than
5 were used initially; or

6 (3) using different instructional materials than were used
7 initially.

8 Sec. 51. Minnesota Statutes 2004, section 124D.74,
9 subdivision 1, is amended to read:

10 Subdivision 1. [PROGRAM DESCRIBED.] American Indian
11 education programs are programs in public elementary and
12 secondary schools, nonsectarian nonpublic, community,
13 tribal, charter, or alternative schools enrolling American
14 Indian children designed to:

15 (1) support postsecondary preparation for pupils;

16 (2) support the academic achievement of American Indian
17 students with identified focus to improve reading and mathematic
18 skills;

19 (3) make the curriculum more relevant to the needs,
20 interests, and cultural heritage of American Indian pupils;

21 (4) provide positive reinforcement of the self-image of
22 American Indian pupils;

23 (5) develop intercultural awareness among pupils, parents,
24 and staff; and

25 (6) supplement, not supplant, state and federal educational
26 and cocurricular programs.

27 Program components may include: development of support
28 components for students in the areas of academic achievement,
29 retention, and attendance; development of support components for
30 staff, including in-service training and technical assistance in
31 methods of teaching American Indian pupils; research projects,
32 including experimentation with and evaluation of methods of
33 relating to American Indian pupils; provision of personal and
34 vocational counseling to American Indian pupils; modification of
35 curriculum, instructional methods, and administrative procedures
36 to meet the needs of American Indian pupils; and supplemental

1 instruction in American Indian language, literature, history,
 2 and culture. Districts offering programs may make contracts for
 3 the provision of program components by establishing cooperative
 4 liaisons with tribal programs and American Indian social service
 5 agencies. These programs may also be provided as components of
 6 early childhood and family education programs.

7 Sec. 52. Minnesota Statutes 2004, section 124D.81,
 8 subdivision 1, is amended to read:

9 Subdivision 1. [GRANTS; PROCEDURES.] Each fiscal year the
 10 commissioner of education must make grants to no fewer than six
 11 American Indian education programs. At least three programs
 12 must be in urban areas and at least three must be on or near
 13 reservations. The board of a local district, a participating
 14 school or a group of boards may develop a proposal for grants in
 15 support of American Indian education programs. Proposals may
 16 provide for contracts for the provision of program components by
 17 nonsectarian nonpublic, community, tribal, charter, or
 18 alternative schools. The commissioner shall prescribe the form
 19 and manner of application for grants, and no grant shall be made
 20 for a proposal not complying with the requirements of sections
 21 124D.71 to 124D.82. ~~The commissioner must submit all proposals~~
 22 ~~to the state Advisory Committee on American Indian Education~~
 23 ~~Programs for its recommendations concerning approval,~~
 24 ~~modification, or disapproval and the amounts of grants to~~
 25 ~~approved programs.~~

26 Sec. 53. Minnesota Statutes 2004, section 124D.84,
 27 subdivision 1, is amended to read:

28 Subdivision 1. [AWARDS.] The commissioner, ~~with the advice~~
 29 ~~and counsel of the Minnesota Indian Education Committee,~~ may
 30 award scholarships to any Minnesota resident student who is of
 31 one-fourth or more Indian ancestry, who has applied for other
 32 existing state and federal scholarship and grant programs, and
 33 who, in the opinion of the commissioner, has the capabilities to
 34 benefit from further education. Scholarships must be for
 35 accredited degree programs in accredited Minnesota colleges or
 36 universities or for courses in accredited Minnesota business,

1 technical, or vocational schools. Scholarships may also be
2 given to students attending Minnesota colleges that are in
3 candidacy status for obtaining full accreditation, and are
4 eligible for and receiving federal financial aid programs.
5 Students are also eligible for scholarships when enrolled as
6 students in Minnesota higher education institutions that have
7 joint programs with other accredited higher education
8 institutions. Scholarships shall be used to defray the total
9 cost of education including tuition, incidental fees, books,
10 supplies, transportation, other related school costs and the
11 cost of board and room and shall be paid directly to the college
12 or school concerned where the student receives federal financial
13 aid. The total cost of education includes all tuition and fees
14 for each student enrolling in a public institution and the
15 portion of tuition and fees for each student enrolling in a
16 private institution that does not exceed the tuition and fees at
17 a comparable public institution. Each student shall be awarded
18 a scholarship based on the total cost of the student's education
19 and a federal standardized need analysis. Applicants are
20 encouraged to apply for all other sources of financial aid. The
21 ~~amount-and-type-of-each-scholarship-shall-be-determined-through~~
22 ~~the-advice-and-counsel-of-the-Minnesota-Indian-education~~
23 ~~committee.~~

24 When an Indian student satisfactorily completes the work
25 required by a certain college or school in a school year the
26 student is eligible for additional scholarships, if additional
27 training is necessary to reach the student's educational and
28 vocational objective. Scholarships may not be given to any
29 Indian student for more than five years of study ~~without-special~~
30 ~~recommendation-of-the-Minnesota-Indian-Education-Committee.~~

31 Sec. 54. [127A.095] [IMPLEMENTATION OF NO CHILD LEFT
32 BEHIND ACT.]

33 Subdivision 1. [CONTINUED IMPLEMENTATION.] The Department
34 of Education shall continue to implement the federal No Child
35 Left Behind Act, Public Law 107-110, without interruption.

36 Subd. 2. [NO CHILD LEFT BEHIND REVIEW.] (a) The

1 legislature states its intention to require the Department of
2 Education to conduct a comprehensive review of the consolidated
3 state plan submitted by the state to the federal Department of
4 Education on implementing the No Child Left Behind Act. The
5 Minnesota Department of Education shall review and seek waivers
6 under paragraph (b). If the Department of Education is unable
7 to obtain waivers under paragraph (b), it should make a
8 recommendation in its report under paragraph (b) about whether
9 the state should opt out of the No Child Left Behind Act.

10 (b) The commissioner shall report to the house of
11 representatives and senate committees having jurisdiction over
12 kindergarten through grade 12 education policy and finance by
13 April 1, 2006, whether the department has:

14 (1) received approval from the federal Department of
15 Education to allow the state to develop a plan using multiple
16 measures including value-added measurement of student
17 achievement in addition to relying on standardized test results
18 to evaluate school and student performance for the purpose of
19 determining adequate yearly progress;

20 (2) received approval from the federal Department of
21 Education to allow the state to average three years of data for
22 the purposes of identifying a school for improvement;

23 (3) developed a plan and model legislation to ensure that
24 if an adequate yearly progress determination was made in error,
25 that the error will not adversely affect the school's or school
26 district's sanction status in subsequent years. The department
27 must have a policy in place to correct errors to accountability
28 reports;

29 (4) reported the additional costs for state fiscal years
30 2006 to 2009 that the No Child Left Behind Act imposes on the
31 state, the state's school districts, and charter schools that
32 are in excess of costs associated with the Improving America's
33 Schools Act of 1994, Public Law 103-382;

34 (5) received approval from the federal Department of
35 Education to allow the state to use No Child Left Behind Act
36 money to provide supplemental education services only in the

1 academic subject area that causes a school to miss adequate
2 yearly progress;

3 (6) received approval from the federal Department of
4 Education to exclude from sanctions schools that have not made
5 adequate yearly progress solely due to a subgroup of students
6 with disabilities not testing at a proficient level;

7 (7) received approval from the federal Department of
8 Education to exclude from sanctions a school that is classified
9 as not having made adequate yearly progress solely due to
10 different subgroups testing below proficient levels for at least
11 two consecutive years;

12 (8) received approval from the federal Department of
13 Education to identify a school as not making adequate yearly
14 progress only after missing the adequate yearly progress targets
15 in the same subject and subgroup for two consecutive years;

16 (9) received approval from the federal Department of
17 Education to identify a district as in need of improvement only
18 after missing the adequate yearly progress target in the same
19 subject across multiple grade spans for two consecutive years;

20 (10) received approval from the federal Department of
21 Education to limit the score of a student within multiple
22 subgroups to the one subgroup that is the smallest subgroup in
23 which that student is a part of when calculating adequate yearly
24 progress;

25 (11) implemented a uniform financial reporting system for
26 school districts to report costs related to implementing No
27 Child Left Behind Act requirements, including the costs of
28 complying with sanctions;

29 (12) received approval from the federal Department of
30 Education to determine the percentage of the special education
31 students that would be best educated based on out-of-level
32 standards and tested accordingly based on an individual
33 education plan; and

34 (13) received approval from the federal Department of
35 Education to determine when to hold schools accountable for
36 including a student with limited English proficiency in adequate

1 yearly progress calculations.

2 Subd. 3. [DEPARTMENT OF FINANCE CERTIFICATION.] If the
3 commissioner of education has not received approval from the
4 federal Department of Education regarding the conditions in
5 subdivision 2, paragraph (b), the commissioner of finance shall
6 certify and report to the legislature beginning January 1, 2007,
7 and each year thereafter, the amount of federal revenue, if any,
8 that may be withheld by the federal government as a result of a
9 potential state decision to discontinue implementation of the No
10 Child Left Behind Act. The report shall also specify the
11 intended purpose of the federal revenue and the amount of
12 revenue that may be withheld from the state, each school
13 district, and each charter school in each fiscal year.

14 [EFFECTIVE DATE.] This section is effective the day
15 following final enactment.

16 Sec. 55. [129C.105] [BOARD MEETINGS BY TELEPHONE OR OTHER
17 ELECTRONIC MEANS.]

18 (a) Notwithstanding section 13D.01 and if complying with
19 section 13D.02 is impractical, the Board of the Perpich Center
20 for Arts Education may conduct a meeting of its members by
21 telephone or other electronic means when:

22 (1) all members of the board participating in the meeting,
23 wherever the members' physical locations, can hear one another
24 and all discussion and testimony;

25 (2) members of the public present at the regular meeting
26 location of the board can hear all discussion and testimony and
27 all votes of members of the board;

28 (3) at least one member of the board is physically present
29 at the regular meeting location; and

30 (4) all votes are conducted by roll call, so each member's
31 vote on each issue can be identified and recorded.

32 (b) Each member of the board participating in a meeting by
33 telephone or other electronic means is considered present at the
34 meeting for purposes of determining a quorum and participating
35 in all proceedings.

36 (c) If telephone or other electronic means is used to

1 conduct a meeting, the board, to the extent practical, shall
2 allow a person to monitor the meeting electronically from a
3 remote location. The board may require the person making such a
4 connection to pay for documented marginal costs that the board
5 incurs as a result of the additional connection.

6 (d) If telephone or other electronic means is used to
7 conduct a regular, special, or emergency meeting, the board
8 shall provide notice of the regular meeting location, of the
9 fact that some members may participate by telephone or other
10 electronic means, and of the provisions of paragraph (c). The
11 timing and method of providing notice is governed by section
12 13D.04.

13 [EFFECTIVE DATE.] This section is effective the day
14 following final enactment.

15 Sec. 56. Minnesota Statutes 2004, section 179A.03,
16 subdivision 14, is amended to read:

17 Subd. 14. [PUBLIC EMPLOYEE OR EMPLOYEE.] "Public employee"
18 or "employee" means any person appointed or employed by a public
19 employer except:

20 (a) elected public officials;

21 (b) election officers;

22 (c) commissioned or enlisted personnel of the Minnesota
23 National Guard;

24 (d) emergency employees who are employed for emergency work
25 caused by natural disaster;

26 (e) part-time employees whose service does not exceed the
27 lesser of 14 hours per week or 35 percent of the normal work
28 week in the employee's appropriate unit;

29 (f) employees whose positions are basically temporary or
30 seasonal in character and: (1) are not for more than 67 working
31 days in any calendar year; or (2) are not for more than 100
32 working days in any calendar year and the employees are under
33 the age of 22, are full-time students enrolled in a nonprofit or
34 public educational institution prior to being hired by the
35 employer, and have indicated, either in an application for
36 employment or by being enrolled at an educational institution

1 for the next academic year or term, an intention to continue as
2 students during or after their temporary employment;

3 (g) employees providing services for not more than two
4 consecutive quarters to the Board of Trustees of the Minnesota
5 State Colleges and Universities under the terms of a
6 professional or technical services contract as defined in
7 section 16C.08, subdivision 1;

8 (h) employees of charitable hospitals as defined by section
9 179.35, subdivision 3;

10 (i) full-time undergraduate students employed by the school
11 which they attend under a work-study program or in connection
12 with the receipt of financial aid, irrespective of number of
13 hours of service per week;

14 (j) an individual who is employed for less than 300 hours
15 in a fiscal year as an instructor in an adult vocational
16 education program;

17 (k) an individual hired by the Board of Trustees of the
18 Minnesota State Colleges and Universities to teach one course
19 for three or fewer credits for one semester in a year;

20 (l) with respect to court employees:

21 (1) personal secretaries to judges;

22 (2) law clerks;

23 (3) managerial employees;

24 (4) confidential employees; and

25 (5) supervisory employees.

26 The following individuals are public employees regardless
27 of the exclusions of clauses (e) and (f):

28 (i) an employee hired by a school district or the Board of
29 Trustees of the Minnesota State Colleges and Universities except
30 at the university established in section 136F.13 or for
31 community services or community education instruction offered on
32 a noncredit basis: (A) to replace an absent teacher or faculty
33 member who is a public employee, where the replacement employee
34 is employed more than 30 working days as a replacement for that
35 teacher or faculty member; or (B) to take a teaching position
36 created due to increased enrollment, curriculum expansion,

1 courses which are a part of the curriculum whether offered
2 annually or not, or other appropriate reasons; and

3 (ii) an employee hired for a position under clause (f)(1)
4 if that same position has already been filled under clause
5 (f)(1) in the same calendar year and the cumulative number of
6 days worked in that same position by all employees exceeds 67
7 calendar days in that year. For the purpose of this paragraph,
8 "same position" includes a substantially equivalent position if
9 it is not the same position solely due to a change in the
10 classification or title of the position; and

11 (iii) an early childhood family education teacher employed
12 by a school district.

13 [EFFECTIVE DATE.] This section is effective July 1, 2005.

14 Sec. 57. Minnesota Statutes 2004, section 260C.201,
15 subdivision 1, is amended to read:

16 Subdivision 1. [DISPOSITIONS.] (a) If the court finds that
17 the child is in need of protection or services or neglected and
18 in foster care, it shall enter an order making any of the
19 following dispositions of the case:

20 (1) place the child under the protective supervision of the
21 responsible social services agency or child-placing agency in
22 the home of a parent of the child under conditions prescribed by
23 the court directed to the correction of the child's need for
24 protection or services:

25 (i) the court may order the child into the home of a parent
26 who does not otherwise have legal custody of the child, however,
27 an order under this section does not confer legal custody on
28 that parent;

29 (ii) if the court orders the child into the home of a
30 father who is not adjudicated, he must cooperate with paternity
31 establishment proceedings regarding the child in the appropriate
32 jurisdiction as one of the conditions prescribed by the court
33 for the child to continue in his home;

34 (iii) the court may order the child into the home of a
35 noncustodial parent with conditions and may also order both the
36 noncustodial and the custodial parent to comply with the

1 requirements of a case plan under subdivision 2; or
2 (2) transfer legal custody to one of the following:
3 (i) a child-placing agency; or
4 (ii) the responsible social services agency. In placing a
5 child whose custody has been transferred under this paragraph,
6 the agencies shall make an individualized determination of how
7 the placement is in the child's best interests using the
8 consideration for relatives and the best interest factors in
9 section 260C.212, subdivision 2, paragraph (b); or
10 (3) if the child has been adjudicated as a child in need of
11 protection or services because the child is in need of special
12 services or care to treat or ameliorate a physical or mental
13 disability, the court may order the child's parent, guardian, or
14 custodian to provide it. The court may order the child's health
15 plan company to provide mental health services to the child.
16 Section 62Q.535 applies to an order for mental health services
17 directed to the child's health plan company. If the health
18 plan, parent, guardian, or custodian fails or is unable to
19 provide this treatment or care, the court may order it
20 provided. Absent specific written findings by the court that
21 the child's disability is the result of abuse or neglect by the
22 child's parent or guardian, the court shall not transfer legal
23 custody of the child for the purpose of obtaining special
24 treatment or care solely because the parent is unable to provide
25 the treatment or care. If the court's order for mental health
26 treatment is based on a diagnosis made by a treatment
27 professional, the court may order that the diagnosing
28 professional not provide the treatment to the child if it finds
29 that such an order is in the child's best interests; or
30 (4) if the court believes that the child has sufficient
31 maturity and judgment and that it is in the best interests of
32 the child, the court may order a child 16 years old or older to
33 be allowed to live independently, either alone or with others as
34 approved by the court under supervision the court considers
35 appropriate, if the county board, after consultation with the
36 court, has specifically authorized this dispositional

1 alternative for a child.

2 (b) If the child was adjudicated in need of protection or
3 services because the child is a runaway or habitual truant, the
4 court may order any of the following dispositions in addition to
5 or as alternatives to the dispositions authorized under
6 paragraph (a):

7 (1) counsel the child or the child's parents, guardian, or
8 custodian;

9 (2) place the child under the supervision of a probation
10 officer or other suitable person in the child's own home under
11 conditions prescribed by the court, including reasonable rules
12 for the child's conduct and the conduct of the parents,
13 guardian, or custodian, designed for the physical, mental, and
14 moral well-being and behavior of the child; or with the consent
15 of the commissioner of corrections, place the child in a group
16 foster care facility which is under the commissioner's
17 management and supervision;

18 (3) subject to the court's supervision, transfer legal
19 custody of the child to one of the following:

20 (i) a reputable person of good moral character. No person
21 may receive custody of two or more unrelated children unless
22 licensed to operate a residential program under sections 245A.01
23 to 245A.16; or

24 (ii) a county probation officer for placement in a group
25 foster home established under the direction of the juvenile
26 court and licensed pursuant to section 241.021;

27 (4) require the child to pay a fine of up to \$100. The
28 court shall order payment of the fine in a manner that will not
29 impose undue financial hardship upon the child;

30 (5) require the child to participate in a community service
31 project;

32 (6) order the child to undergo a chemical dependency
33 evaluation and, if warranted by the evaluation, order
34 participation by the child in a drug awareness program or an
35 inpatient or outpatient chemical dependency treatment program;

36 (7) if the court believes that it is in the best interests

1 of the child and or of public safety that the child's driver's
2 license or instruction permit be canceled, the court may order
3 the commissioner of public safety to cancel the child's license
4 or permit for any period up to the child's 18th birthday. If
5 the child does not have a driver's license or permit, the court
6 may order a denial of driving privileges for any period up to
7 the child's 18th birthday. The court shall forward an order
8 issued under this clause to the commissioner, who shall cancel
9 the license or permit or deny driving privileges without a
10 hearing for the period specified by the court. At any time
11 before the expiration of the period of cancellation or denial,
12 the court may, for good cause, order the commissioner of public
13 safety to allow the child to apply for a license or permit, and
14 the commissioner shall so authorize;

15 (8) order that the child's parent or legal guardian deliver
16 the child to school at the beginning of each school day for a
17 period of time specified by the court; or

18 (9) require the child to perform any other activities or
19 participate in any other treatment programs deemed appropriate
20 by the court.

21 To the extent practicable, the court shall enter a
22 disposition order the same day it makes a finding that a child
23 is in need of protection or services or neglected and in foster
24 care, but in no event more than 15 days after the finding unless
25 the court finds that the best interests of the child will be
26 served by granting a delay. If the child was under eight years
27 of age at the time the petition was filed, the disposition order
28 must be entered within ten days of the finding and the court may
29 not grant a delay unless good cause is shown and the court finds
30 the best interests of the child will be served by the delay.

31 (c) If a child who is 14 years of age or older is
32 adjudicated in need of protection or services because the child
33 is a habitual truant and truancy procedures involving the child
34 were previously dealt with by a school attendance review board
35 or county attorney mediation program under section 260A.06 or
36 260A.07, the court shall order a cancellation or denial of

1 driving privileges under paragraph (b), clause (7), for any
2 period up to the child's 18th birthday.

3 (d) In the case of a child adjudicated in need of
4 protection or services because the child has committed domestic
5 abuse and been ordered excluded from the child's parent's home,
6 the court shall dismiss jurisdiction if the court, at any time,
7 finds the parent is able or willing to provide an alternative
8 safe living arrangement for the child, as defined in Laws 1997,
9 chapter 239, article 10, section 2.

10 (e) When a parent has complied with a case plan ordered
11 under subdivision 6 and the child is in the care of the parent,
12 the court may order the responsible social services agency to
13 monitor the parent's continued ability to maintain the child
14 safely in the home under such terms and conditions as the court
15 determines appropriate under the circumstances.

16 Sec. 58. 2005 S.F. No. 1879, article 3, section 3,
17 subdivision 24, if enacted, is amended to read:

18 Subd. 24. [BEST PRACTICES SEMINARS.] For best practices
19 seminars and other professional development capacity building
20 activities that assure proficiency in teaching and
21 implementation of graduation rule standards:

22 \$1,000,000 2006

23 \$1,000,000 2007

24 \$400,000 each year is for a grant to the Minnesota
25 Humanities Commission.

26 \$150,000 each year is for a grant to the Minnesota
27 Historical Society.

28 \$250,000 each year is for a grant to Special School
29 District No. 6, South St. Paul, for the IB program expansion to
30 the elementary and middle school years.

31 \$200,000 each year is for a grant to A Chance to Grow/New
32 Visions for the Minnesota Learning Resource Center's
33 comprehensive training program for education professionals
34 charged with helping children acquire basic reading and
35 mathematic skills.

36 Sec. 59. 2005 S.F. No. 1879, article 3, section 3,

1 subdivision 25, if enacted, is amended to read:

2 Subd. 25. [~~ALTERNATIVE-TEACHER~~ PROFESSIONAL COMPENSATION
3 FOR TEACHERS.] For ~~alternative-teacher~~ professional compensation
4 for teachers aid established under Minnesota Statutes, sections
5 ~~122A.413 to 122A.415~~ section 122A.4142:

6 \$~~3,700,000~~ 8,700,000 2006

7 \$~~3,700,000~~ 8,700,000 2007

8 If the appropriations under this subdivision are
9 insufficient to fund all program participants, a participant may
10 receive less than the maximum per pupil amount available under
11 Minnesota Statutes, section ~~122A.415~~ 122A.4142, subdivision ~~1~~
12 4. A qualifying district or site receiving ~~alternative-teacher~~
13 professional compensation for teacher funding under this
14 subdivision may use the funding it receives to leverage
15 additional funds from a national program for enhancing teacher
16 professionalism. Grantees who received revenue in fiscal year
17 2005 under Minnesota Statutes 2004, sections 122A.413 to
18 122A.415 shall receive revenue in fiscal years 2006 and 2007
19 under Minnesota Statutes, section 122A.4142.

20 Sec. 60. 2005 S.F. No. 1879, article 3, section 3,
21 subdivision 26, if enacted, is amended to read:

22 Subd. 26. [~~YOUTHWORKS~~ YOUTH WORKS PROGRAM.] For funding
23 youthworks youth works programs under Minnesota Statutes,
24 sections 124D.37 to 124D.45:

25 \$ 900,000 2006

26 \$ 900,000 2007

27 A grantee organization may provide health and child care
28 coverage to the dependents of each participant enrolled in a
29 full-time youth works program to the extent such coverage is not
30 otherwise available.

31 Sec. 61. 2005 S.F. No. 1879, article 3, section 3,
32 subdivision 29, if enacted, is amended to read:

33 Subd. 29. [~~COLLABORATIVE URBAN EDUCATOR.~~] For the
34 collaborative urban educator program:

35 \$ ~~528,000~~ 550,000 2006

36 \$ ~~528,000~~ 550,000 2007

1 Sec. 62. 2005 S.F. No. 1879, article 3, section 3,
2 subdivision 31, if enacted, is amended to read:

3 Subd. 31. [~~FIRST-GRADE-PREPAREDNESS~~ ALL-DAY KINDERGARTEN.]
4 For ~~first-grade-preparedness-grants~~ all-day kindergarten under
5 Minnesota Statutes, section 124D.081:

6 \$7,250,000 2006

7 \$7,250,000 2007

8 Sec. 63. [COLLEGE PREPARATION STANDARDS.]

9 (a) The Higher Education Advisory Council must convene a
10 working group to develop standards describing the skills and
11 knowledge a high school graduate must have at entry into
12 postsecondary education in order to successfully graduate from
13 college. The standards must, to the extent possible, be
14 applicable for all postsecondary education but may describe
15 differences in the skills and knowledge necessary for success in
16 different higher education institutions and programs. The
17 standards need not be comprehensive but must, at a minimum, be
18 the essential skills and knowledge that will enable a student to
19 succeed in college. The Higher Education Services Office must
20 provide staff for the working group.

21 (b) The Higher Education Advisory Council must submit the
22 standards to the commissioner of education no later than January
23 15, 2006. No later than March 15, 2006, the commissioner of
24 education must report, to the chairs of the legislative
25 committees with jurisdiction over kindergarten through grade 12
26 education policy and finance and higher education policy and
27 finance, its recommendations regarding the changes, if any, that
28 must be made in Minnesota's academic standards in order to
29 ensure that Minnesota high school graduates meet the college
30 readiness standards established by the Higher Education Advisory
31 Council.

32 (c) The Higher Education Advisory Council must invite the
33 University of Minnesota, Minnesota State Colleges and
34 Universities, representatives of private colleges, and other
35 private postsecondary institutions, to participate in the
36 working group and may invite other individuals or entities to

1 participate. The Higher Education Advisory Council and its
2 working group may collaborate with the Minnesota P-16 Education
3 Partnership in developing the college readiness standards.

4 Sec. 64. [MINNESOTA COMPREHENSIVE ASSESSMENTS; RULES.]

5 The commissioner of education shall adopt rules on or
6 before January 1, 2005, to implement the Minnesota Comprehensive
7 Assessments Second Edition (MCA-IIIs) in reading, mathematics,
8 and writing. For purposes of state and local high school
9 graduation requirements, the rules must include criteria
10 enabling school districts to:

11 (1) appropriately accommodate a student who fails but seeks
12 to pass the Minnesota Comprehensive Assessments Second Edition;
13 and

14 (2) exempt a disabled student, consistent with the
15 student's individualized education plan, or an English language
16 learner from the Minnesota Comprehensive Assessments Second
17 Edition or administer an alternative assessment either to a
18 disabled student, consistent with the student's individualized
19 education plan, or to an English language learner.

20 Sec. 65. [ADAPTIVE COMPUTER-BASED ASSESSMENT.]

21 The commissioner of education shall include the cost of
22 developing an adaptive computer-based assessment within the
23 budget for statewide testing, including the Minnesota
24 comprehensive assessments and value-added testing. If an
25 additional appropriation is necessary to develop the
26 computer-based assessment, the commissioner shall request that
27 the legislature include the required appropriation in a
28 subsequent budget.

29 Sec. 66. [HEALTH AND PHYSICAL EDUCATION MODEL BENCHMARKS.]

30 By July 1, 2006, the commissioner of education must
31 transmit to school districts model kindergarten through grade 12
32 health and physical education benchmarks developed by the
33 department's health and physical education quality teaching
34 network.

35 Sec. 67. [RULES FOR SUPPLEMENTAL SERVICE PROVIDERS.]

36 The commissioner of education must amend Minnesota Rules,

1 part 3512.5400, relating to supplemental service providers to
2 include outcome standards. The commissioner must include in the
3 amended rules criteria to remove an education service provider
4 from the listing of approved service providers if they fail to
5 meet the outcome standards.

6 Sec. 68. [MODEL POLICY; INTIMIDATION AND BULLYING.]

7 The commissioner of education shall work with the Minnesota
8 School Boards Association to develop a model policy that
9 prohibits intimidating and bullying as required in Minnesota
10 Statutes, section 121A.0695, subdivision 2.

11 Sec. 69. [SCHOOL FINANCE STUDY.]

12 (a) The commissioner of education must contract with an
13 independent contractor that has extensive experience working
14 with various states on education finance systems to continue and
15 complete the work done by the governor's education funding task
16 force included in the June 2004 report, Investing in Our
17 Future. The commissioner must contract with a firm other than
18 the consulting firm performing services for and submitting a
19 report on behalf of the governor's education funding task force.

20 (b) The contractor must:

21 (1) conduct an in-depth analysis of the governor's
22 education funding task force report, Investing in Our Future,
23 dated June 2004, focusing on the data produced by the
24 professional judgment panel study included in the report;

25 (2) convene a meeting in Minnesota to help gather any
26 necessary additional data that is not contained in the
27 governor's task force report or to further validate some of the
28 report's existing data;

29 (3) determine the dollar value of an instructional services
30 allocation, including cost estimates for each school district
31 adjusting the allocation for individual student and school
32 district characteristics; and

33 (4) conduct outreach and support to explain its findings to
34 appropriate officials in Minnesota.

35 (c) In addition to the requirements in paragraph (b), the
36 contractor must analyze data from Minnesota school districts

1 that have proven to be successful in educating students to meet
2 the state's academic standards. The contractor must use a
3 statistical analysis to help explain differences in spending
4 across school districts while controlling for student
5 performance.

6 (d) The commissioner must report on the findings on the
7 contract to the legislative committees having jurisdiction over
8 kindergarten through grade 12 finance before December 15, 2005.

9 [EFFECTIVE DATE.] This section is effective the day
10 following final enactment.

11 Sec. 70. [EVALUATING THE EDUCATIONAL IMPACT OF FEDERAL AND
12 STATE TESTS ON KINDERGARTEN THROUGH GRADE 12 STUDENTS.]

13 (a) The Office of Educational Accountability under
14 Minnesota Statutes, section 120B.31, subdivision 3, must
15 evaluate the educational impact of the federal No Child Left
16 Behind Act and other state and federal laws requiring school
17 districts to administer tests to kindergarten through grade 12
18 students. The evaluation at least must include:

19 (1) potential educational costs to kindergarten through
20 grade 12 public school students through the 2013-2014 school
21 year of complying with testing requirements;

22 (2) educational factors that may increase or decrease the
23 educational costs identified under clause (1);

24 (3) the impact of testing requirements on the statewide
25 accountability system, teacher training and employment, and
26 curriculum development; and

27 (4) the relationship between the testing requirements,
28 postsecondary entrance requirements, and the expectations of the
29 business community regarding the educational preparation of new
30 high school graduates seeking employment.

31 The Office of Educational Accountability, at its
32 discretion, may include additional areas for evaluation.

33 (b) In preparing this evaluation, the Office of Educational
34 Accountability must select a sample of school districts to
35 explore in depth the areas listed in paragraph (a). The school
36 districts must be of varying sizes and geographical locations,

1 and must include some districts with schools designated by the
2 state Department of Education as "needing improvement" under the
3 No Child Left Behind Act. The Office of Educational
4 Accountability must contact school officials, employees of
5 postsecondary institutions, and representatives of business
6 communities from throughout the state to collect information and
7 perceptions related to the evaluation. State and local entities
8 must cooperate with and assist the Office of Educational
9 Accountability with this evaluation at the request of the Office
10 of Educational Accountability.

11 (c) The Office of Educational Accountability must submit
12 the evaluation in writing to the chairs of the house of
13 representatives and senate committees having jurisdiction over
14 kindergarten through grade 12 education policy and finance by
15 February 15, 2006.

16 [EFFECTIVE DATE.] This section is effective the day
17 following final enactment.

18 Sec. 71. [LICENSED STUDENT SUPPORT SERVICES.]

19 Subdivision 1. [ACCESS TO SERVICES.] School districts and
20 the Department of Education shall work to provide for students'
21 educational achievement, to provide for student safety, and to
22 enhance student physical, emotional, and social well-being by
23 providing access to licensed student support services, such as
24 licensed school nurses, licensed school counselors, licensed
25 school social workers, licensed alcohol and drug abuse
26 counselors, and licensed school psychologists.

27 Subd. 2. [FUNDING.] School districts and the Department of
28 Education shall explore opportunities for obtaining additional
29 funds to improve students' access to needed licensed student
30 support services including, at least, medical assistance
31 reimbursements, local collaborative time study funds, federal
32 funds, public health funds, and specifically designated funds.

33 Subd. 3. [IMPROVING ACCESS.] School districts and the
34 Department of Education must consider nationally recommended
35 licensed staff-to-student ratios, work loads, and best practices
36 when working to improve student access to needed licensed

1 student support services.

2 Sec. 72. [BOARD OF TEACHING REPORT.]

3 By January 16, 2006, the Board of Teaching, in consultation
4 with the Department of Education and other education
5 stakeholders, must prepare and submit to the house of
6 representatives and senate committees having jurisdiction over
7 kindergarten through grade 12 education policy and finance
8 proposed licensure requirements for teachers of
9 interdisciplinary curriculum to facilitate learning in
10 state-approved innovative schools and programs.

11 Sec. 73. [PROFESSIONAL COMPENSATION FOR TEACHERS TASK
12 FORCE.]

13 The commissioner of education must convene a task force on
14 professional compensation models for teachers. The commissioner
15 shall report the task force findings to the legislative
16 committees having jurisdiction over kindergarten through grade
17 12 education funding and policy issues by December 16, 2006.
18 The task force must recommend a professional compensation model
19 designed to improve teacher performance and student
20 achievement. The task force must recommend a method to
21 transition from the current pilot alternative compensation sites
22 to a statewide program, including recommendations for funding a
23 statewide program.

24 Sec. 74. [APPROPRIATIONS.]

25 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
26 indicated in this section are appropriated from the general fund
27 to the Department of Education for the fiscal years designated.

28 Subd. 2. [IMPROVED SCHOOL FINANCE SYSTEM CONTRACT.] For a
29 contract to follow up on the work of the governor's education
30 funding task force:

31 \$ 175,000 2006

32 Subd. 3. [STAFF DEVELOPMENT STATE MATCH.] For the state
33 match for staff development under Minnesota Statutes, section
34 122A.61:

35 \$45,939,000 2006

36 \$47,883,000 2007

1 Special School District No. 6, South St. Paul, may use its
 2 state match to implement its elementary and middle school
 3 international baccalaureate program expansion.

4 Subd. 4. [PROFESSIONAL COMPENSATION FOR TEACHERS TASK
 5 FORCE.] For the professional compensation for teachers task
 6 force:

7 \$ 200,000 2006

8 \$ 200,000 2007

9 Sec. 75. [REPEALER.]

10 Minnesota Statutes 2004, sections 121A.23; 122A.414; and
 11 122A.415, are repealed.

12 ARTICLE 3

13 SPECIAL PROGRAMS

14 Section 1. Minnesota Statutes 2004, section 121A.66,
 15 subdivision 5, is amended to read:

16 Subd. 5. [EMERGENCY.] "Emergency" means a situation in
 17 which immediate intervention is necessary to protect a pupil or
 18 other individual from physical injury or to prevent serious
 19 property damage.

20 Sec. 2. Minnesota Statutes 2004, section 121A.66, is
 21 amended by adding a subdivision to read:

22 Subd. 6. [POSITIVE BEHAVIORAL INTERVENTIONS AND
 23 SUPPORTS.] "Positive behavioral interventions and supports"
 24 means those strategies used to improve the school environment
 25 and teach pupils skills likely to increase pupil ability to
 26 exhibit appropriate behaviors.

27 Sec. 3. Minnesota Statutes 2004, section 121A.66, is
 28 amended by adding a subdivision to read:

29 Subd. 7. [TIME-OUT.] "Time-out" means:

30 (1) a contingent observation, which is not a regulated
 31 intervention, and involves instructing the pupil to leave the
 32 school activity during the school day and not participate for a
 33 period of time, but to observe the activity and listen to the
 34 discussion from a time-out area within the same setting;

35 (2) an exclusionary time-out, which is not a regulated
 36 intervention, and involves instructing the pupil to leave the

1 school activity during the school day and not participate in or
2 observe the classroom activity, but to go to another area from
3 which the pupil may leave; or

4 (3) a locked time-out, which is a regulated intervention,
5 and involves involuntarily removing the pupil from the school
6 activity during the school day and placing the pupil in a
7 specially designed and continuously supervised isolation room
8 that the pupil is prevented from leaving.

9 Sec. 4. Minnesota Statutes 2004, section 121A.67, is
10 amended to read:

11 121A.67 [AVERSIVE AND DEPRIVATION PROCEDURES.]

12 Subdivision 1. [RULES.] The commissioner, after
13 consultation with interested parent organizations and advocacy
14 groups, the Minnesota Administrators for Special Education, the
15 Minnesota Association of School Administrators, Education
16 Minnesota, the Minnesota School Boards Association, the
17 Minnesota Police Officers Association, a representative of a
18 bargaining unit that represents paraprofessionals, the
19 Elementary School Principals Association, and the Secondary
20 School Principals Association, must adopt amend rules governing
21 the use of aversive and deprivation procedures by school
22 district employees or persons under contract with a school
23 district. The rules must:

24 (1) promote the use of positive approaches behavioral
25 interventions and supports and must not encourage or require the
26 use of aversive or deprivation procedures;

27 (2) require that planned application of aversive and
28 deprivation procedures only be a-part-of-an instituted after
29 completing a functional behavior assessment and developing a
30 behavior intervention plan that is included in or maintained
31 with the individual education plan;

32 (3) require parents-or-guardians-to-be-notified-after-the
33 use-of educational personnel to notify a parent or guardian of a
34 pupil with an individual education plan on the same day aversive
35 or deprivation procedures are used in an emergency or in writing
36 within two school days if district personnel are unable to

1 provide same-day notice;

2 (4) establish health and safety standards for the use of
3 locked time-out procedures that require a safe environment,
4 continuous monitoring of the child, ventilation, and adequate
5 space, a locking mechanism that disengages automatically when
6 not continuously engaged by school personnel, and full
7 compliance with state and local fire and building codes,
8 including state rules on time-out rooms; and

9 (5) contain a list of prohibited procedures;

10 (6) consolidate and clarify provisions related to behavior
11 intervention plans;

12 (7) require school districts to register with the
13 commissioner any room used for locked time-out, which the
14 commissioner must monitor by making announced and unannounced
15 on-site visits;

16 (8) place a student in locked time-out only if the
17 intervention is:

18 (i) part of the comprehensive behavior intervention plan
19 that is included in or maintained with the student's individual
20 education plan, and the plan uses positive behavioral
21 interventions and supports, and data support its continued use;
22 or

23 (ii) used in an emergency for the duration of the emergency
24 only; and

25 (9) require a providing school district or cooperative to
26 establish an oversight committee composed of at least one member
27 with training in behavioral analysis and other appropriate
28 education personnel to annually review aggregate data regarding
29 the use of aversive and deprivation procedures.

30 Subd. 2. [REMOVAL BY PEACE OFFICER.] If a pupil who has an
31 individual education plan is restrained or removed from a
32 classroom, school building, or school grounds by a peace officer
33 at the request of a school administrator or a school staff
34 person during the school day twice in a 30-day period, the
35 pupil's individual education program team must meet to determine
36 if the pupil's individual education plan is adequate or if

1 additional evaluation is needed.

2 [EFFECTIVE DATE.] Subdivision 1 of this section is
3 effective the day following final enactment.

4 Sec. 5. Minnesota Statutes 2004, section 122A.15, is
5 amended by adding a subdivision to read:

6 Subd. 3. [STUDENT SUPPORT SERVICES ADVISORY COMMITTEE;
7 DISTRICT PLAN.] (a) A student support services advisory
8 committee composed of ten members selected by the commissioner
9 is established under section 15.059. The commissioner must
10 select one committee member from each of the following
11 organizations:

12 (1) the Minnesota Department of Education;

13 (2) the Minnesota School Boards Association;

14 (3) the Minnesota Association of School Administrators;

15 (4) the Minnesota School Social Work Association;

16 (5) the School Nurse Organization of Minnesota;

17 (6) the Minnesota School Psychologists Association;

18 (7) the Minnesota School Counselors Association;

19 (8) the Minnesota Association of Resources for Recovery and
20 Chemical Health;

21 (9) the Minnesota Administrators for Special Education; and

22 (10) the Minnesota Parent Teachers Association.

23 (b) The committee must:

24 (1) establish a method for identifying student needs that
25 are barriers to learning;

26 (2) identify alternatives for integrating student support
27 services into public schools;

28 (3) recommend support staff to student ratios and best
29 practices for providing student support services premised on
30 evidence-based practice;

31 (4) identify the substance and extent of the work that
32 student support services staff are trained and licensed to
33 provide and the characteristics of the student populations they
34 serve;

35 (5) recommend how school districts can most appropriately
36 integrate student support services into the education program;

1 and

2 (6) recommend public and nonpublic revenue sources that
3 school districts can use to fund student support services
4 including, among other sources, medical assistance
5 reimbursements, private health insurance, local collaborative
6 time study funds, federal funds, public health funds, and
7 specifically designated funds such as school safety levies and
8 district general funds, among other funds.

9 (c) The committee must consider the oral and written
10 testimony of school district personnel and parents and students
11 in complying with paragraph (b). The committee must submit
12 periodic recommendations about student support services to the
13 commissioner and to the committees of the legislature having
14 jurisdiction over birth to age 21 education policy and budget
15 issues. The commissioner must consider the committee's
16 recommendations in deciding whether to develop and maintain a
17 model district plan for student support services. If the
18 commissioner develops and maintains a model plan, the
19 commissioner also must decide whether to transmit the plan to
20 school districts, whether to require the districts to adopt and
21 maintain a district plan for providing student support services
22 that meets the criteria recommended by the advisory committee,
23 and whether to require the districts to submit the plan for
24 biennial review.

25 (d) Notwithstanding section 15.059, subdivision 5, the
26 committee expires on June 30, 2016.

27 [EFFECTIVE DATE.] This section is effective the day
28 following final enactment and applies to the 2006-2007 school
29 year and later.

30 Sec. 6. Minnesota Statutes 2004, section 123B.92,
31 subdivision 1, is amended to read:

32 Subdivision 1. [DEFINITIONS.] For purposes of this section
33 and section 125A.76, the terms defined in this subdivision have
34 the meanings given to them.

35 (a) "Actual expenditure per pupil transported in the
36 regular and excess transportation categories" means the quotient

1 obtained by dividing:

2 (1) the sum of:

3 (i) all expenditures for transportation in the regular
4 category, as defined in paragraph (b), clause (1), and the
5 excess category, as defined in paragraph (b), clause (2), plus
6 (ii) an amount equal to one year's depreciation on the
7 district's school bus fleet and mobile units computed on a
8 straight line basis at the rate of 15 percent per year for
9 districts operating a program under section 124D.128 for grades
10 1 to 12 for all students in the district and 12-1/2 percent per
11 year for other districts of the cost of the fleet, plus
12 (iii) an amount equal to one year's depreciation on the
13 district's type three school buses, as defined in section
14 169.01, subdivision 6, clause (5), which must be used a majority
15 of the time for pupil transportation purposes, computed on a
16 straight line basis at the rate of 20 percent per year of the
17 cost of the type three school buses by:

18 (2) the number of pupils eligible for transportation in the
19 regular category, as defined in paragraph (b), clause (1), and
20 the excess category, as defined in paragraph (b), clause (2).

21 (b) "Transportation category" means a category of
22 transportation service provided to pupils as follows:

23 (1) Regular transportation is:

24 (i) transportation to and from school during the regular
25 school year for resident elementary pupils residing one mile or
26 more from the public or nonpublic school they attend, and
27 resident secondary pupils residing two miles or more from the
28 public or nonpublic school they attend, excluding desegregation
29 transportation and noon kindergarten transportation; but with
30 respect to transportation of pupils to and from nonpublic
31 schools, only to the extent permitted by sections 123B.84 to
32 123B.87;

33 (ii) transportation of resident pupils to and from language
34 immersion programs;

35 (iii) transportation of a pupil who is a custodial parent
36 and that pupil's child between the pupil's home and the child

1 care provider and between the provider and the school, if the
2 home and provider are within the attendance area of the school;

3 (iv) transportation to and from or board and lodging in
4 another district, of resident pupils of a district without a
5 secondary school; and

6 (v) transportation to and from school during the regular
7 school year required under subdivision 3 for nonresident
8 elementary pupils when the distance from the attendance area
9 border to the public school is one mile or more, and for
10 nonresident secondary pupils when the distance from the
11 attendance area border to the public school is two miles or
12 more, excluding desegregation transportation and noon
13 kindergarten transportation.

14 For the purposes of this paragraph, a district may
15 designate a licensed day care facility, respite care facility,
16 the residence of a relative, or the residence of a person chosen
17 by the pupil's parent or guardian as the home of a pupil for
18 part or all of the day, if requested by the pupil's parent or
19 guardian, and if that facility or residence is within the
20 attendance area of the school the pupil attends.

21 (2) Excess transportation is:

22 (i) transportation to and from school during the regular
23 school year for resident secondary pupils residing at least one
24 mile but less than two miles from the public or nonpublic school
25 they attend, and transportation to and from school for resident
26 pupils residing less than one mile from school who are
27 transported because of extraordinary traffic, drug, or crime
28 hazards; and

29 (ii) transportation to and from school during the regular
30 school year required under subdivision 3 for nonresident
31 secondary pupils when the distance from the attendance area
32 border to the school is at least one mile but less than two
33 miles from the public school they attend, and for nonresident
34 pupils when the distance from the attendance area border to the
35 school is less than one mile from the school and who are
36 transported because of extraordinary traffic, drug, or crime

1 hazards.

2 (3) Desegregation transportation is transportation within
3 and outside of the district during the regular school year of
4 pupils to and from schools located outside their normal
5 attendance areas under a plan for desegregation mandated by the
6 commissioner or under court order.

7 (4) "Transportation services for pupils with disabilities"
8 is:

9 (i) transportation of pupils with disabilities who cannot
10 be transported on a regular school bus between home or a respite
11 care facility and school;

12 (ii) necessary transportation of pupils with disabilities
13 from home or from school to other buildings, including centers
14 such as developmental achievement centers, hospitals, and
15 treatment centers where special instruction or services required
16 by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65
17 are provided, within or outside the district where services are
18 provided;

19 (iii) necessary transportation for resident pupils with
20 disabilities required by sections 125A.12, and 125A.26 to
21 125A.48;

22 (iv) board and lodging for pupils with disabilities in a
23 district maintaining special classes;

24 (v) transportation from one educational facility to another
25 within the district for resident pupils enrolled on a
26 shared-time basis in educational programs, and necessary
27 transportation required by sections 125A.18, and 125A.26 to
28 125A.48, for resident pupils with disabilities who are provided
29 special instruction and services on a shared-time basis or if
30 resident pupils are not transported, the costs of necessary
31 travel between public and private schools or neutral
32 instructional sites by essential personnel employed by the
33 district's program for children with a disability;

34 (vi) transportation for resident pupils with disabilities
35 to and from board and lodging facilities when the pupil is
36 boarded and lodged for educational purposes; and

1 (vii) services described in clauses (i) to (vi), when
2 provided for pupils with disabilities in conjunction with a
3 summer instructional program that relates to the pupil's
4 individual education plan or in conjunction with a learning year
5 program established under section 124D.128.

6 For purposes of computing special education base revenue
7 under section 125A.76, subdivision 2, the cost of providing
8 transportation for children with disabilities includes (A) the
9 additional cost of transporting a homeless student from a
10 temporary nonshelter home in another district to the school of
11 origin, or a formerly homeless student from a permanent home in
12 another district to the school of origin but only through the
13 end of the academic year; and (B) depreciation on district-owned
14 school buses purchased after July 1, 2005, and used primarily
15 for transportation of pupils with disabilities, calculated
16 according to paragraph (a), clauses (ii) and (iii).
17 Depreciation costs included in the disabled transportation
18 category must be excluded in calculating the actual expenditure
19 per pupil transported in the regular and excess transportation
20 categories according to paragraph (a).

21 (5) "Nonpublic nonregular transportation" is:

22 (i) transportation from one educational facility to another
23 within the district for resident pupils enrolled on a
24 shared-time basis in educational programs, excluding
25 transportation for nonpublic pupils with disabilities under
26 clause (4);

27 (ii) transportation within district boundaries between a
28 nonpublic school and a public school or a neutral site for
29 nonpublic school pupils who are provided pupil support services
30 pursuant to section 123B.44; and

31 (iii) late transportation home from school or between
32 schools within a district for nonpublic school pupils involved
33 in after-school activities.

34 (c) "Mobile unit" means a vehicle or trailer designed to
35 provide facilities for educational programs and services,
36 including diagnostic testing, guidance and counseling services,

1 and health services. A mobile unit located off nonpublic school
2 premises is a neutral site as defined in section 123B.41,
3 subdivision 13.

4 Sec. 7. Minnesota Statutes 2004, section 124D.11,
5 subdivision 5, is amended to read:

6 Subd. 5. [SPECIAL EDUCATION AID.] (a) Except as provided
7 in subdivision 2, special education aid must be paid to a
8 charter school according to section 125A.76, as though it were a
9 school district.

10 (b) For fiscal year 2006, the charter school may charge
11 tuition to the district of residence as follows:

12 (1) if the charter school does not receive general
13 education revenue on behalf of the student according to
14 subdivision 1, tuition shall be charged as provided in section
15 125A.11; or

16 (2) if the charter school receives general education
17 revenue on behalf of the student according to subdivision 1,
18 tuition shall be charged as provided in section 127A.47,
19 subdivision 7, paragraph (d).

20 (c) For fiscal year 2007 and later, the special education
21 aid paid to the charter school shall be adjusted as follows:

22 (1) if the charter school does not receive general
23 education revenue on behalf of the student according to
24 subdivision 1, the aid shall be adjusted as provided in section
25 125A.11; or

26 (2) if the charter school receives general education
27 revenue on behalf of the student according to subdivision 1, the
28 aid shall be adjusted as provided in section 127A.47,
29 subdivision 7, paragraph (d).

30 (d) Notwithstanding paragraphs (b) and (c), sections
31 125A.11 and 127A.47, subdivision 7, paragraph (d), for charter
32 schools where fewer than 30 percent of enrolled students receive
33 special education and related services, the tuition calculations
34 or aid adjustments must be based on the lesser of the charter
35 school's or the resident district's actual special education
36 cost per service hour for the student's primary disability area,

1 or grouping of disability areas used by the school for tuition
2 billing. For fiscal year 2006, the charter school may submit a
3 tuition bill in an amount equal to 70 percent of its remaining
4 unreimbursed special education costs to the commissioner. For
5 fiscal year 2007 and later, the commissioner must calculate the
6 remaining unreimbursed special education costs. The
7 commissioner must reimburse the charter school in an amount
8 equal to 70 percent of the school's remaining unreimbursed
9 special education costs from the charter school special
10 education reimbursement account according to section 125A.795.

11 Sec. 8. [124D.4531] [CAREER AND TECHNICAL LEVY.]

12 Subdivision 1. [CAREER AND TECHNICAL LEVY.] (a) A district
13 with a career and technical program approved under this section
14 for the fiscal year in which the levy is certified may levy an
15 amount equal to the lesser of:

16 (1) \$80 times the district's average daily membership in
17 grades 10 through 12 for the fiscal year in which the levy is
18 certified; or

19 (2) 25 percent of approved expenditures in the fiscal year
20 in which the levy is certified for the following:

21 (i) salaries paid to essential, licensed personnel
22 providing direct instructional services to students in that
23 fiscal year for services rendered in the district's approved
24 career and technical education programs;

25 (ii) contracted services provided by a public or private
26 agency other than a Minnesota school district or cooperative
27 center under subdivision 7;

28 (iii) necessary travel between instructional sites by
29 licensed career and technical education personnel;

30 (iv) necessary travel by licensed career and technical
31 education personnel for vocational student organization
32 activities held within the state for instructional purposes;

33 (v) curriculum development activities that are part of a
34 five-year plan for improvement based on program assessment;

35 (vi) necessary travel by licensed career and technical
36 education personnel for noncollegiate credit-bearing

1 professional development; and

2 (vii) specialized vocational instructional supplies.

3 (b) Up to ten percent of a district's career and technical
4 levy may be spent on equipment purchases. Districts using the
5 career and technical levy for equipment purchases must report to
6 the department on the improved learning opportunities for
7 students that result from the investment in equipment.

8 (c) The district must recognize the full amount of this
9 levy as revenue for the fiscal year in which it is certified.

10 Subd. 2. [ALLOCATION FROM COOPERATIVE CENTERS AND
11 INTERMEDIATE DISTRICTS.] For purposes of this section, a
12 cooperative center or an intermediate district must allocate its
13 approved expenditures for career and technical education
14 programs among participating districts.

15 Subd. 3. [LEVY GUARANTEE.] Notwithstanding subdivision 1,
16 the career and technical education levy for a district is not
17 less than the lesser of:

18 (1) the district's career and technical education levy
19 authority for the previous fiscal year; or

20 (2) 100 percent of the approved expenditures for career and
21 technical programs included in subdivision 1, paragraph (b), for
22 the fiscal year in which the levy is certified.

23 Subd. 4. [DISTRICT REPORTS.] Each district or cooperative
24 center must report data to the department for all career and
25 technical education programs as required by the department to
26 implement the career and technical levy formula.

27 [EFFECTIVE DATE.] This section is effective for taxes
28 payable in 2009.

29 Sec. 9. Minnesota Statutes 2004, section 124D.59,
30 subdivision 2, is amended to read:

31 Subd. 2. [PUPIL OF LIMITED ENGLISH PROFICIENCY.] (a)
32 "Pupil of limited English proficiency" means a pupil in
33 kindergarten through grade 12 who meets the following
34 requirements:

35 (1) the pupil, as declared by a parent or guardian first
36 learned a language other than English, comes from a home where

1 the language usually spoken is other than English, or usually
2 speaks a language other than English; and

3 (2) the pupil is determined by developmentally appropriate
4 measures, which might include observations, teacher judgment,
5 parent recommendations, or developmentally appropriate
6 assessment instruments, to lack the necessary English skills to
7 participate fully in classes taught in English.

8 (b) Notwithstanding paragraph (a), a pupil in grades 4
9 through 12 who was enrolled in a Minnesota public school on the
10 dates during the previous school year when a commissioner
11 provided assessment that measures the pupil's emerging academic
12 English was administered, shall not be counted as a pupil of
13 limited English proficiency in calculating limited English
14 proficiency pupil units under section 126C.05, subdivision 17,
15 and shall not generate state limited English proficiency aid
16 under section 124D.65, subdivision 5, unless the pupil scored
17 below the state cutoff score on an assessment measuring emerging
18 academic English provided by the commissioner during the
19 previous school year.

20 (c) Notwithstanding paragraphs (a) and (b), a pupil in
21 kindergarten through grade 12 shall not be counted as a pupil of
22 limited English proficiency in calculating limited English
23 proficiency pupil units under section 126C.05, subdivision 17,
24 and shall not generate state limited English proficiency aid
25 under section 124D.65, subdivision 5, if:

26 (1) the pupil is not enrolled during the current fiscal
27 year in an educational program for pupils of limited English
28 proficiency in accordance with sections 124D.58 to 124D.64; or

29 (2) the pupil has generated five seven or more years of
30 average daily membership in Minnesota public schools since July
31 1, 1996.

32 [EFFECTIVE DATE.] This section is effective for revenue for
33 fiscal years 2006 and 2007 if the basic formula allowance under
34 Minnesota Statutes, section 126C.10, subdivision 2, does not
35 grow by at least three and one-half percent each year, excluding
36 roll-ins.

1 Sec. 10. Minnesota Statutes 2004, section 125A.11,
2 subdivision 1, is amended to read:

3 Subdivision 1. [NONRESIDENT TUITION RATE; OTHER COSTS.]

4 (a) For fiscal year 2006, when a school district provides
5 instruction and services outside the district of residence,
6 board and lodging, and any tuition to be paid, shall be paid by
7 the district of residence, except as provided in subdivision 4.
8 The tuition rate to be charged for any child with a disability,
9 excluding a pupil for whom tuition is calculated according to
10 section 127A.47, subdivision 7, paragraph (d), must be the sum
11 of (1) the actual cost of providing special instruction and
12 services to the child including a proportionate amount
13 for ~~capital-outlay-and-debt-service-but-not-including-any-amount~~
14 for special transportation and unreimbursed building lease and
15 debt service costs for facilities used primarily for special
16 education, plus (2) the amount of general education revenue and
17 referendum aid attributable to the pupil, minus (3) the amount
18 of special education aid for children with a disability received
19 on behalf of that child, minus (4) if the pupil receives special
20 instruction and services outside the regular classroom for more
21 than 60 percent of the school day, the amount of general
22 education revenue and referendum aid, excluding portions
23 attributable to district and school administration, district
24 support services, operations and maintenance, capital
25 expenditures, and pupil transportation, attributable to that
26 pupil for the portion of time the pupil receives instruction in
27 the regular classroom. If the boards involved do not agree upon
28 the tuition rate, either board may apply to the commissioner to
29 fix the rate. Notwithstanding chapter 14, the commissioner must
30 then set a date for a hearing or request a written statement
31 from each board, giving each board at least ten days' notice,
32 and after the hearing or review of the written statements the
33 commissioner must make an order fixing the tuition rate, which
34 is binding on both school districts. General education revenue
35 and referendum aid attributable to a pupil must be calculated
36 using the resident district's average general education and

1 referendum revenue per adjusted pupil unit.

2 (b) For fiscal year 2007 and later, when a school district
3 provides special instruction and services for a pupil with a
4 disability as defined in section 125A.02 outside the district of
5 residence, excluding a pupil for whom an adjustment to special
6 education aid is calculated according to section 127A.47,
7 subdivision 7, paragraph (e), special education aid paid to the
8 resident district must be reduced by an amount equal to (1) the
9 actual cost of providing special instruction and services to the
10 pupil, including a proportionate amount for special
11 transportation and unreimbursed building lease and debt service
12 costs for facilities used primarily for special education, plus
13 (2) the amount of general education revenue and referendum aid
14 attributable to that pupil, minus (3) the amount of special
15 education aid for children with a disability received on behalf
16 of that child, minus (4) if the pupil receives special
17 instruction and services outside the regular classroom for more
18 than 60 percent of the school day, the amount of general
19 education revenue and referendum aid, excluding portions
20 attributable to district and school administration, district
21 support services, operations and maintenance, capital
22 expenditures, and pupil transportation, attributable to that
23 pupil for the portion of time the pupil receives instruction in
24 the regular classroom. General education revenue and referendum
25 aid attributable to a pupil must be calculated using the
26 resident district's average general education revenue and
27 referendum aid per adjusted pupil unit. If the resident
28 district's special education aid is insufficient to make the
29 full adjustment, the remaining adjustment shall be made to other
30 state aid due to the district.

31 [EFFECTIVE DATE.] This section is effective July 1, 2005,
32 for revenue for fiscal year 2006.

33 Sec. 11. Minnesota Statutes 2004, section 125A.24, is
34 amended to read:

35 125A.24 [PARENT ADVISORY COUNCILS.]

36 In order to increase the involvement of parents of children

1 with disabilities in district policy making and decision making,
2 school districts must have a special education advisory council
3 that is incorporated into the district's special education
4 system plan.

5 (1) This advisory council may be established either for
6 individual districts or in cooperation with other districts who
7 are members of the same special education cooperative.

8 (2) A district may set up this council as a subgroup of an
9 existing board, council, or committee.

10 (3) At least half of the designated council members must be
11 parents of students with a disability. The council must include
12 at least one member who is a parent of a nonpublic school
13 student with a disability or an employee of a nonpublic school
14 if a nonpublic school is located in the district. Each local
15 council must meet no less than once each year. The number of
16 members, frequency of meetings, and operational procedures are
17 to be locally determined.

18 Sec. 12. Minnesota Statutes 2004, section 125A.28, is
19 amended to read:

20 125A.28 [STATE INTERAGENCY COORDINATING COUNCIL.]

21 An Interagency Coordinating Council of at least 17, but not
22 more than 25 members is established, in compliance with Public
23 Law 102-119, section 682. The members must be appointed by the
24 governor. Council members must elect the council chair. The
25 representative of the commissioner may not serve as the chair.
26 The council must be composed of at least five parents, including
27 persons of color, of children with disabilities under age 12,
28 including at least three parents of a child with a disability
29 under age seven, five representatives of public or private
30 providers of services for children with disabilities under age
31 five, including a special education director, county social
32 service director, local Head Start director, and a community
33 health services or public health nursing administrator, one
34 member of the senate, one member of the house of
35 representatives, one representative of teacher preparation
36 programs in early childhood-special education or other

1 preparation programs in early childhood intervention, at least
2 one representative of advocacy organizations for children with
3 disabilities under age five, one physician who cares for young
4 children with special health care needs, one representative each
5 from the commissioners of commerce, education, health, human
6 services, a representative from the state agency responsible for
7 child care, and a representative from Indian health services or
8 a tribal council. Section 15.059, subdivisions 2 to 5, apply to
9 the council. The council must meet at least quarterly.

10 The council must address methods of implementing the state
11 policy of developing and implementing comprehensive,
12 coordinated, multidisciplinary interagency programs of early
13 intervention services for children with disabilities and their
14 families.

15 The duties of the council include recommending policies to
16 ensure a comprehensive and coordinated system of all state and
17 local agency services for children under age five with
18 disabilities and their families. The policies must address how
19 to incorporate each agency's services into a unified state and
20 local system of multidisciplinary assessment practices,
21 individual intervention plans, comprehensive systems to find
22 children in need of services, methods to improve public
23 awareness, and assistance in determining the role of interagency
24 early intervention committees.

25 ~~By-September-1~~ On the date that Minnesota Part C Annual
26 Performance Report is submitted to the federal Office of Special
27 Education, the council must recommend to the governor and the
28 commissioners of education, health, human services, commerce,
29 and employment and economic development policies for a
30 comprehensive and coordinated system.

31 Notwithstanding any other law to the contrary, the State
32 Interagency Coordinating Council expires on June 30, ~~2005~~ 2009.

33 Sec. 13. Minnesota Statutes 2004, section 125A.51, is
34 amended to read:

35 125A.51 [PLACEMENT OF CHILDREN WITHOUT DISABILITIES;
36 EDUCATION AND TRANSPORTATION.]

1 The responsibility for providing instruction and
2 transportation for a pupil without a disability who has a
3 short-term or temporary physical or emotional illness or
4 disability, as determined by the standards of the commissioner,
5 and who is temporarily placed for care and treatment for that
6 illness or disability, must be determined as provided in this
7 section.

8 (a) The school district of residence of the pupil is the
9 district in which the pupil's parent or guardian resides.

10 (b) When parental rights have been terminated by court
11 order, the legal residence of a child placed in a residential or
12 foster facility for care and treatment is the district in which
13 the child resides.

14 (c) Before the placement of a pupil for care and treatment,
15 the district of residence must be notified and provided an
16 opportunity to participate in the placement decision. When an
17 immediate emergency placement is necessary and time does not
18 permit resident district participation in the placement
19 decision, the district in which the pupil is temporarily placed,
20 if different from the district of residence, must notify the
21 district of residence of the emergency placement within 15 days
22 of the placement.

23 (d) When a pupil without a disability is temporarily placed
24 for care and treatment in a day program and the pupil continues
25 to live within the district of residence during the care and
26 treatment, the district of residence must provide instruction
27 and necessary transportation to and from the treatment facility
28 for the pupil. Transportation shall only be provided by the
29 district during regular operating hours of the district. The
30 district may provide the instruction at a school within the
31 district of residence, at the pupil's residence, or in the case
32 of a placement outside of the resident district, in the district
33 in which the day treatment program is located by paying tuition
34 to that district. The district of placement may contract with a
35 facility to provide instruction by teachers licensed by the
36 state Board of Teaching.

1 (e) When a pupil without a disability is temporarily placed
2 in a residential program for care and treatment, the district in
3 which the pupil is placed must provide instruction for the pupil
4 and necessary transportation while the pupil is receiving
5 instruction, and in the case of a placement outside of the
6 district of residence, the nonresident district must bill the
7 district of residence for the actual cost of providing the
8 instruction for the regular school year and for summer school,
9 excluding transportation costs.

10 (f) Notwithstanding paragraph (e), if the pupil is homeless
11 and placed in a public or private homeless shelter, then the
12 district that enrolls the pupil under section 127A.47,
13 subdivision 2, shall provide the transportation, unless the
14 district that enrolls the pupil and the district in which the
15 pupil is temporarily placed agree that the district in which the
16 pupil is temporarily placed shall provide transportation. When
17 a pupil without a disability is temporarily placed in a
18 residential program outside the district of residence, the
19 administrator of the court placing the pupil must send timely
20 written notice of the placement to the district of residence.
21 The district of placement may contract with a residential
22 facility to provide instruction by teachers licensed by the
23 state Board of Teaching. For purposes of this section, the state
24 correctional facilities operated on a fee-for-service basis are
25 considered to be residential programs for care and treatment.

26 ~~(f)~~ (g) The district of residence must include the pupil in
27 its residence count of pupil units and pay tuition as provided
28 in section 123A.488 to the district providing the instruction.
29 Transportation costs must be paid by the district providing the
30 transportation and the state must pay transportation aid to that
31 district. For purposes of computing state transportation aid,
32 pupils governed by this subdivision must be included in the
33 disabled transportation category if the pupils cannot be
34 transported on a regular school bus route without special
35 accommodations.

36 Sec. 14. Minnesota Statutes 2004, section 125A.76,

1 subdivision 1, is amended to read:

2 Subdivision 1. [DEFINITIONS.] For the purposes of this
3 section, the definitions in this subdivision apply.

4 (a) "Base year" for fiscal year 1998 and later fiscal years
5 means the second fiscal year preceding the fiscal year for which
6 aid will be paid.

7 (b) "Basic revenue" has the meaning given it in section
8 126C.10, subdivision 2. For the purposes of computing basic
9 revenue pursuant to this section, each child with a disability
10 shall be counted as prescribed in section 126C.05, subdivision 1.

11 (c) "Essential personnel" means teachers, cultural
12 liaisons, related services, and support services staff providing
13 direct services to students. Essential personnel may also
14 include special education paraprofessionals or clericals
15 providing support to teachers and students by preparing
16 paperwork and making arrangements related to special education
17 compliance requirements, including parent meetings and
18 individual education plans.

19 (d) "Average daily membership" has the meaning given it in
20 section 126C.05.

21 (e) "Program growth factor" means 1.046 for fiscal year
22 2003~~7~~and; 1.0 for fiscal year years 2004, 2005, and 2006;
23 1.042 for fiscal year 2007; and 1.046 for fiscal year 2008 and
24 later.

25 [EFFECTIVE DATE.] This section is effective for revenue for
26 fiscal year 2006.

27 Sec. 15. Minnesota Statutes 2004, section 125A.76,
28 subdivision 3, is amended to read:

29 Subd. 3. [ADJUSTED SPECIAL EDUCATION BASE REVENUE.] For
30 fiscal year ~~1997~~ 2006 and later, a district's adjusted special
31 education base revenue equals the district's special education
32 base revenue times the ratio of the district's average-daily
33 membership unduplicated count of students with an individual
34 education plan for the current school year to the district's
35 average-daily-membership unduplicated count of students with an
36 individual education plan for the base year.

1 [EFFECTIVE DATE.] This section is effective for revenue for
2 fiscal year 2006.

3 Sec. 16. Minnesota Statutes 2004, section 125A.76,
4 subdivision 4, is amended to read:

5 Subd. 4. [STATE TOTAL SPECIAL EDUCATION AID.] The state
6 total special education aid for fiscal year 2004 equals
7 \$530,642,000. The state total special education aid for fiscal
8 year 2005 equals \$529,164,000. The state total special
9 education aid for fiscal year 2006 equals \$528,846,000. The
10 state total special education aid for later fiscal years equals:
11 (1) the state total special education aid for the preceding
12 fiscal year; times
13 (2) the program growth factor; times
14 (3) the ratio of the state total average daily membership
15 for the current fiscal year to the state total average daily
16 membership for the preceding fiscal year.

17 [EFFECTIVE DATE.] This section is effective for revenue for
18 fiscal year 2006.

19 Sec. 17. Minnesota Statutes 2004, section 125A.79,
20 subdivision 1, is amended to read:

21 Subdivision 1. [DEFINITIONS.] For the purposes of this
22 section, the definitions in this subdivision apply.

23 (a) "Unreimbursed special education cost" means the sum of
24 the following:

25 (1) expenditures for teachers' salaries, contracted
26 services, supplies, equipment, and transportation services
27 eligible for revenue under section 125A.76; plus

28 (2) expenditures for tuition bills received under sections
29 125A.03 to 125A.24 and 125A.65 for services eligible for revenue
30 under section 125A.76, subdivision 2; minus

31 (3) revenue for teachers' salaries, contracted services,
32 supplies, and equipment under section 125A.76; minus

33 (4) tuition receipts under sections 125A.03 to 125A.24 and
34 125A.65 for services eligible for revenue under section 125A.76,
35 subdivision 2.

36 (b) ~~"General-revenue"-means-for-fiscal-year-19967-the-sum~~

1 ~~of the general education revenue according to section 126C.10,~~
 2 ~~subdivision 1, as adjusted according to section 127A.47,~~
 3 ~~subdivision 7, plus the total referendum revenue according to~~
 4 ~~section 126C.17, subdivision 4. -- For fiscal years 1997 and~~
 5 ~~later,~~ "General revenue" means the sum of the general education
 6 revenue according to section 126C.10, subdivision 1, as adjusted
 7 according to section 127A.47, subdivisions 7 and 8, plus the
 8 total referendum revenue minus transportation sparsity revenue
 9 minus total operating capital revenue.

10 (c) "Average daily membership" has the meaning given it in
 11 section 126C.05.

12 (d) "Program growth factor" means 1.02 for fiscal year
 13 2003, ~~and~~; 1.0 for fiscal year years 2004 and 2005; and 1.02
 14 for fiscal year 2006 and later.

15 [EFFECTIVE DATE.] This section is effective for revenue for
 16 fiscal year 2006.

17 Sec. 18. Minnesota Statutes 2004, section 125A.79,
 18 subdivision 6, is amended to read:

19 Subd. 6. [STATE TOTAL SPECIAL EDUCATION EXCESS COST AID.]
 20 The state total special education excess cost aid for fiscal
 21 year 2004 equals \$92,067,000. The state total special education
 22 aid for fiscal year 2005 equals \$91,811,000. The state total
 23 special education excess cost aid for fiscal year 2006 equals
 24 \$91,784,000. The state total special education excess cost aid
 25 for fiscal year ~~2006~~ 2007 and later fiscal years equals:

26 (1) the state total special education excess cost aid for
 27 the preceding fiscal year; times

28 (2) the program growth factor; times

29 (3) the ratio of the state total average daily membership
 30 for the current fiscal year to the state total average daily
 31 membership for the preceding fiscal year;

32 (4) all less the amount transferred into the charter school
 33 special education reimbursement account under section 125A.795.

34 [EFFECTIVE DATE.] This section is effective for revenue for
 35 fiscal year 2006.

36 Sec. 19. [125A.795] [CHARTER SCHOOL SPECIAL EDUCATION

1 REIMBURSEMENT ACCOUNT.]

2 Subdivision 1. [ACCOUNT CREATED.] The charter school
3 special education reimbursement account is created in the state
4 general fund.

5 Subd. 2. [REVENUE.] The estimated amount necessary to pay
6 for the state share of net unreimbursed special education costs
7 of charter school pupils with a disability is transferred from
8 the appropriation for special education excess cost aid to the
9 charter school special education reimbursement account.

10 Subd. 3. [REVIEW.] The commissioner of education must
11 examine the tuition bills from charter schools and may adjust
12 the bills in the same manner as authorized under section 125A.80.

13 [EFFECTIVE DATE.] This section is effective July 1, 2005,
14 for revenue for fiscal year 2006.

15 Sec. 20. Minnesota Statutes 2004, section 126C.40,
16 subdivision 1, is amended to read:

17 Subdivision 1. [TO LEASE BUILDING OR LAND.] (a) When an
18 independent or a special school district or a group of
19 independent or special school districts finds it economically
20 advantageous to rent or lease a building or land for any
21 instructional purposes or for school storage or furniture
22 repair, and it determines that the operating capital revenue
23 authorized under section 126C.10, subdivision 13, is
24 insufficient for this purpose, it may apply to the commissioner
25 for permission to make an additional capital expenditure levy
26 for this purpose. An application for permission to levy under
27 this subdivision must contain financial justification for the
28 proposed levy, the terms and conditions of the proposed lease,
29 and a description of the space to be leased and its proposed use.

30 (b) The criteria for approval of applications to levy under
31 this subdivision must include: the reasonableness of the price,
32 the appropriateness of the space to the proposed activity, the
33 feasibility of transporting pupils to the leased building or
34 land, conformity of the lease to the laws and rules of the state
35 of Minnesota, and the appropriateness of the proposed lease to
36 the space needs and the financial condition of the district.

1 The commissioner must not authorize a levy under this
2 subdivision in an amount greater than 90 percent of the cost to
3 the district of renting or leasing a building or land for
4 approved purposes. The proceeds of this levy must not be used
5 for custodial or other maintenance services. A district may not
6 levy under this subdivision for the purpose of leasing or
7 renting a district-owned building or site to itself.

8 (c) For agreements finalized after July 1, 1997, a district
9 may not levy under this subdivision for the purpose of leasing:
10 (1) a newly constructed building used primarily for regular
11 kindergarten, elementary, or secondary instruction; or (2) a
12 newly constructed building addition or additions used primarily
13 for regular kindergarten, elementary, or secondary instruction
14 that contains more than 20 percent of the square footage of the
15 previously existing building.

16 (d) Notwithstanding paragraph (b), a district may levy
17 under this subdivision for the purpose of leasing or renting a
18 district-owned building or site to itself only if the amount is
19 needed by the district to make payments required by a lease
20 purchase agreement, installment purchase agreement, or other
21 deferred payments agreement authorized by law, and the levy
22 meets the requirements of paragraph (c). A levy authorized for
23 a district by the commissioner under this paragraph may be in
24 the amount needed by the district to make payments required by a
25 lease purchase agreement, installment purchase agreement, or
26 other deferred payments agreement authorized by law, provided
27 that any agreement include a provision giving the school
28 districts the right to terminate the agreement annually without
29 penalty.

30 (e) The total levy under this subdivision for a district
31 for any year must not exceed \$90 times the resident pupil units
32 for the fiscal year to which the levy is attributable.

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

1 (g) The commissioner of education may authorize a school
2 district to exceed the limit in paragraph (e) if the school
3 district petitions the commissioner for approval. The
4 commissioner shall grant approval to a school district to exceed
5 the limit in paragraph (e) for not more than five years if the
6 district meets the following criteria:

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

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

11 (3) the purpose of the increased levy promotes colocation
12 of government services; and

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

16 (h) A school district that is a member of an intermediate
17 school district may include in its authority under this section
18 90 percent of the costs associated with leases of administrative
19 and classroom space for intermediate school district programs.
20 This authority must not exceed \$22.50 times the adjusted
21 marginal cost pupil units of the member districts. This
22 authority is in addition to any other authority authorized under
23 this section.

24 (i) In addition to the allowable capital levies in
25 paragraph (a), a district that is a member of the "Technology
26 and Information Education Systems" data processing joint board,
27 that finds it economically advantageous to enter into a lease
28 purchase agreement for a building for a group of school
29 districts or special school districts for staff development
30 purposes, may levy for its portion of lease costs attributed to
31 the district within the total levy limit in paragraph (e).

32 (j) A school district that is a member of the Wright
33 Technical Center may include in its authority under this section
34 90 percent of the costs associated with leases of administrative
35 and classroom space at the Wright Technical Center. This
36 authority must not exceed \$22.50 times the adjusted marginal

1 cost pupil units of the member districts. This authority may be
2 in addition to any other authority authorized under this section.

3 Sec. 21. Minnesota Statutes 2004, section 126C.457, is
4 amended to read:

5 126C.457 [CAREER AND TECHNICAL LEVY.]

6 For taxes payable in 2006, 2007, and 2008, a school
7 district may levy an amount equal to the greater of (1) \$10,000,
8 or (2) the district's fiscal year 2001 entitlement for career
9 and technical aid under Minnesota Statutes 2000, section
10 124D.453. The district must recognize the full amount of this
11 levy as revenue for the fiscal year in which it is certified.
12 Revenue received under this section must be reserved and used
13 only for career and technical programs.

14 Sec. 22. [127A.21] [STATE COORDINATOR FOR WORLD
15 LANGUAGES.]

16 (a) The commissioner of education shall designate a
17 full-time state coordinator for world languages education within
18 the Department of Education by July 1, 2005. The commissioner
19 shall seek input from the Quality Teaching Network before
20 designating or hiring the coordinator who must have classroom
21 experience teaching world languages. The coordinator, at a
22 minimum, shall:

23 (1) survey school districts in the state to:

24 (i) identify the types of existing world language programs
25 and exemplary model extended world languages programs; and

26 (ii) in consultation with Minnesota postsecondary
27 institutions, identify and address staff development needs of
28 current world language teachers and preservice teachers;

29 (2) identify successful extended world language programs
30 from other states;

31 (3) establish guidelines for a variety of model extended
32 world languages programs;

33 (4) research and recommend the funding necessary to
34 implement various models of extended world languages programs in
35 different languages; and

36 (5) support and monitor, using the most recent information

1 available, current world languages programs.

2 (b) For the purposes of this section, "extended world
3 languages program" means a world languages program:

4 (1) with a sequence of consecutive years in any of
5 kindergarten through grade 12, including, for example, sequences
6 of kindergarten through grade 12, grades 5 through 12, and
7 grades 7 through 12; and

8 (2) based on professionally recognized proficiency
9 guidelines, and which incorporates current best practices for
10 world language programs.

11 Sec. 23. Minnesota Statutes 2004, section 127A.47,
12 subdivision 7, is amended to read:

13 Subd. 7. [ALTERNATIVE ATTENDANCE PROGRAMS.] The general
14 education aid and special education aid for districts must be
15 adjusted for each pupil attending a nonresident district under
16 sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and
17 124D.68. The adjustments must be made according to this
18 subdivision.

19 (a) General education aid paid to a resident district must
20 be reduced by an amount equal to the referendum equalization aid
21 attributable to the pupil in the resident district.

22 (b) General education aid paid to a district serving a
23 pupil in programs listed in this subdivision must be increased
24 by an amount equal to the referendum equalization aid
25 attributable to the pupil in the nonresident district.

26 (c) If the amount of the reduction to be made from the
27 general education aid of the resident district is greater than
28 the amount of general education aid otherwise due the district,
29 the excess reduction must be made from other state aids due the
30 district.

31 (d) For fiscal year 2006, the district of residence must
32 pay tuition to a district or an area learning center, operated
33 according to paragraph ~~(e)~~ (f), providing special instruction
34 and services to a pupil with a disability, as defined in section
35 125A.02, or a pupil, as defined in section 125A.51, who is
36 enrolled in a program listed in this subdivision. The tuition

1 must be equal to (1) the actual cost of providing special
2 instruction and services to the pupil, including a proportionate
3 amount for ~~debt-service-and-for-capital-expenditure-facilities~~
4 ~~and-equipment,-and-debt-service-but-not-including-any-amount-for~~
5 special transportation and unreimbursed building lease and debt
6 service costs for facilities used primarily for special
7 education, minus (2) if the pupil receives special instruction
8 and services outside the regular classroom for more than 60
9 percent of the school day, the amount of general education
10 revenue and referendum aid attributable to that pupil for the
11 portion of time the pupil receives special instruction and
12 services outside of the regular classroom, excluding portions
13 attributable to district and school administration, district
14 support services, operations and maintenance, capital
15 expenditures, and pupil transportation, minus (3) special
16 education aid but-not-including-any-amount-for-transportation,
17 attributable to that pupil, that is received by the district
18 providing special instruction and services. For purposes of
19 this paragraph, general education revenue and referendum aid
20 attributable to a pupil must be calculated using the serving
21 district's average general education revenue and referendum aid
22 per adjusted pupil unit.

23 (e) For fiscal year 2007 and later, special education aid
24 paid to a resident district must be reduced by an amount equal
25 to (1) the actual cost of providing special instruction and
26 services, including special transportation and unreimbursed
27 building lease and debt service costs for facilities used
28 primarily for special education, for a pupil with a disability,
29 as defined in section 125A.02, or a pupil, as defined in section
30 125A.51, who is enrolled in a program listed in this
31 subdivision, minus (2) if the pupil receives special instruction
32 and services outside the regular classroom for more than 60
33 percent of the school day, the amount of general education
34 revenue and referendum aid attributable to that pupil for the
35 portion of time the pupil receives special instruction and
36 services outside of the regular classroom, excluding portions

1 attributable to district and school administration, district
2 support services, operations and maintenance, capital
3 expenditures, and pupil transportation, minus (3) special
4 education aid attributable to that pupil, that is received by
5 the district providing special instruction and services. For
6 purposes of this paragraph, general education revenue and
7 referendum aid attributable to a pupil must be calculated using
8 the serving district's average general education revenue and
9 referendum aid per adjusted pupil unit. Special education aid
10 paid to the district providing special instruction and services
11 for the pupil, or to the fiscal agent district for a
12 cooperative, must be increased by the amount of the reduction in
13 the aid paid to the resident district. If the resident
14 district's special education aid is insufficient to make the
15 full adjustment, the remaining adjustment shall be made to other
16 state aids due to the district.

17 (f) An area learning center operated by a service
18 cooperative, intermediate district, education district, or a
19 joint powers cooperative may elect through the action of the
20 constituent boards to charge the resident district tuition for
21 pupils rather than to have the general education revenue paid to
22 a fiscal agent school district. Except as provided in paragraph
23 (d) or (e), the district of residence must pay tuition equal to
24 at least 90 percent of the district average general education
25 revenue per pupil unit minus an amount equal to the product of
26 the formula allowance according to section 126C.10, subdivision
27 2, times .0485 for fiscal year 2006, and .0458 for fiscal year
28 2007 and later fiscal years, calculated without basic skills
29 revenue and transportation sparsity revenue, times the number of
30 pupil units for pupils attending the area learning center, plus
31 the amount of compensatory revenue generated by pupils attending
32 the area learning center.

33 Sec. 24. Minnesota Statutes 2004, section 134.31, is
34 amended by adding a subdivision to read:

35 Subd. 6. [ADVISORY COMMITTEE.] The commissioner shall
36 appoint an advisory committee of five members to advise the

1 staff of the Minnesota Library for the Blind and Physically
 2 Handicapped on long-range plans and library services. Members
 3 shall be people who use the library. Section 15.059 governs
 4 this committee except that the committee shall not expire.

5 Sec. 25. 2005 Senate File No. 1879, article 3, section 3,
 6 subdivision 32, if enacted, is amended to read:

7 Subd. 32. [SPECIAL EDUCATION; REGULAR.] For special
 8 education aid under Minnesota Statutes, section 125A.75:

9 \$528,846,000 2006
 10 ~~\$527,446,000~~ 546,111,000 2007

11 The 2006 appropriation includes \$83,078,000 for 2005 and
 12 \$445,768,000 for 2006.

13 The 2007 appropriation includes \$83,019,000 for 2006 and
 14 ~~\$444,427,000~~ 463,092,000 for 2007.

15 Sec. 26. 2005 Senate File No. 1879, article 3, section 3,
 16 subdivision 35, if enacted, is amended to read:

17 Subd. 35. [SPECIAL EDUCATION; EXCESS COSTS.] For excess
 18 cost aid under Minnesota Statutes, section 125A.79, subdivision
 19 7:

20 \$91,784,000 2006
 21 ~~\$91,595,000~~ 93,430,000 2007

22 The 2006 appropriation includes \$37,455,000 for 2005 and
 23 \$54,329,000 for 2006.

24 The 2007 appropriation includes ~~\$37,417,000~~ 39,252,000 for
 25 2006 and \$54,178,000 for 2007.

26 Sec. 27. 2005 Senate File No. 1879, article 3, section 3,
 27 subdivision 36, if enacted, is amended to read:

28 Subd. 36. [LITIGATION COSTS FOR SPECIAL EDUCATION.] For
 29 paying the costs a district incurs under Minnesota Statutes,
 30 section 125A.75, subdivision 8:

31 \$ ~~17,000~~ 0 2006
 32 \$ ~~17,000~~ 0 2007

33 Sec. 28. [EMINENCE CREDENTIALING.]

34 Subdivision 1. [GOAL.] It is the goal of the state to
 35 support the teaching and revitalization of the Dakota and
 36 Anishinaabe languages. The Native Language Eminence

1 Credentialing Task Force is created to achieve this goal.

2 Subd. 2. [MEMBERSHIP.] The Native Language Eminence

3 Credentialing Task Force consists of the following members:

4 (1) four members representing public schools with large
5 Native American populations appointed by the commissioner of
6 education;

7 (2) one member appointed by each federally recognized
8 Indian tribe in the state;

9 (3) one member appointed by each institution of higher
10 education that trains credentialed Dakota and Anishinaabe
11 language teachers;

12 (4) one member representing the Minnesota Historical
13 Society;

14 (5) the chair of the state Indian Affairs Council; and

15 (6) three native speakers of the Anishinaabe language and
16 three native speakers of the Dakota language, all appointed by
17 the Dakota Ojibwe Language Revitalization Alliance.

18 Subd. 3. [ADMINISTRATION.] (a) The Native Language
19 Eminence Credentialing Task Force is governed by Minnesota
20 Statutes, section 15.059.

21 (b) The task force shall elect a chair from its
22 membership. The commissioner of education shall provide staff
23 and administrative support for the task force.

24 Subd. 4. [DUTIES.] The task force shall review and
25 recommend changes to the eminence credentials for teachers of
26 the Dakota and Anishinaabe languages in order to increase the
27 number of fluent "first speakers" who can teach the language and
28 the number of teachers of the Dakota and Anishinaabe languages
29 by considering and addressing the following:

30 (1) whether a rating system should be developed that
31 includes separate ratings for fluency of the spoken language,
32 writing and reading skills in language, and specifying which
33 dialect of the Anishinaabe and Dakota languages is being spoken;

34 (2) whether a strategy for determining the level of fluency
35 should be developed;

36 (3) consistency of evaluation of language fluency;

1 (4) identifying issues between tribal authority and state
2 law around strategies of language revitalization; and
3 (5) a strategy to provide affordable and accessible
4 language and culture credentials throughout Minnesota.

5 Subd. 5. [REPORT.] The task force shall submit a report to
6 the legislature by January 15, 2006, to fulfill the duties of
7 the task force.

8 Subd. 6. [EXPIRATION.] The task force expires upon
9 submission of the report on January 15, 2006.

10 Sec. 29. [TASK FORCE ON DELIVERY OF SPECIAL EDUCATION TO
11 NONPUBLIC SCHOOL STUDENTS BY PUBLIC SCHOOL DISTRICTS.]

12 Subdivision 1. [PURPOSE; ESTABLISHMENT.] With the
13 congressional reauthorization of the federal Individuals with
14 Disabilities Education Act, a task force on the delivery of
15 special education services to nonpublic school students by
16 public school districts shall be established to compare and
17 evaluate how the individual needs of each child are being met,
18 if services are provided in the least restrictive environment,
19 and whether best practices and program efficiencies are being
20 used in the specific areas of transportation, location of
21 services, and shared time aid.

22 Subd. 2. [MEMBERS.] The governor shall appoint the members
23 of the task force from each of the following:

24 (1) two members from the Department of Education, one
25 representing special education programs and policy and one
26 representing district finances;

27 (2) two special education teachers with one member from a
28 public school and one member from a nonpublic school;

29 (3) two special education administrators with one member
30 from a public school and one member from a nonpublic school;

31 (4) two members with one from each of two special education
32 advocacy organizations;

33 (5) two parents of children receiving special education
34 services with one member from a public school and one member
35 from a nonpublic school;

36 (6) two elementary school principals with one member from a

1 public school and one member from a nonpublic school;

2 (7) two superintendents with one member from a public
 3 school district and one member from a nonpublic school district;

4 (8) two school business officials with one from a public
 5 school and one from a nonpublic school; and

6 (9) two school board officials with one from a public
 7 school and one from a nonpublic school.

8 The task force may select additional members to work on the
 9 task force. The commissioner of education shall provide
 10 necessary materials and assistance.

11 Subd. 3. [REPORT.] The task force shall submit a report by
 12 January 15, 2006, to the house of representatives and senate
 13 committees having jurisdiction over education on the delivery of
 14 special education services to nonpublic school students by
 15 public school districts, to compare and evaluate how the
 16 individual needs of each child are being met in the least
 17 restrictive environment, and whether best practices and program
 18 efficiencies are being used.

19 Subd. 4. [EXPIRATION.] This section expires January 31,
 20 2006.

21 [EFFECTIVE DATE.] This section is effective the day
 22 following final enactment.

23 Sec. 30. [APPROPRIATIONS.]

24 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
 25 indicated in this section are appropriated from the general fund
 26 to the Department of Education for the fiscal years designated.

27 Subd. 2. [NONPUBLIC STUDENT SPECIAL EDUCATION TASK FORCE.]
 28 For funding of a task force on delivery of special education to
 29 nonpublic school students by public school districts:

30 \$50,000 2006

31 Subd. 3. [NATIVE LANGUAGE EMINENCE CREDENTIALING TASK
 32 FORCE.] For funding of a task force to support the teaching and
 33 revitalization of the Dakota and Anishinaabe languages:

34 \$102,000 2006

35 Sec. 31. [REPEALER.]

36 Minnesota Statutes 2004, section 125A.75, subdivision 8, is

1 repealed.

2 ARTICLE 4

3 TECHNOLOGY, FACILITIES, AND ACCOUNTING

4 Section 1. Minnesota Statutes 2004, section 123B.42, is
5 amended by adding a subdivision to read:

6 Subd. 1a. [CURRICULUM; ELECTRONIC COMPONENTS.] A school
7 district that provides curriculum to resident students that has
8 both physical and electronic components must make the electronic
9 component accessible to a resident student in a home school in
10 compliance with sections 120A.22 and 120A.24 at the request of
11 the student or the student's parent or guardian, provided that
12 the district does not incur more than an incidental cost as a
13 result of providing access electronically.

14 Sec. 2. Minnesota Statutes 2004, section 123B.492, is
15 amended to read:

16 123B.492 [SUPERVISED COMPETITIVE HIGH SCHOOL DIVING.]

17 Notwithstanding Minnesota Rules, part 4717.3750, any pool
18 built before January 1, 1987, that was used for a one-meter
19 board high school diving program during the 2000-2001 school
20 year may be used for supervised competitive one-meter board high
21 school diving. Schools and school districts are strongly
22 encouraged to use a pool for supervised competitive high school
23 diving that meets the requirements of Minnesota Rules, part
24 4717.3750. A school or district using a pool for
25 supervised ~~training-practice-for~~ competitive high school
26 diving for either training practice or competition that does not
27 meet the requirements of Minnesota Rules, part 4717.3750, must
28 provide appropriate notice to parents and participants as to the
29 type of variance from Minnesota Rules and risk it may present.

30 Sec. 3. Minnesota Statutes 2004, section 123B.53, is
31 amended by adding a subdivision to read:

32 Subd. 1a. [DEBT SERVICE LEVIES; CHOICE OF TAX BASE.] A
33 school board may by resolution elect to levy the debt service
34 for a bond issued after July 1, 2005, against the referendum
35 market value of the district, as defined under section 126C.01,
36 subdivision 3, rather than the net tax capacity of the district,

1 except that for purposes of this subdivision, noncommercial 4c(1)
2 property under section 273.13 is valued at its market value. A
3 resolution to levy against referendum market value must be
4 passed at an open meeting of the board, at least 60 days prior
5 to the bond or the date of the sale of the bonds if an election
6 is not required to authorize their issuance.

7 [EFFECTIVE DATE.] This section is effective the day
8 following final enactment.

9 Sec. 4. Minnesota Statutes 2004, section 123B.53,
10 subdivision 4, is amended to read:

11 Subd. 4. [DEBT SERVICE EQUALIZATION REVENUE.] (a) The debt
12 service equalization revenue of a district equals the sum of the
13 first tier debt service equalization revenue and the second tier
14 debt service equalization revenue.

15 (b) The first tier debt service equalization revenue of a
16 district equals the greater of zero or the eligible debt service
17 revenue minus the amount raised by a levy of 15 percent times
18 the adjusted net tax capacity of the district minus the second
19 tier debt service equalization revenue of the district.

20 (c) The second tier debt service equalization revenue of a
21 district equals the greater of zero or the eligible debt service
22 revenue, excluding alternative facilities levies under section
23 123B.59, subdivision 5, minus the amount raised by a levy of 25
24 percent times the adjusted net tax capacity of the district.

25 (d) Debt service equalization revenue is determined as
26 provided under this subdivision regardless of whether the debt
27 service is being levied against net tax capacity or referendum
28 market value.

29 [EFFECTIVE DATE.] This section is effective July 1, 2005.

30 Sec. 5. Minnesota Statutes 2004, section 123B.54, as
31 amended by 2005 S. F. No. 1879, article 3, section 1, if
32 enacted, is amended to read:

33 123B.54 [DEBT SERVICE APPROPRIATION.]

34 (a) ~~\$22,942,000~~ \$22,282,000 in fiscal year 2008 and
35 ~~\$21,942,000~~ \$21,182,000 in fiscal year 2009 and later are
36 appropriated from the general fund to the commissioner of

1 education for payment of debt service equalization aid under
2 section 123B.53.

3 (b) The appropriations in paragraph (a) must be reduced by
4 the amount of any money specifically appropriated for the same
5 purpose in any year from any state fund.

6 Sec. 6. Minnesota Statutes 2004, section 123B.55, is
7 amended to read:

8 123B.55 [DEBT SERVICE LEVY.]

9 Subdivision 1. [LEVY AMOUNT.] A district may levy the
10 amounts necessary to make payments for bonds issued and for
11 interest on them, including the bonds and interest on them,
12 issued as authorized by Minnesota Statutes 1974, section
13 275.125, subdivision 3, clause (7)(C); and the amounts necessary
14 for repayment of debt service loans and capital loans, minus the
15 amount of debt service equalization revenue of the district.

16 Subd. 2. [AID APPORTIONMENT.] A district's debt service
17 equalization aid shall be apportioned between the net tax
18 capacity debt service levy and the referendum market value debt
19 service levy in the same proportions as eligible debt service
20 revenues resulting from bonds issued against net tax capacity
21 are to eligible debt service revenues resulting from bonds
22 issued against referendum market value. For the purposes of
23 assessments between counties under section 475.61, subdivision
24 2, if a school district that chooses to spread its levy on
25 referendum market value is located in more than one county, the
26 county auditor shall spread the portion of the levy which bears
27 the same ratio to the whole amount of levy as the referendum
28 market value in that part of the school district located in the
29 auditor's county bears to the referendum market value of all
30 referendum market value taxable property in the district.

31 Subd. 3. [NET TAX CAPACITY DEBT SERVICE LEVY.] The levy
32 amount determined under subdivision 1, plus the eligible debt
33 service revenues resulting from bonds issued against net tax
34 capacity, minus the debt service equalization aid apportioned to
35 the net tax capacity debt service levy, must be levied against
36 the net tax capacity of the district as determined under section

1 273.13 and must be included with the other net tax capacity
2 levies certified to the county auditor under section 275.07.

3 Subd. 4. [REFERENDUM MARKET VALUE DEBT SERVICE LEVY.] The
4 eligible debt service revenues resulting from bonds issued
5 against referendum market value, minus the debt service
6 equalization aid apportioned to the referendum market value debt
7 service levy, must be levied against the referendum market value
8 of the district as defined in section 126C.01, subdivision 3,
9 and must be separately certified to the county auditor under
10 section 275.07. For purposes of section 475.61, a referendum
11 market value debt service levy levied against the referendum
12 market value of the school district shall be a direct general ad
13 valorem tax upon all taxable property in the school district.

14 [EFFECTIVE DATE.] This section is effective for taxes
15 payable in 2006 and later.

16 Sec. 7. [123B.715] [ACOUSTICAL PERFORMANCE CRITERIA.]

17 School districts are encouraged to consider the American
18 National Standards Institute acoustical performance criteria
19 design requirements and guidelines for schools of the maximum
20 background noise level and reverberation times when designing a
21 new building or remodeling an existing building.

22 Sec. 8. Minnesota Statutes 2004, section 124D.095,
23 subdivision 2, is amended to read:

24 Subd. 2. [DEFINITIONS.] For purposes of this section, the
25 following terms have the meanings given them.

26 (a) "Online learning" is an interactive course or program
27 that delivers instruction from a teacher to a student by
28 computer; is combined with other traditional delivery methods
29 that include frequent student assessment and may include actual
30 teacher contact time; and meets or exceeds state academic
31 standards.

32 (b) "Online learning provider" is a school district, an
33 intermediate school district, an organization of two or more
34 school districts operating under a joint powers agreement, or a
35 charter school located in Minnesota that provides online
36 learning to students.

1 (c) "Student" is a Minnesota resident enrolled in a school
2 under section 120A.22, subdivision 4, in kindergarten through
3 grade 12.

4 (d) "Online learning student" is a student enrolled in an
5 online learning course or program delivered by an online
6 provider under paragraph (b).

7 (e) "Enrolling district" means the school district or
8 charter school in which a student is enrolled under section
9 120A.22, subdivision 4, for purposes of compulsory attendance.

10 Sec. 9. Minnesota Statutes 2004, section 124D.095,
11 subdivision 4, is amended to read:

12 Subd. 4. [ONLINE LEARNING PARAMETERS.] (a) An online
13 learning student must receive academic credit for completing the
14 requirements of an online learning course or program. Secondary
15 credits granted to an online learning student must be counted
16 toward the graduation and credit requirements of the enrolling
17 district. The enrolling district must apply the same graduation
18 requirements to all students, including online learning
19 students, and must continue to provide nonacademic services to
20 online learning students. If a student completes an online
21 learning course or program that meets or exceeds a graduation
22 standard or grade progression requirement at the enrolling
23 district, that standard or requirement is met. The enrolling
24 district must use the same criteria for accepting online
25 learning credits or courses as it does for accepting credits or
26 courses for transfer students under section 124D.03, subdivision
27 9. The enrolling district may reduce the teacher contact time
28 of an online learning student in proportion to the number of
29 online learning courses the student takes from an online
30 learning provider that is not the enrolling district.

31 (b) An online learning student may:

32 (1) enroll during a single school year in a maximum of 12
33 semester-long courses or their equivalent delivered by an online
34 learning provider or the enrolling district;

35 (2) complete course work at a grade level that is different
36 from the student's current grade level; and

1 (3) enroll in additional courses with the online learning
2 provider under a separate agreement that includes terms for
3 payment of any tuition or course fees.

4 (c) A student with a disability may enroll in an online
5 learning course or program if the student's IEP team determines
6 that online learning is appropriate education for the student.

7 (d) An online learning student has the same access to the
8 computer hardware and education software available in a school
9 as all other students in the enrolling district. An online
10 learning provider must assist an online learning student whose
11 family qualifies for the education tax credit under section
12 290.0674 to acquire computer hardware and educational software
13 for online learning purposes.

14 (e) An enrolling district may offer online learning to its
15 enrolled students. Such online learning does not generate
16 online learning funds under this section. An enrolling district
17 that offers online learning only to its enrolled students is not
18 subject to the reporting requirements or review criteria under
19 subdivision 7. A teacher with a Minnesota license must assemble
20 and deliver instruction to enrolled students receiving online
21 learning from an enrolling district. The delivery of
22 instruction occurs when the student interacts with the computer
23 or the teacher and receives ongoing assistance and assessment of
24 learning. The instruction may include curriculum developed by
25 persons other than a teacher with a Minnesota license.

26 (f) An online learning provider that is not the enrolling
27 district is subject to the reporting requirements and review
28 criteria under subdivision 7. A teacher with a Minnesota
29 license must assemble and deliver instruction to online learning
30 students. The delivery of instruction occurs when the student
31 interacts with the computer or the teacher and receives ongoing
32 assistance and assessment of learning. The instruction may
33 include curriculum developed by persons other than a teacher
34 with a Minnesota license. Unless the commissioner grants a
35 waiver, a teacher providing online learning instruction must not
36 instruct more than 40 students in any one online learning course

1 or program.

2 Sec. 10. Minnesota Statutes 2004, section 124D.095,
3 subdivision 8, is amended to read:

4 Subd. 8. [FINANCIAL ARRANGEMENTS.] (a) For a student
5 enrolled in an online learning course, the department must
6 calculate average daily membership and make payments according
7 to this subdivision.

8 (b) The initial online learning average daily membership
9 equals 1/12 for each semester course or a proportionate amount
10 for courses of different lengths. The adjusted online learning
11 average daily membership equals the initial online learning
12 average daily membership times .88.

13 (c) No online learning average daily membership shall be
14 generated if: (1) the student does not complete the online
15 learning course, or (2) the student is enrolled in online
16 learning provided by the enrolling district and the student was
17 either enrolled in a Minnesota public school for the school year
18 before the school year in which the student first enrolled in
19 online learning, or the student is enrolled in an instructional
20 program in which at least 40 percent of the total instructional
21 time takes place in the school's facilities. For students
22 enrolled in online learning according to clause (2), the
23 department shall calculate average daily membership according to
24 section 126C.05, subdivision 8.

25 (d) Online learning average daily membership under this
26 subdivision for a student currently enrolled in a Minnesota
27 public school and who was enrolled in a Minnesota public school
28 for the school year before the school year in which the student
29 first enrolled in online learning shall be used only for
30 computing average daily membership according to section 126C.05,
31 subdivision 19, paragraph (a), clause ~~(1)~~ (2), and for
32 computing online learning aid according to section ~~126C.24~~
33 124D.096.

34 (e) Online learning average daily membership under this
35 subdivision for students not included in paragraph (c) or (d)
36 shall be used only for computing average daily membership

1 according to section 126C.05, subdivision 19, paragraph (a),
2 clause ~~(ii)~~ (2), and for computing payments under paragraphs (f)
3 and (g).

4 (f) Subject to the limitations in this subdivision, the
5 department must pay an online learning provider an amount equal
6 to the product of the adjusted online learning average daily
7 membership for students under paragraph (e) times the student
8 grade level weighting under section 126C.05, subdivision 1,
9 times the formula allowance.

10 (g) The department must pay each online learning provider
11 100 percent of the amount in paragraph (f) within 45 days of
12 receiving final enrollment and course completion information
13 each quarter or semester.

14 [EFFECTIVE DATE.] This section is effective the day
15 following final enactment.

16 Sec. 11. Minnesota Statutes 2004, section 124D.095, is
17 amended by adding a subdivision to read:

18 Subd. 10. [ONLINE LEARNING ADVISORY COUNCIL.] (a) An
19 online learning advisory council is established under section
20 15.059, except that the term for each council member shall be
21 three years. The advisory council is composed of 12 members
22 from throughout the state who have demonstrated experience with
23 or interest in online learning. The members of the council
24 shall be appointed by the commissioner. The advisory council
25 shall bring to the attention of the commissioner any matters
26 related to online learning and provide input to the department
27 in matters related, but not restricted, to:

- 28 (1) quality assurance;
29 (2) teacher qualifications;
30 (3) program approval;
31 (4) special education;
32 (5) attendance;
33 (6) program design and requirements; and
34 (7) fair and equal access to programs.

35 (b) The online learning advisory council under this
36 subdivision expires June 30, 2008.

1 Sec. 12. [125B.26] [TELECOMMUNICATIONS/INTERNET ACCESS
2 EQUITY AID.]

3 Subdivision 1. [COSTS TO BE SUBMITTED.] (a) A district or
4 charter school shall submit its actual
5 telecommunications/Internet access costs for the previous fiscal
6 year, adjusted for any e-rate revenue received, to the
7 department by August 15 of each year as prescribed by the
8 commissioner. Costs eligible for reimbursement under this
9 program are limited to the following:

10 (1) ongoing or recurring telecommunications/Internet access
11 costs associated with Internet access, data lines, and video
12 links providing:

13 (i) the equivalent of one data line, video link, or
14 integrated data/video link that relies on a transport medium
15 that operates at a minimum speed of 1.544 megabytes per second
16 (T1) for each elementary school, middle school, or high school
17 under section 120A.05, subdivisions 9, 11, and 13, including the
18 recurring telecommunications line lease costs and ongoing
19 Internet access service fees; or

20 (ii) the equivalent of one data line or video circuit, or
21 integrated data/video link that relies on a transport medium
22 that operates at a minimum speed of 1.544 megabytes per second
23 (T1) for each district, including recurring telecommunications
24 line lease costs and ongoing Internet access service fees;

25 (2) recurring costs of contractual or vendor-provided
26 maintenance on the school district's wide area network to the
27 point of presence at the school building up to the router,
28 codec, or other service delivery equipment located at the point
29 of presence termination at the school or school district;

30 (3) recurring costs of cooperative, shared arrangements for
31 regional delivery of telecommunications/Internet access between
32 school districts, postsecondary institutions, and public
33 libraries including network gateways, peering points, regional
34 network infrastructure, Internet2 access, and network support,
35 maintenance, and coordination; and

36 (4) service provider installation fees for installation of

1 new telecommunications lines or increased bandwidth.

2 (b) Costs not eligible for reimbursement under this program
3 include:

4 (1) recurring costs of school district staff providing
5 network infrastructure support;

6 (2) recurring costs associated with voice and standard
7 telephone service;

8 (3) costs associated with purchase of network hardware,
9 telephones, computers, or other peripheral equipment needed to
10 deliver telecommunications access to the school or school
11 district;

12 (4) costs associated with laying fiber for
13 telecommunications access;

14 (5) costs associated with wiring school or school district
15 buildings;

16 (6) costs associated with purchase, installation, or
17 purchase and installation of Internet filtering; and

18 (7) costs associated with digital content, including online
19 learning or distance learning programming, and information
20 databases.

21 Subd. 2. [E-RATES.] To be eligible for aid under this
22 section, a district or charter school is required to file an
23 e-rate application either separately or through its
24 telecommunications access cluster and have a current technology
25 plan on file with the department. Discounts received on
26 telecommunications expenditures shall be reflected in the costs
27 submitted to the department for aid under this section.

28 Subd. 3. [REIMBURSEMENT CRITERIA.] The commissioner shall
29 develop criteria for approving costs submitted by school
30 districts and charter schools under subdivision 1.

31 Subd. 4. [DISTRICT AID.] For fiscal year 2006 and later, a
32 district or charter school's Internet access equity aid equals
33 90 percent of the district or charter school's approved cost for
34 the previous fiscal year according to subdivision 1 exceeding
35 \$15 times the district's adjusted marginal cost pupil units for
36 the previous fiscal year.

1 Subd. 5. [TELECOMMUNICATIONS/INTERNET ACCESS SERVICES FOR
2 NONPUBLIC SCHOOLS.] (a) Districts shall provide each year upon
3 formal request by or on behalf of a nonpublic school, not
4 including home schools, located in that district or area,
5 ongoing or recurring telecommunications access services to the
6 nonpublic school either through existing district providers or
7 through separate providers.

8 (b) The amount of district aid for telecommunications
9 access services for each nonpublic school under this subdivision
10 equals the lesser of:

11 (1) 90 percent of the nonpublic school's approved cost for
12 the previous fiscal year according to subdivision 1 exceeding
13 \$10 for fiscal year 2006 and later times the number of weighted
14 pupils enrolled at the nonpublic school as of October 1 of the
15 previous school year; or

16 (2) the product of the district's aid per pupil unit
17 according to subdivision 4 times the number of weighted pupils
18 enrolled at the nonpublic school as of October 1 of the previous
19 school year.

20 (c) For purposes of this subdivision, nonpublic school
21 pupils shall be weighted by grade level using the weighting
22 factors defined in section 126C.05, subdivision 1.

23 (d) Each year, a district providing services under
24 paragraph (a) may claim up to five percent of the aid determined
25 in paragraph (b) for costs of administering this subdivision.
26 No district may expend an amount for these telecommunications
27 access services which exceeds the amount allocated under this
28 subdivision. The nonpublic school is responsible for the
29 Internet access costs not covered by this section.

30 (e) At the request of a nonpublic school, districts may
31 allocate the amount determined in paragraph (b) directly to the
32 nonpublic school to pay for or offset the nonpublic school's
33 costs for telecommunications access services; however, the
34 amount allocated directly to the nonpublic school may not exceed
35 the actual amount of the school's ongoing or recurring
36 telecommunications access costs.

1 Subd. 6. [SEVERABILITY.] If any portion of this section is
2 found by a court to be unconstitutional, the remaining portions
3 of the section shall remain in effect.

4 [EFFECTIVE DATE.] This section is effective for revenue for
5 fiscal year 2006.

6 Sec. 13. Minnesota Statutes 2004, section 126C.17,
7 subdivision 11, is amended to read:

8 Subd. 11. [REFERENDUM DATE.] (a) Except for a referendum
9 held under paragraph (b) or (d), any referendum under this
10 section held on a day other than the first Tuesday after the
11 first Monday in November must be conducted by mail in accordance
12 with section 204B.46. Notwithstanding subdivision 9, paragraph
13 (b), to the contrary, in the case of a referendum conducted by
14 mail under this paragraph, the notice required by subdivision 9,
15 paragraph (b), must be prepared and delivered by first-class
16 mail at least 20 days before the referendum.

17 (b) In addition to the referenda allowed in subdivision 9,
18 clause (a), the commissioner may grant authority to a district
19 to hold a referendum on a different day if the district is in
20 statutory operating debt and has an approved plan or has
21 received an extension from the department to file a plan to
22 eliminate the statutory operating debt.

23 (c) The commissioner must approve, deny, or modify each
24 district's request for a referendum levy on a different day
25 within 60 days of receiving the request from a district.

26 (d) In addition to the referenda allowed in subdivision 9,
27 paragraph (a), a district may hold a referendum on the same day
28 as a district election for a facility under chapter 475 if the
29 referendum is directly related to the operating costs of the
30 proposed facility except for licensed personnel costs.

31 [EFFECTIVE DATE.] This section is effective for referenda
32 held on or after July 1, 2005.

33 Sec. 14. Minnesota Statutes 2004, section 126C.63,
34 subdivision 5, is amended to read:

35 Subd. 5. [LEVY.] "Levy" means a district's net debt
36 service levy after the reduction of debt service equalization

1 aid under section 123B.53, subdivision 6. For taxes payable in
2 2003 and later, each district's maximum effort debt service levy
3 for purposes of subdivision 8, must be reduced by an equal
4 number of percentage points if the commissioner of finance
5 determines that the levy reduction will not result in a payment
6 from the general fund in the state treasury according to section
7 16A.641, as would be required under section 126C.72, subdivision
8 3. A district's levy that is adjusted under this section must
9 not be reduced below ~~30~~ 25 percent of the district's adjusted
10 net tax capacity.

11 Sec. 15. Minnesota Statutes 2004, section 126C.63,
12 subdivision 8, is amended to read:

13 Subd. 8. [MAXIMUM EFFORT DEBT SERVICE LEVY.] (a) "Maximum
14 effort debt service levy" means the lesser of:

15 (1) a levy in whichever of the following amounts is
16 applicable:

17 (i) in any district receiving a debt service loan for a
18 debt service levy payable in 2002 and thereafter, or granted a
19 capital loan after January 1, 2002, a levy in total dollar
20 amount computed at a rate of ~~40~~ 32 percent of adjusted net tax
21 capacity for taxes payable in 2002 and thereafter;

22 (ii) in any district receiving a debt service loan for a
23 debt service levy payable in 2001 or earlier, or granted a
24 capital loan before January 2, ~~2001~~ 2002, a levy in a total
25 dollar amount computed at a rate of ~~32~~ 28 percent of adjusted
26 net tax capacity for taxes payable in 2002 and thereafter; or

27 (2) a levy in any district for which a capital loan was
28 approved prior to August 1, 1981, a levy in a total dollar
29 amount equal to the sum of the amount of the required debt
30 service levy and an amount which when levied annually will in
31 the opinion of the commissioner be sufficient to retire the
32 remaining interest and principal on any outstanding loans from
33 the state within 30 years of the original date when the capital
34 loan was granted.

35 (b) The board in any district affected by the provisions of
36 paragraph (a), clause (2), may elect instead to determine the

1 amount of its levy according to the provisions of paragraph (a),
 2 clause (1). If a district's capital loan is not paid within 30
 3 years because it elects to determine the amount of its levy
 4 according to the provisions of paragraph (a), clause (2), the
 5 liability of the district for the amount of the difference
 6 between the amount it levied under paragraph (a), clause (2),
 7 and the amount it would have levied under paragraph (a), clause
 8 (1), and for interest on the amount of that difference, must not
 9 be satisfied and discharged pursuant to Minnesota Statutes 1988,
 10 or an earlier edition of Minnesota Statutes if applicable,
 11 section 124.43, subdivision 4.

12 Sec. 16. Minnesota Statutes 2004, section 128C.12,
 13 subdivision 1, is amended to read:

14 Subdivision 1. [DUES AND EVENTS REVENUE.] (a) The state
 15 auditor annually must examine the accounts of, and audit all
 16 money paid to, the State High School League by its members. The
 17 audit must include financial and compliance issues. The state
 18 auditor audit must also audit include all money derived from any
 19 event sponsored by the league. ~~League-audits-must-include~~
 20 ~~audits-of-administrative-regions-of-the-league---The-league-and~~
 21 ~~its-administrative-regions-may-not-contract-with-private~~
 22 ~~auditors---The-scope-of-the-state-auditor's-examinations-of-the~~
 23 ~~league-must-be-agreed-upon-by-the-board-and-the-state-auditor,~~
 24 ~~provided-that-all-requirements-of-this-section-must-be-met.~~

25 (b) The administrative regions of the league may contract
 26 with the state auditor or with a private certified public
 27 accountant for the audit required by this section. If the audit
 28 is performed by a private certified public accountant, the state
 29 auditor may require additional information from the private
 30 certified public accountant as the state auditor deems in the
 31 public interest. The state auditor may accept the audit or make
 32 additional examinations as the state auditor deems to be in the
 33 public interest.

34 Sec. 17. Minnesota Statutes 2004, section 128C.12,
 35 subdivision 3, is amended to read:

36 Subd. 3. [COPIES.] The ~~state-auditor~~ board must file

1 copies of the ~~financial-and-compliance~~ audit report with the
2 commissioner of education and the director of the Legislative
3 Reference Library.

4 Sec. 18. Minnesota Statutes 2004, section 128D.11,
5 subdivision 9, is amended to read:

6 Subd. 9. [NET DEBT DEFINED.] The net debt of the school
7 district for the purposes of this limitation is the amount of
8 bonds less the amount of all money and the face value of all
9 securities then held as a sinking fund for the payment of such
10 bonds, and shall not include school aid and tax anticipation
11 certificates of indebtedness not in default or bonds issued to
12 pay pension fund liabilities under section 475.52, subdivision 6.

13 Sec. 19. Minnesota Statutes 2004, section 475.61,
14 subdivision 4, is amended to read:

15 Subd. 4. [SURPLUS FUNDS.] (a) All such taxes shall be
16 collected and remitted to the municipality by the county
17 treasurer as other taxes are collected and remitted, and shall
18 be used only for payment of the obligations on account of which
19 levied or to repay advances from other funds used for such
20 payments, except that any surplus remaining in the debt service
21 fund when the obligations and interest thereon are paid may be
22 appropriated to any other general purpose by the municipality.
23 However, for obligations authorized before July 1, 2005, the
24 amount of any surplus remaining in the debt service fund of a
25 school district when the obligations and interest thereon are
26 paid shall be used to reduce the general fund ~~levy~~ levies
27 authorized pursuant to chapters 122A, 123A, 123B, 124D, and 126C
28 and the state aids authorized pursuant to chapters 122A, 123A,
29 123B, 124D, 125A, 126C, and 127A. For obligations authorized on
30 July 1, 2005, or thereafter, the amount of any surplus remaining
31 in the debt service fund of a school district when the
32 obligations and interest thereon are paid in full may be
33 appropriated to any other general purpose by the school district
34 without any reduction in state aid or levies or may be used to
35 reduce the general fund levies authorized under chapters 122A,
36 123A, 123B, 124D, and 126C, and the state aids authorized under

1 chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A.

2 (b) If the district qualified for second tier debt service
3 equalization aid in the last year that it qualified for debt
4 service equalization aid, the reduction to state aids equals the
5 lesser of (1) the amount of the surplus times the ratio of the
6 district's second tier debt service equalization aid to the
7 district's second tier debt service equalization revenue for the
8 last year that the district qualified for debt service
9 equalization aid; or (2) the district's cumulative amount of
10 debt service equalization aid.

11 (c) If the district did not qualify for second tier debt
12 service equalization aid in the last year that it qualified for
13 debt service equalization aid, the reduction to state aids
14 equals the lesser of (1) the amount of the surplus times the
15 ratio of the district's debt service equalization aid to the
16 district's debt service equalization revenue for the last year
17 that the district qualified for debt service equalization aid;
18 or (2) the district's cumulative amount of debt service
19 equalization aid.

20 (d) The reduction to the general fund ~~levy~~ levies equals
21 the total amount of the surplus minus the reduction to state
22 aids.

23 Sec. 20. Laws 1996, chapter 412, article 5, section 24, is
24 amended to read:

25 Sec. 24. [BONDS PAID FROM TACONITE PRODUCTION TAX
26 REVENUES.]

27 Subdivision 1. [REFUNDING BONDS.] The appropriation of
28 funds from the distribution of taconite production tax revenues
29 to the taconite environmental protection tax fund and the
30 northeast Minnesota economic protection fund made by Laws 1988,
31 chapter 718, article 7, sections 62 and 63, Laws 1989, chapter
32 329, article 5, section 20, Laws 1990, chapter 604, article 8,
33 section 13, Laws 1992, chapter 499, article 5, section 29, and
34 ~~by-sections-18-to-20~~ Laws 1996, chapter 412, article 5, sections
35 20 to 22, and Laws 2000, chapter 489, article 5, sections 24 to
36 26, shall continue to apply to bonds issued under Minnesota

1 Statutes, chapter 475, to refund bonds originally issued
2 pursuant to those chapters.

3 Subd. 2. [LOCAL PAYMENTS.] School districts that are
4 required in Laws 1988, chapter 718, article 7, sections 62 and
5 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990,
6 chapter 604, article 8, section 13, Laws 1992, chapter 499,
7 article 5, section 29, ~~and by sections 18 to 20~~ Laws 1996,
8 chapter 412, article 5, sections 20 to 22, and Laws 2000,
9 chapter 489, article 5, sections 24 to 26, to impose levies to
10 pay debt service on the bonds issued under those provisions to
11 the extent the principal and interest on the bonds is not paid
12 by distributions from the taconite environmental protection fund
13 and the northeast Minnesota economic protection trust, may pay
14 their portion of the principal and interest from any funds
15 available to them. To the extent a school district uses funds
16 other than the proceeds of a property tax levy to pay its share
17 of the principal and interest on the bonds, the requirement to
18 impose a property tax to pay the local share does not apply to
19 the school district.

20 [EFFECTIVE DATE.] This section is effective the day
21 following final enactment.

22 Sec. 21. Laws 2003, First Special Session chapter 9,
23 article 4, section 29, as amended by Laws 2003, First Special
24 Session chapter 23, section 18, is amended to read:

25 Sec. 29. [GARAGE LEASE LEVY; SARTELL.]

26 For taxes payable in 2004, 2005, ~~and~~ 2006, and 2007,
27 independent school district No. ~~740~~ 748, Sartell, may levy up to
28 \$107,000 each year and for taxes payable in 2008 may levy up to
29 \$67,000 for the purpose of leasing a school bus storage
30 facility. The department of education shall include this levy
31 in the calculation of eligible building lease levy under
32 Minnesota Statutes, section 126C.40, subdivision 1. This levy
33 shall not allow the district to exceed the \$90 per resident
34 pupil unit cap in that section. The district is eligible to
35 make this levy only if it sells its current school bus storage
36 site to the city of Sartell and the district may not use this

1 levy as part of a lease purchase agreement to replace its
2 current school bus storage facility.

3 Sec. 22. 2005 S.F. No. 1879, article 3, section 3,
4 subdivision 41, if enacted, is amended to read:

5 Subd. 41. [DEBT SERVICE EQUALIZATION.] For debt service
6 aid according to Minnesota Statutes, section 123B.53,
7 subdivision 6:

8	\$25,654,000	2006
9	\$24,611,000 <u>24,519,000</u>	2007

10 The 2006 appropriation includes \$4,654,000 for 2005 and
11 \$21,000,000 for 2006.

12 The 2007 appropriation includes \$3,911,000 for 2006 and
13 ~~\$20,700,000~~ 20,608,000 for 2007.

14 Sec. 23. [HEALTH AND SAFETY REVENUE; NEW ULM.]

15 Notwithstanding Minnesota Statutes, section 123B.57,
16 subdivision 6, Independent School District No. 88, New Ulm, may
17 use health and safety revenue to construct appurtenances used
18 exclusively to house and maintain mechanical air handling
19 systems that maintain the air quality necessary for a healthy
20 environment.

21 [EFFECTIVE DATE.] This section is effective retroactively
22 from January 1, 2004.

23 Sec. 24. [DISABLED ACCESS LEVY AUTHORITY; EAST GRAND
24 FORKS.]

25 Notwithstanding the time limits established in Minnesota
26 Statutes, section 123B.58, subdivision 3, Independent School
27 District No. 595, East Grand Forks, may levy its remaining
28 disabled access levy authority over five or fewer years.

29 [EFFECTIVE DATE.] This section is effective the day
30 following final enactment.

31 Sec. 25. [TAX BASE ADJUSTMENTS, FERTILE-BELTRAMI.]

32 (a) Notwithstanding Minnesota Statutes, section 123B.61,
33 the commissioner of education, when making offsetting levy
34 adjustments between levy categories to ensure that each levy
35 category is positive for Independent School District No. 599,
36 Fertile-Beltrami, shall make such adjustments first between levy

1 categories that are imposed on identical tax bases before making
2 such adjustments between levy categories that are imposed on
3 different tax bases. The commissioner may make offsetting levy
4 adjustments between the general fund and the debt service fund,
5 if necessary.

6 (b) The commissioner of education must make the offsetting
7 levy adjustments according to the process in paragraph (a) until
8 Independent School District No. 599, Fertile-Beltrami's current
9 referendum authority, under Minnesota Statutes, section 126C.17,
10 expires.

11 Sec. 26. [RESIDENTIAL PROGRAM FACILITIES; WORTHINGTON.]

12 Subject to Minnesota Statutes, section 16A.695, Independent
13 School District No. 518, Worthington, may use the facilities
14 provided under Laws 1994, chapter 643, section 14, subdivision
15 8, as amended by Laws 1995, chapter 76, to provide adult foster
16 care or child foster care services licensed by the commissioner
17 of human services or for other special education purposes.

18 [EFFECTIVE DATE.] This section is effective the day
19 following final enactment.

20 Sec. 27. [FUND TRANSFERS.]

21 Subdivision 1. [BUTTERFIELD.] Notwithstanding Minnesota
22 Statutes, section 123B.79 or 123B.80, for calendar years 2005
23 through 2007, on June 30 of each year, Independent School
24 District No. 836, Butterfield, may permanently transfer up to
25 \$50,000 from its reserved operating capital account in its
26 general fund to its undesignated general fund balance and
27 \$60,000 from its reserved bus purchase account in its general
28 fund to its undesignated general fund balance. The total amount
29 transferred for the three-year period must not total more than
30 \$50,000 from the reserved operating capital account and \$60,000
31 from the reserved bus purchase account.

32 Subd. 2. [CHOKIO-ALBERTA.] Notwithstanding Minnesota
33 Statutes, section 123B.79 or 123B.80, on June 30, 2005,
34 Independent School District No. 771, Chokio-Alberta, may
35 permanently transfer up to \$150,000 from its reserved operating
36 capital account and up to \$50,000 from its reserved account for

1 disabled accessibility to the undesignated general fund balance.

2 Subd. 3. [CLINTON-GRACEVILLE-BEARDSLEY.] Notwithstanding
3 Minnesota Statutes, sections 123B.79, 123B.80, and 475.64,
4 subdivision 4, on June 30, 2005, Independent School District No.
5 2888, Clinton-Graceville-Beardsley may permanently transfer up
6 to \$244,000 from its reserved for disabled accessibility account
7 to its unrestricted general fund account without making a levy
8 reduction.

9 Subd. 4. [HASTINGS.] Notwithstanding Minnesota Statutes,
10 section 123A.27, on June 30, 2005, Independent School District
11 No. 200, Hastings, may permanently transfer up to \$300,000 from
12 its reserved account for instructional services from entities
13 formed for cooperative services for special education and
14 secondary vocational programs in its general fund to its
15 unrestricted general fund account.

16 Subd. 5. [LAKE CRYSTAL-WELLCOME MEMORIAL.] Notwithstanding
17 Minnesota Statutes, section 123B.79 or 123B.80, on June 30,
18 2005, upon approval of the commissioner of education,
19 Independent School District No. 2071, Lake Crystal-Wellcome
20 Memorial, may permanently transfer up to \$133,000 from its
21 reserved account for handicapped access to its undesignated
22 general fund balance.

23 Subd. 6. [M.A.C.C.R.A.Y.] Notwithstanding Minnesota
24 Statutes, section 123B.79 or 123B.80, upon approval of the
25 commissioner of education, on June 30, 2005, Independent School
26 District No. 2180, M.A.C.C.R.A.Y., may permanently transfer up
27 to \$230,000 from its reserved account for handicapped access to
28 its undesignated general fund balance.

29 Subd. 7. [MCLEOD WEST.] Notwithstanding Minnesota
30 Statutes, section 123B.79 or 123B.80, on or before June 30,
31 2007, Independent School District No. 2887, McLeod West, may
32 permanently transfer up to \$200,000 from its reserved operating
33 capital account in its general fund to the undesignated fund
34 balance.

35 Subd. 8. [RUSSELL.] Notwithstanding Minnesota Statutes,
36 section 123B.79 or 123B.80, on June 30, 2005, Independent School

1 District No. 418, Russell, may transfer up to \$50,000 from its
2 reserved capital accounts in its general fund to its
3 undesignated fund balance.

4 Subd. 9. [RUTHTON.] Notwithstanding Minnesota Statutes,
5 section 123B.79 or 123B.80, on June 30, 2005, Independent School
6 District No. 584, Ruthton, may permanently transfer up to
7 \$140,000 from its reserved for operating capital account to the
8 undesignated general fund balance.

9 Subd. 10. [WINDOM.] Notwithstanding Minnesota Statutes,
10 sections 123B.79 and 123B.80, on June 30, 2005, Independent
11 School District No. 177, Windom, may permanently transfer up to
12 \$270,000 from its reserved for operating capital account to the
13 undesignated balance in its general fund.

14 Subd. 11. [WIN-E-MAC.] Notwithstanding Minnesota Statutes,
15 section 123B.79 or 123B.80, on June 30, 2005, Independent School
16 District No. 2609, Win-E-Mac, may permanently transfer up to
17 \$87,000 from its reserved account for disabled accessibility to
18 its reserved operating capital account in its general fund.

19 [EFFECTIVE DATE.] This section is effective the day
20 following final enactment.

21 Sec. 28. [STUDY OF AVERAGE SCHOOL CONSTRUCTION COSTS.]

22 The commissioner shall submit a report by January 15, 2006,
23 to the house of representatives and senate committees having
24 jurisdiction over education finance on the costs of construction
25 of new school facilities as defined in Minnesota Statutes,
26 section 120A.05, including elementary school, middle school,
27 secondary school, or prekindergarten through grade 12
28 facilities. The commissioner shall review the ranges in costs
29 per square foot of new school construction that received a
30 positive review and comment during the period July 1, 2002, to
31 June 30, 2005, and shall evaluate the specific reasons for those
32 ranges in costs.

33 Sec. 29. [APPROPRIATIONS.]

34 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
35 indicated in this section are appropriated from the general fund
36 to the Department of Education for the fiscal years designated.

1 Subd. 2. [EQUITY IN TELECOMMUNICATIONS ACCESS.] For equity
2 in telecommunications access:

3 \$5,000,000 2006

4 \$5,000,000 2007

5 If the appropriation amount is insufficient, the
6 commissioner shall reduce the reimbursement rate in Minnesota
7 Statutes, section 125B.26, subdivisions 4 and 5, and the revenue
8 for the fiscal years 2006 and 2007 shall be prorated. The base
9 for this program in fiscal year 2008 and later is \$10,000,000.

10 Subd. 3. [EMERGENCY AID, RED LAKE.] For Independent School
11 District No. 38, Red Lake, for onetime emergency aid to repair
12 infrastructure damage to the Red Lake High School as a result of
13 the March 21, 2005, school shooting:

14 \$ 100,000 2006

15 The school district must submit proposed expenditures for
16 these funds for review and comment approval under Minnesota
17 Statutes, section 123B.71, before the commissioner releases the
18 funds to the district.

19 Sec. 30. [REPEALER.]

20 Minnesota Statutes 2004, section 128C.12, subdivision 4, is
21 repealed.

22 [EFFECTIVE DATE.] This section is effective for revenue for
23 fiscal year 2006.

24 ARTICLE 5

25 NUTRITION

26 Section 1. Minnesota Statutes 2004, section 124D.111,
27 subdivision 1, is amended to read:

28 Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] Each school
29 year, the state must pay districts participating in the national
30 school lunch program the amount of eight ten cents for each full
31 paid, reduced, and free student lunch served to students in the
32 district.

33 Sec. 2. Minnesota Statutes 2004, section 124D.118,
34 subdivision 4, is amended to read:

35 Subd. 4. [REIMBURSEMENT.] In accordance with program
36 guidelines, the commissioner shall reimburse each participating

1 public or nonpublic school ~~nine~~ 14 cents for each half-pint of
 2 milk that is served to kindergarten students and is not part of
 3 a school lunch or breakfast reimbursed under section 124D.111 or
 4 124D.1158.

5 Sec. 3. 2005 S.F. No. 1879, article 3, section 3,
 6 subdivision 43, if enacted, is amended to read:

7 Subd. 43. [SCHOOL LUNCH.] For school lunch aid according
 8 to Minnesota Statutes, section 124D.111, and Code of Federal
 9 Regulations, title 7, section 210.17:

10 ~~\$7,748,000~~ 9,585,000 2006

11 ~~\$7,826,000~~ 9,781,000 2007

12 Sec. 4. 2005 S.F. No. 1879, article 3, section 3,
 13 subdivision 44, if enacted, is amended to read:

14 Subd. 44. [TRADITIONAL SCHOOL BREAKFAST; MILK FOR
 15 KINDERGARTENERS.] For traditional school breakfast aid under
 16 Minnesota Statutes, section 124D.1158 and milk for
 17 kindergarteners under Minnesota Statutes, section 124D.118:

18 ~~\$4,634,000~~ 4,878,000 2006

19 ~~\$4,723,000~~ 4,968,000 2007

20 Sec. 5. [MILK CONSUMPTION PILOT PROGRAM.]

21 Independent School District No. 11, Anoka-Hennepin, and
 22 Independent School District No. 709, Duluth, are each eligible
 23 to receive \$25,000 in fiscal year 2006 to establish a pilot
 24 program to enhance milk consumption in the schools. The funds
 25 must be used by the districts to enhance the attractiveness of
 26 consuming milk to students in both the school lunch and a la
 27 carte programs, including, at a minimum, improving
 28 refrigeration, purchasing products or packaging not previously
 29 available, and upgrading quality of products previously
 30 supplied. The pilot program must be implemented during the
 31 2005-2006 school year. Each district must develop a plan to
 32 implement the pilot program. The plan must be developed by
 33 district food service personnel, the dairy which is contracted
 34 to provide milk to the districts' schools, and representatives
 35 of the Midwest Dairy Association and the Midwest Dairy Council.
 36 The plan must be submitted to the Department of Education by

1 August 15, 2005. Additional funds for the program may be sought
 2 from interested individuals and organizations. Each eligible
 3 school district must report to the house of representatives and
 4 senate committees having jurisdiction over kindergarten through
 5 grade 12 education funding and agriculture funding by October
 6 15, 2006. The report should include statistics on the prior
 7 year's consumption in the district, the various methods chosen
 8 to enhance consumption, and the results of those methods.

9 Sec. 6. [APPROPRIATIONS.]

10 Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums
 11 indicated in this section are appropriated from the general fund
 12 to the Department of Education for the fiscal years designated.

13 Subd. 2. [MILK CONSUMPTION PILOT PROGRAM.] For milk
 14 consumption pilot program grants:

15 \$ 50,000 2006

16 ARTICLE 6

17 STATE AGENCIES

18 Section 1. 2005 S.F. No. 1879, article 3, section 3,
 19 subdivision 50, if enacted, is amended to read:

20 Subd. 50. [DEPARTMENT.] (a) For the Department of
 21 Education:

22 ~~\$21,772,000~~ 21,511,000 2006

23 ~~\$21,772,000~~ 22,796,000 2007

24 Any balance in the first year does not cancel but is
 25 available in the second year.

26 (b) \$260,000 each year is for the Minnesota Children's
 27 Museum.

28 (c) \$41,000 each year is for the Minnesota Academy of
 29 Science.

30 (d) \$621,000 each year is for the Board of Teaching.

31 (e) \$165,000 each year is for the Board of School
 32 Administrators.

33 (f) ~~\$29,000 each year is for Minnesota's Washington, D.C.,~~
 34 office None of the amounts appropriated under this subdivision
 35 may be used for Minnesota's Washington, D.C., office.

36 (g) None of the amounts appropriated under this subdivision

1 or any federal funds may be used for the communications function
2 within the Office of Finance and Administration. The Department
3 of Education shall not relocate or rename this function to avoid
4 making this reduction.

5 (h) \$128,000 each year is for the funding of a world
6 languages coordinator in the Department of Education.

7 (i) \$50,000 in fiscal year 2006 and \$75,000 in fiscal year
8 2007 is for the development and distribution to school districts
9 of materials addressing the dangers of methamphetamine.

10 (j) \$300,000 in fiscal year 2006 and \$1,600,000 in fiscal
11 year 2007 and later are for value-added index assessment model.

12 (k) The base in fiscal year 2008 and later for the
13 Department of Education shall be \$22,904,000.

14 Sec. 2. 2005 S.F. No. 1879, article 3, section 4, if
15 enacted, is amended to read:

16 Sec. 4. [APPROPRIATIONS; MINNESOTA STATE ACADEMIES.]

17 The sums indicated in this section are appropriated from
18 the general fund to the Minnesota State Academies for the Deaf
19 and the Blind for the fiscal years designated:

20 ~~\$10,466,000~~ 10,878,000 2006

21 ~~\$10,466,000~~ 10,953,000 2007

22 Any balance in the first year does not cancel but is
23 available in the second year.

24 Sec. 3. 2005 S.F. No. 1879, article 3, section 5, if
25 enacted, is amended to read:

26 Sec. 5. [APPROPRIATIONS; PERPICH CENTER FOR ARTS
27 EDUCATION.]

28 The sums indicated in this section are appropriated from
29 the general fund to the Perpich Center for Arts Education for
30 the fiscal years designated:

31 ~~\$6,423,000~~ 6,424,000 2006

32 ~~\$6,423,000~~ 6,422,000 2007

33 Any balance in the first year does not cancel but is
34 available in the second year. The base appropriation for fiscal
35 year 2008 and later is \$6,672,000.

36 Sec. 4. [USE OF FEDERAL FUNDS.]

1 report the data so that state and local policy makers can
2 understand the educational implications of changes in districts'
3 demographic profiles over time. Any report the commissioner
4 disseminates containing summary data on student performance must
5 integrate student performance and the demographic factors that
6 strongly correlate with that performance.

7 Sec. 2. Minnesota Statutes 2004, section 121A.41,
8 subdivision 10, is amended to read:

9 Subd. 10. [SUSPENSION.] "Suspension" means an action by
10 the school administration, under rules promulgated by the school
11 board, prohibiting a pupil from attending school for a period of
12 no more than ten school days. If a suspension is longer than
13 five days, the suspending administrator must provide the
14 superintendent with a reason for the longer suspension. This
15 definition does not apply to dismissal from school for one
16 school day or less, except as provided in federal law for a
17 student with a disability. Each suspension action may include a
18 readmission plan. The readmission plan shall include, where
19 appropriate, a provision for implementing alternative
20 educational services upon readmission and may not be used to
21 extend the current suspension. Consistent with section
22 ~~125A.09~~ 125A.091, subdivision 3 5, the readmission plan must not
23 obligate a parent to provide a sympathomimetic medication for
24 the parent's child as a condition of readmission. The school
25 administration may not impose consecutive suspensions against
26 the same pupil for the same course of conduct, or incident of
27 misconduct, except where the pupil will create an immediate and
28 substantial danger to self or to surrounding persons or
29 property, or where the district is in the process of initiating
30 an expulsion, in which case the school administration may extend
31 the suspension to a total of 15 days. In the case of a student
32 with a disability, the student's individual education plan team
33 must meet immediately but not more than ten school days after
34 the date on which the decision to remove the student from the
35 student's current education placement is made. The individual
36 education plan team and other qualified personnel shall at that

1 meeting: conduct a review of the relationship between the
2 child's disability and the behavior subject to disciplinary
3 action; and determine the appropriateness of the child's
4 education plan.

5 The requirements of the individual education plan team
6 meeting apply when:

7 (1) the parent requests a meeting;

8 (2) the student is removed from the student's current
9 placement for five or more consecutive days; or

10 (3) the student's total days of removal from the student's
11 placement during the school year exceed ten cumulative days in a
12 school year. The school administration shall implement
13 alternative educational services when the suspension exceeds
14 five days. A separate administrative conference is required for
15 each period of suspension.

16 Sec. 3. Minnesota Statutes 2004, section 124D.10,
17 subdivision 8, is amended to read:

18 Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter
19 school shall meet all applicable state and local health and
20 safety requirements.

21 (b) A school sponsored by a school board may be located in
22 any district, unless the school board of the district of the
23 proposed location disapproves by written resolution.

24 (c) A charter school must be nonsectarian in its programs,
25 admission policies, employment practices, and all other
26 operations. A sponsor may not authorize a charter school or
27 program that is affiliated with a nonpublic sectarian school or
28 a religious institution.

29 (d) Charter schools must not be used as a method of
30 providing education or generating revenue for students who are
31 being home-schooled.

32 (e) The primary focus of a charter school must be to
33 provide a comprehensive program of instruction for at least one
34 grade or age group from five through 18 years of age.

35 Instruction may be provided to people younger than five years
36 and older than 18 years of age.

1 (f) A charter school may not charge tuition.

2 (g) A charter school is subject to and must comply with
3 chapter 363A and section 121A.04.

4 (h) A charter school is subject to and must comply with the
5 Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the
6 Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

7 (i) A charter school is subject to the same financial
8 audits, audit procedures, and audit requirements as a district.
9 Audits must be conducted in compliance with generally accepted
10 governmental auditing standards, the Federal Single Audit Act,
11 if applicable, and section 6.65. A charter school is subject to
12 and must comply with sections 15.054; 118A.01; 118A.02; 118A.03;
13 118A.04; 118A.05; 118A.06; 123B.52, subdivision 5; 471.38;
14 471.391; 471.392; 471.425; 471.87; 471.88, subdivisions 1, 2, 3,
15 4, 5, 6, 12, 13, and 15; 471.881; and 471.89. The audit must
16 comply with the requirements of sections 123B.75 to 123B.83,
17 except to the extent deviations are necessary because of the
18 program at the school. Deviations must be approved by the
19 commissioner. The Department of Education, state auditor, or
20 legislative auditor may conduct financial, program, or
21 compliance audits. A charter school determined to be in
22 statutory operating debt under sections 123B.81 to 123B.83 must
23 submit a plan under section 123B.81, subdivision 4.

24 (j) A charter school is a district for the purposes of tort
25 liability under chapter 466.

26 (k) A charter school must comply with sections 13.32;
27 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3
28 and 5.

29 (l) A charter school is subject to the Pledge of Allegiance
30 requirement under section 121A.11, subdivision 3.

31 (m) Charter school board of director open meeting
32 requirements are governed according to subdivision 4.

33 Sec. 4. Minnesota Statutes 2004, section 124D.40, is
34 amended to read:

35 124D.40 [YOUTH WORKS GRANTS.]

36 Subdivision 1. [APPLICATION.] An eligible organization

1 interested in receiving a grant under sections 124D.39 to
2 124D.44 may prepare and submit an application to the commission
3 ~~an application that complies with section 124D.41.~~

4 Subd. 2. [GRANT AUTHORITY.] The commission must use any
5 state appropriation and any available federal funds, including
6 any grant received under federal law, to award grants to
7 establish programs for youth works ~~meeting the requirements of~~
8 ~~section 124D.41.~~ At least one grant each must be available for
9 a metropolitan proposal, a rural proposal, and a statewide
10 proposal. If a portion of the suburban metropolitan area is not
11 included in the metropolitan grant proposal, the statewide grant
12 proposal must incorporate at least one suburban metropolitan
13 area. In awarding grants, the commission may select at least
14 one residential proposal and one nonresidential proposal,
15 ~~provided the proposals meet or exceed the criteria in section~~
16 ~~124D.41.~~

17 Sec. 5. Minnesota Statutes 2004, section 127A.41,
18 subdivision 8, is amended to read:

19 Subd. 8. [APPROPRIATION TRANSFERS.] (a) If a direct
20 appropriation from the general fund to the department for any
21 education aid or grant authorized in this chapter and chapters
22 122A, 123A, 123B, 124D, 125A, 126C, and 134, excluding
23 appropriations under sections 124D.135, 124D.16, 124D.20,
24 ~~124D.21,~~ 124D.22, 124D.52, 124D.531, ~~124D.54,~~ 124D.55, and
25 124D.56, exceeds the amount required, the commissioner may
26 transfer the excess to any education aid or grant appropriation
27 that is insufficient. However, section 126C.20 applies to a
28 deficiency in the direct appropriation for general education
29 aid. Excess appropriations must be allocated proportionately
30 among aids or grants that have insufficient appropriations. The
31 commissioner of finance shall make the necessary transfers among
32 appropriations according to the determinations of the
33 commissioner. If the amount of the direct appropriation for the
34 aid or grant plus the amount transferred according to this
35 subdivision is insufficient, the commissioner shall prorate the
36 available amount among eligible districts. The state is not

1 obligated for any additional amounts.

2 (b) Transfers for aids paid under section 127A.45,
3 subdivisions 12, paragraph (a), 12a, paragraph (a), and 13,
4 shall be made during the fiscal year after the fiscal year of
5 the entitlement. Transfers for aids paid under section 127A.45,
6 subdivisions 11, 12, paragraph (b), and 12a, paragraph (b),
7 shall be made during the fiscal year of the appropriation.

8 Sec. 6. Minnesota Statutes 2004, section 127A.45,
9 subdivision 12, is amended to read:

10 Subd. 12. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] (a) One
11 hundred percent of the aid for the current fiscal year must be
12 paid for the following aids: reimbursement for enrollment
13 options transportation, according to sections 124D.03,
14 subdivision 8, 124D.09, subdivision 22, and 124D.10; school
15 lunch aid, according to section 124D.111; hearing impaired
16 support services aid, according to section 124D.57; and Indian
17 postsecondary preparation grants according to section
18 ~~124D.80~~ 124D.81.

19 (b) One hundred percent of the aid for the current fiscal
20 year, based on enrollment in the previous year, must be paid for
21 the first grade preparedness program according to section
22 124D.081.

Article 1 GENERAL EDUCATION.....	page 2
Article 2 EDUCATION EXCELLENCE.....	page 44
Article 3 SPECIAL PROGRAMS.....	page 112
Article 4 TECHNOLOGY, FACILITIES, AND ACCOUNTING.....	page 145
Article 5 NUTRITION.....	page 166
Article 6 STATE AGENCIES.....	page 168
Article 7 TECHNICAL AND CONFORMING AMENDMENTS.....	page 170

APPENDIX

Repealed Minnesota Statutes for 05-4092

121A.23 PROGRAMS TO PREVENT AND REDUCE THE RISKS OF SEXUALLY TRANSMITTED INFECTIONS AND DISEASES.

Subdivision 1. Sexually transmitted infections and diseases program. The commissioner of education, in consultation with the commissioner of health, shall assist districts in developing and implementing a program to prevent and reduce the risk of sexually transmitted infections and diseases, including but not exclusive to human immune deficiency virus and human papilloma virus. Each district must have a program that includes at least:

- (1) planning materials, guidelines, and other technically accurate and updated information;
- (2) a comprehensive, technically accurate, and updated curriculum that includes helping students to abstain from sexual activity until marriage;
- (3) cooperation and coordination among districts and SCs;
- (4) a targeting of adolescents, especially those who may be at high risk of contracting sexually transmitted infections and diseases, for prevention efforts;
- (5) involvement of parents and other community members;
- (6) in-service training for appropriate district staff and school board members;
- (7) collaboration with state agencies and organizations having a sexually transmitted infection and disease prevention or sexually transmitted infection and disease risk reduction program;
- (8) collaboration with local community health services, agencies and organizations having a sexually transmitted infection and disease prevention or sexually transmitted infection and disease risk reduction program; and
- (9) participation by state and local student organizations.

The department may provide assistance at a neutral site to a nonpublic school participating in a district's program. District programs must not conflict with the health and wellness curriculum developed under Laws 1987, chapter 398, article 5, section 2, subdivision 7.

If a district fails to develop and implement a program to prevent and reduce the risk of sexually transmitted infection and disease, the department must assist the service cooperative in the region serving that district to develop or implement the program.

Subd. 2. Funding sources. Districts may accept funds for sexually transmitted infection and disease prevention programs developed and implemented under this section from public and private sources including public health funds and foundations, department professional development funds, federal block grants or other federal or state grants.

122A.414 ALTERNATIVE TEACHER COMPENSATION.

Subdivision 1. Restructured pay system. A restructured teacher compensation system is established under subdivision 2 to provide incentives for teachers to improve their knowledge and skills and for school districts to recruit and retain highly qualified teachers, and to support teachers' roles in improving students' educational achievement.

Subd. 2. Alternative teacher professional pay system.
(a) To participate in this program, a school district must have an educational improvement plan as described in section 122A.413 and an alternative teacher professional pay system as described in paragraph (b).

APPENDIX
Repealed Minnesota Statutes for 05-4092

- (b) The alternative teacher professional pay system must:
- (1) describe the conditions necessary for career advancement and additional compensation;
 - (2) provide career advancement options for teachers retaining primary roles in student instruction;
 - (3) use a professional pay system that replaces the step and lane salary schedule and is not based on years of service;
 - (4) encourage teachers' continuous improvement in content knowledge, pedagogy, and use of best practices; and
 - (5) implement an objective evaluation system, including classroom observation, that is aligned with the district's or the site's educational improvement plan as described in section 122A.413.

Subd. 3. Report. Participating districts and school sites must report on the implementation and effectiveness of the alternative teacher compensation plan, particularly addressing each requirement under subdivision 2 and make biennial recommendations by January 1 to their school boards. The school boards shall transmit a summary of the findings and recommendations of their district to the commissioner.

122A.415 ALTERNATIVE COMPENSATION AID.

Subdivision 1. Aid amount. (a) A school district that meets the conditions of section 122A.414 and submits an application approved by the commissioner is eligible for alternative compensation aid. The commissioner must consider only applications submitted jointly by a school district and the exclusive representative of the teachers for participation in the program. The application must contain a formally adopted collective bargaining agreement, memorandum of understanding, or other binding agreement that implements an alternative teacher professional pay system consistent with section 122A.414 and includes all teachers in a district, all teachers at a school site, or at least 25 percent of the teachers in a district. The commissioner, in approving applications, may give preference to applications involving entire districts or sites or to applications that align measures of teacher performance with student academic achievement and progress under section 120B.35, subdivision 1.

(b) Alternative compensation aid for a qualifying school district, site, or portion of a district or school site is as follows:

- (1) for a school district in which the school board and the exclusive representative of the teachers agree to place all teachers in the district or at the site on the alternative compensation schedule, alternative compensation aid equals \$150 times the district's or the site's number of pupils enrolled on October 1 of the previous fiscal year; or
- (2) for a district in which the school board and the exclusive representative of the teachers agree that at least 25 percent of the district's licensed teachers will be paid on the alternative compensation schedule, alternative compensation aid equals \$150 times the percentage of participating teachers times the district's number of pupils enrolled as of October 1 of the previous fiscal year.

Subd. 2. Percentage of teachers. For purposes of this section, the percentage of teachers participating in the teacher professional pay system equals the ratio of the number of licensed teachers who are working at least 60 percent of a full-time teacher's hours and agree to participate in the

APPENDIX
Repealed Minnesota Statutes for 05-4092

teacher professional pay system to the total number of licensed teachers who are working at least 60 percent of a full-time teacher's hours.

Subd. 3. Aid timing. (a) Districts or sites with approved applications must receive alternative compensation aid for each school year that the district or site participates in the program as described in this subdivision. Districts or sites with applications received by the commissioner before June 1 of the first year of a two-year contract shall receive alternative compensation aid for both years of the contract. Districts or sites with applications received by the commissioner after June 1 of the first year of a two-year contract shall receive alternative compensation aid only for the second year of the contract. A qualifying district or site that received alternative compensation aid for the previous fiscal year must receive at least an amount equal to the lesser of the amount it received for the previous fiscal year or its proportionate share of the previous year's appropriation if the district or site submits a timely application and the commissioner determines that the district or site continues to implement an alternative teacher professional pay system, consistent with its application under this section. The commissioner must approve initial applications for school districts qualifying under subdivision 1, paragraph (b), clause (1), by January 15 of each year. If any money remains, the commissioner must approve aid amounts for school districts qualifying under subdivision 1, paragraph (b), clause (2), by February 15 of each year.

(b) The commissioner shall select applicants that qualify for this program, notify school districts and school sites about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

123B.83 EXPENDITURE LIMITATIONS.

Subdivision 1. Reduce statutory operating debt. (a) Beginning in fiscal year 1978 and in each year thereafter, a district which had statutory operating debt on June 30, 1977 pursuant to section 126C.42 must limit its expenditures in each fiscal year so that the amount of its statutory operating debt calculated at the end of that fiscal year is not greater than the amount of the district's statutory operating debt as of June 30, 1977, as certified and adjusted by the commissioner, increased by an amount equal to 2-1/2 percent of that district's operating expenditures for the fiscal year for which the statutory operating debt calculation is being made.

(b) When a district is no longer required to levy pursuant to section 126C.42, subdivision 1, subdivision 2 is applicable.

125A.75 SPECIAL EDUCATION PROGRAM APPROVAL; AID PAYMENTS; TRAVEL AID.

Subd. 8. Litigation and hearing costs. (a) For fiscal year 1999 and thereafter, the commissioner of education, or the commissioner's designee, shall use state funds to pay school districts for the administrative costs of a due process hearing incurred under section 125A.091, subdivisions 12, 13, and 24, including hearing officer fees, court reporter fees, mileage costs, transcript costs, interpreter and transliterator fees, independent evaluations ordered by the hearing officer, and rental of hearing rooms, but not including district attorney fees. To receive state aid under this paragraph, a school district shall submit to the commissioner by August 1 an

APPENDIX
Repealed Minnesota Statutes for 05-4092

itemized list of unreimbursed actual costs for fees and other expenses under this paragraph incurred after June 30, 1998, for hearings completed during the previous fiscal year. State funds used for aid to school districts under this paragraph shall be based on the unreimbursed actual costs and fees submitted by a district.

(b) The commissioner shall provide districts with a form on which to annually report litigation costs under this section and shall base aid estimates on preliminary reports submitted by the district during the current fiscal year.

126C.10 GENERAL EDUCATION REVENUE.

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to \$22,222.

Subd. 13b. **Operating capital aid.** A district's operating capital aid equals its operating capital revenue minus its operating capital levy times the ratio of the actual amount levied to the permitted levy.

Subd. 29. **Equity levy.** To obtain equity revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its equity revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to \$476,000.

Subd. 30. **Equity aid.** A district's equity aid equals its equity revenue minus its equity levy times the ratio of the actual amount levied to the permitted levy.

Subd. 31. **Transition revenue.** (a) A district's transition allowance for fiscal years 2004 through 2008 equals the greater of zero or the product of the ratio of the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference between: (1) the lesser of the district's general education revenue per adjusted marginal cost pupil unit for fiscal year 2003 or the amount of general education revenue the district would have received per adjusted marginal cost pupil unit for fiscal year 2004 according to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002. A district's transition allowance for fiscal year 2009 and later is zero.

(b) A district's transition revenue for fiscal year 2004 and later equals the product of the district's transition allowance times the district's adjusted marginal cost pupil units.

Subd. 32. **Transition levy.** To obtain transition revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its transition revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to \$476,000.

Subd. 33. **Transition aid.** (a) For fiscal year 2004, a district's transition aid equals its transition revenue.

(b) For fiscal year 2005 and later, a district's transition

APPENDIX
Repealed Minnesota Statutes for 05-4092

aid equals its transition revenue minus its transition levy times the ratio of the actual amount levied to the permitted levy.

126C.42 OPERATING DEBT LEVIES.

Subdivision 1. 1977 statutory operating debt. (a) In each year in which so required by this subdivision, a district must make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977, and certified and adjusted by the commissioner. This levy shall not be made in more than 30 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall be an amount which is equal to the amount raised by a levy of a net tax rate of 2.67 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 2002 and thereafter; provided that in the last year in which the district is required to make this levy, it must levy an amount not to exceed the amount raised by a levy of a net tax rate of 2.67 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 2002 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 123B.79, subdivision 6, equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(b) The district must establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy must be used only for cash flow requirements and must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(c) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Subd. 4. 1992 operating debt. (a) For taxes payable for calendar year 2003 and earlier, a district that has filed a plan pursuant to section 123B.83, subdivision 4, may levy, with the approval of the commissioner, to eliminate a deficit in the net unappropriated balance in the operating funds of the district, determined as of June 30, 1992, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the lesser of:

(1) an amount raised by a levy of a net tax rate of one percent times the adjusted net tax capacity; or

(2) \$100,000.

This amount must be reduced by referendum revenue authorized under section 126C.17 pursuant to the plan filed under section 123B.83. However, the total amount of this levy for all years it is made must not exceed the amount of the deficit in the net unappropriated balance in the operating funds of the district as of June 30, 1992. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy must be discontinued.

(b) A district, if eligible, may levy under this subdivision or subdivision 2 or 3, or under section 123A.73, subdivision 9, or Laws 1992, chapter 499, article 7, sections 16 or 17, but not under more than one.

APPENDIX
Repealed Minnesota Statutes for 05-4092

(c) The proceeds of this levy must be used only for cash flow requirements and must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(d) Any district that levies pursuant to this subdivision must certify the maximum levy allowable under section 126C.13, subdivision 2, in that same year.

126C.44 SAFE SCHOOLS LEVY.

Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$27 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; or (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, and violence prevention measures taken by the school district. The district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this section is not included in determining the school district's levy limitations.

128C.12 AUDITS AND REPORTS BY STATE AUDITOR.

Subd. 4. Coverage of report. The audit report must include the aggregate totals for all revenues and expenditures for the current year and the three years before the current year and the percent and dollar change from the year before each of the four years. Revenue items from student activities, membership dues, publications, registration of officials and judges, interest, automobile sales; and from other sources including medals, refunds, and reimbursements must be audited annually. Expenditure items related to staff, the board of directors, student activities, capital outlay, and office and other purposes including membership services must be audited annually.

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S.F. No. 2267 - Omnibus Education Bill

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AMB
SW

Date: April 26, 2005

**Article 1
General Education**

Section 1 [Kindergarten.] defines kindergarten as a program for pupils five years of age on September 1 of the calendar year in which the school year commences that prepares pupils to enter the first grade the following year. Further defines a program designed for pupils younger than five years of age by September 1 of the calendar year as a prekindergarten program.

Section 2 [Safe Schools; Reserved Revenue.] requires school districts to reserve \$27 of general education revenue per pupil to pay for crime prevention, drug abuse prevention, counseling, gang resistance, and peace officer services.

Section 3 [Reserve Revenue.] updates the transportation sparsity formula for fiscal year 2007 and later to reflect current data for area learning centers.

Section 4 [Board Control of Extracurricular Activities.] requires a school board to record revenues and expenditures for extra curricular activities according to the Manual for Activity Fund Accounting.

Section 5 [Definitions.] defines adjusted net tax capacity for the purposes of debt service equalization.

Section 6 [Taconite Revenue.] recognizes taconite revenue in full for the fiscal year in which the February payment falls.

Section 7 [Expenditures by Building.] requires districts to also maintain separate accounts for capital expenditures and pupil transportation as it would for general fund expenditures.

Section 8 [Account Transfer for Statutory Operating Debt.] changes the name of the account that districts transfer from when they are in statutory operating debt from undesignated fund balance to the net unreserved general fund balance.

Section 9 [Operating Debt.] changes the definition of operating debt to mean the unreserved general fund balance instead of the undesignated fund balance and includes in the total calculation of operating debt the capital expenditure, building construction, debt service, and trust and agency funds.

Section 10 [Reorganization Operating Debt.] changes the definition of reorganization operating debt to be the net negative unreserved general fund balances instead of net negative undesignated general fund balance.

Section 11 [Net Unreserved General Fund Balances.] updates the reference account that a school district must refer to in limiting their expenditures to the net unreserved general fund instead of the undesignated fund balances.

Section 12 [District Reports.] requires districts to report: (1) salaries and fringe benefits of district employees whose primary duties are other than transportation; (2) salaries and fringe benefits of district employees who work part-time in transportation but who are not included in the district's transportation reports; and (3) pupil transportation expenditures.

Section 13 [General Education Revenue.] updates the definition of general education revenue for charter schools for fiscal year 2006. For fiscal year 2007 and later, the definition is adjusted to account for changes made to general education in that year.

Section 14 [Transportation Revenue.] updates the transportation sparsity formula for fiscal year 2007 and later to reflect current data for charter schools.

Section 15 [Other aid, Grants, Revenue.] clarifies revenue eligible to be received by a charter school.

Section 16 [Enrollment Verification.] clarifies the basic skills revenue under the graduation incentives program.

Section 17 [Aid.] makes technical changes to the alternative program aid payment statute.

Section 18 [Net Unreserved General Fund Balance.] updates the name of the account from net unappropriated operating fund balance to the net unreserved general fund balance. The unreserved general fund balance is equal to the sum of the unreserved general fund balance and encumbrances.

Section 19 [Extended Time Pupil Units.] codifies the definition of extended time average daily membership for a district or charter school and provides the formula calculation.

Section 20 [Project-Based Average Daily Membership.] identifies the requirements that a public school with a project-based program must meet in order to receive general education revenue.

Section 21 [General Education Revenue.] strikes obsolete language and defines general education revenue for fiscal year 2007. For fiscal years 2004 through 2006, transition revenue is included in the calculation; for fiscal year 2007 and later, transition revenue is not included in the calculation of general education revenue because it is rolled into referendum revenue.

Section 22 [Basic Revenue.] sets the basic formula allowance to \$4,832 for fiscal year 2006 and \$5,243 in fiscal year 2007.

Section 23 [Total Operating Capital Revenue.] removes obsolete language on telecommunications access costs.

Section 24 [Operating Capital Levy.] eliminates the operating capital levy after fiscal year 2006.

Section 25 [Operating Capital Aid.] eliminates the operating capital aid after fiscal year 2006.

Section 26 [Transportation Sparsity Revenue Allowance.] updates the transportation sparsity calculation to reflect current department data for school districts.

Section 27 [Equity Revenue.] removes outdated language related to supplemental revenue and transition revenue in determining equity revenue. For the purposes of this section, beginning in fiscal year 2007, the referendum revenue excludes referendum conversion allowance authority unless a district allows the revenue at an election.

Section 28 [Equity Levy.] eliminates the equity levy after fiscal year 2006.

Section 29 [Equity Aid.] eliminates the equity aid after fiscal year 2006.

Section 30 [Transition Revenue.] eliminates the transition revenue after fiscal year 2006. Redefines transition revenue for fiscal year 2006.

Section 31 [Transition Levy.] eliminates the transition levy after fiscal year 2006.

Section 32 [Transition Aid.] eliminates the transition aid after fiscal year 2006.

Section 33 [Consolidated Tax Rate.] requires the Commissioner to establish a tax rate for the purposes of a consolidated levy. The tax rate is constant for fiscal year 2009 and later.

Section 34 [Consolidated Levy.] requires a district to levy an amount up to the consolidated tax rate times the adjusted net tax capacity of the district the preceding year and not greater than the district's general education revenue in order to obtain general education revenue.

Section 35 [Consolidated Levy; Districts Off the Formula.] establishes levy limitations and calculations in the case that the amount of the consolidated levy amount exceeds the district's general education revenue.

Section 36 [General Education Aid.] adjusts the calculation of general education aid to reflect the changes in general education that eliminate the operating capital levy, equity levy, and transition revenue.

Section 37 [Referendum Allowance.] changes the referendum revenue allowance calculation to reflect the referendum conversion allowance.

Section 38 [Referendum Allowance Limit.] removes obsolete language.

Section 39 [Referendum Equalization Revenue.] increases the first tier referendum equalization allowance to \$524 in fiscal year 2007.

Section 40 [Referendum Revenue.] simplifies ballot language by abbreviating the term "per resident pupil unit" to "per pupil" and removing language on the ballot referring to estimated referendum tax rate.

Section 41 [Referendum Conversion Allowance.] allows a district that received transition revenue in 2004 to convert its transition revenue 2004 conversion allowance to additional referendum allowance for fiscal year 2007 and later, upon approval by a majority of the school board and sets limitation dates.

Section 42 [Taconite Deductions.] makes technical changes.

Section 43 [Notice to Commissioner; Forms.] changes the date that a district must notify the Commissioner of the levies certified from January 15 to January 7.

Section 44 [Taconite Payments and Other Reductions.] makes technical changes and specifies that any law imposing a tax upon severed mineral values must reduce levies by 95 percent of the previous year's revenue.

Section 45 [Payment Percentage for Reimbursement Aids.] includes telecommunications/Internet access equity aid and shared time aid in the total list of aids that must be paid to school districts.

Section 46 [Charter Schools.] updates the transportation sparsity formula for fiscal year 2007 and later to reflect current data for charter schools.

Section 47 [Abatements.] changes the calculations of abatement aid from first prior year to third prior year.

Section 48 [Excess Tax Increment.] makes technical changes.

Section 49 [Census.] makes technical changes.

Section 50 [County Auditor to Fix Amount of Levy.] makes technical changes.

Section 51 [Distributions of Excess Taxes on Captured Net Tax Capacity.] makes technical changes.

Sections 52 to 55 amend S.F. No. 1879, if enacted. See fiscal tracking sheets.

Section 56 [Four-Year Old Prekindergarten Allowance.] establishes a revenue calculation for a district's four-year old prekindergarten program.

Section 57 [Transition Revenue 2004 Conversion Allowance.] establishes a district's transition revenue 2004 conversion allowance. Transition revenue 2004 conversion allowance is increased by \$40 for any school district with a grandfathered referendum cap. A district eligible for sparsity revenue is not eligible for this allowance.

Section 58 [School Bus Loan; Carpenter School Buses.]

Subdivision 1 [Bus Loan Revenue.] provides districts with loan revenue to replace Carpenter school buses that have potentially defective welds, upon approval of a board resolution.

Subdivision 2 [Levy.] requires a district that received loan revenue for Carpenter buses to levy for an amount equal to its bus loan revenue times 0.25 for taxes payable in 2006 through 2009.

Subdivision 3 [General Education Revenue Withholding.] requires the Department of Education to reduce the general education aid for each district that received bus loan revenue by an amount equal to the district's bus loan revenue times 0.25.

Section 59 [Red Lake Fiscal Year 2005 Pupil Units.] allows for Independent School District No. 38, Red Lake, to consider the amount of pupils that would have been computed if the district's school buildings had not reopened after March 21, 2005, when calculating the fiscal year 2005 average daily membership. Learning year pupil units must be calculated using the hours in excess of the actual number of instruction hours in the calendar year for the school attended by the student, for fiscal year 2005.

Section 60 [Fiscal Years 2006 and 2007 Declining Pupil Unit Aid, Red Lake.] provides Independent School District No. 38, Red Lake, with declining pupil units aid in fiscal years 2006 and 2007. Declining pupil unit aid must be included when calculating the district's general education aid.

Section 61 [Kindergarten Reporting.] allows a district to retain in the reporting of pupils four or five years of age that had enrolled in a prekindergarten program implemented by the district before July 1, 2003.

Section 62 [Transition Revenue Adjustments.] allows districts who received additional transition revenue for the four-year old prekindergarten program in fiscal year 2006 to levy for that revenue in fiscal year 2007.

Section 63 [Appropriations.]

Subdivision 1 [Department of Education.] appropriates money from the general fund to the department of education.

Subdivision 2 [School Bus Loan Revenue.] appropriates \$3,630,000 in fiscal year 2006 for school bus loan revenue.

Section 64 [Repealer.] repeals Minnesota Statutes 2004, sections 123B.83, subdivision 1 (reduce statutory operating debt; 126C.42, subdivision 1 (1977 statutory operating debt), subdivision 4 (1992 operating debt); 126C.10, subdivisions 13a (operating capital levy), 13b (operating capital aid), 29 (equity levy), 30 (equity aid), 31 (transition revenue), 33 (transition aid); and 126C.44 (safe schools levy), for revenue for fiscal year 2007.

Article 2 Education Excellence

Section 1 [Teacher Data from Value-Added Assessment Model.] states that data on teachers from a value-added assessment model is governed under Minnesota Statutes, section 120B.362.

Section 2 [Classroom Placement; Parent Discretion.] allows a parent of twins or higher order multiples to request a particular classroom placement for their children. A district may make a recommendation to the parents and provide professional advice to assist parents in making the best decision for their children. A school must provide the requested classroom placement, unless the school's board makes a determination to follow the school principal's recommendation.

Section 3 [Educational Expectations for Minnesota's Students.] provides for the transition from the Basic Skills Test to the Minnesota Comprehensive Assessments Second Edition.

Section 4 [Required Academic Standards.] requires the district to maintain, at a minimum, the same physical education and health education requirements for students through the 2007-2008 school year. A district must consult benchmarks developed by the Department of Education's Health and Physical Education Quality Teaching Network before revising their local standards.

Section 5 [Rigorous Course of Study; Waiver.] allows a school district, area learning center, or charter school to declare that a student has met or exceeded an academic standard required for graduation if the student:

- (1) is participating in a course of study or program that is equally or more rigorous than the corresponding state or local academic standard required by the district, area learning center, or charter school;
- (2) would be precluded from participation in the course of study or program if they were required to achieve the academic standard to be waived; and
- (3) satisfactorily completes the course of study or program.

A student completing a postsecondary enrollment options course is not required to complete other academic standard requirements corresponding to that specific rigorous course.

Section 6 [Graduation Requirements; Course Credits.] requires students to complete one-half credit in physical education and one-half credit in health education in order to graduate.

Sections 7 to 12 [Definitions.] update and align the school district process for reviewing instruction and curriculum with academic standards and student achievement goals. Districts may use electronic means for disseminating reports to the public.

Section 13 [Gifted and Talented Students.] requires districts to adopt guidelines for assessing and identifying gifted and talented students. Districts, in collaboration with interested community members and with technical assistance from the Department of Education, may offer gifted and talented programs.

Section 14 [Violence Prevention Curriculum.] includes self-protection as one of the components of violence prevention curriculum.

Section 15 [American Heritage Education.] allows districts to provide instruction for students to read and study America's founding documents.

Section 16 [Statewide Testing.] provides for the transition from the Basic Skills Test to the Minnesota Comprehensive Assessments Second Edition.

Section 17 [Statewide and Local Assessments; Results.] provides for the transition from the Basic Skills Test to the Minnesota Comprehensive Assessments Second Edition.

Section 18 [Access to Tests.] codifies session law directing the Commissioner to adopt and publish a policy to provide access to statewide tests.

Section 19 [Value-Added Assessment Program.] directs the Commissioner to implement a value-added assessment program using adaptive computer-based assessments. The Commissioner must obtain authority to use fully adaptive computer-based assessments, aligned with state academic standards, that accurately measure student achievement and growth over time.

Sections 20, 21, and 25 [Reports.] align the dangerous weapons report with federal reporting requirements by reducing reporting to once a year, allowing for electronic reporting, and requiring submission of certain demographic information.

Section 22 [School Board Policy; Prohibiting Intimidation and Bullying.]

Subdivision 1 [Intimidation or Bullying Defined.] defines “intimidation or bullying” as an intentional gesture or a written, oral, or physical act or threat that a reasonable person under the circumstances knows or should know has the effect of:

- (1) harming a student;
- (2) damaging a student’s property;
- (3) placing a student in reasonable fear of harm to the student’s person;
- (4) placing a student in reasonable fear of damage to the student’s property; or
- (5) creating a severe or persistent environment of intimidation or abuse.

Subdivision 2 [Model Policy.] directs the Commissioner to maintain a model policy.

Subdivision 3 [School Board Policy.] requires a school board to have a policy prohibiting intimidation and bullying of any student. The policy must describe expected student behavior, consequences for and the appropriate remedial action to be taken against the person acting to intimidate or bully, and reporting procedures.

Section 23 [Possession and Use of Nonprescription Pain Relievers by Secondary Students.] permits a secondary student to possess and use nonprescription pain relief, consistent with labeling, if their parent sends written authorization to the school district.

Section 24 [Comprehensive Family Life and Sexuality Education.]

Subdivision 1 [Definitions.] defines “comprehensive family life and sexuality education” as education in grades 7 through 12 that includes abstinence, use of protection, and contraception.

Subdivision 2 [Curriculum requirements.] allows for a school district to independently establish their policy and curriculum. A school district is permitted to provide comprehensive family life and sexuality education in kindergarten through sixth grade. A district must offer comprehensive family life and sexuality education in grades 7 through 12.

Subdivision 3 [Notice and parental options.] requires districts to establish procedures on providing parents or guardians with reasonable notice regarding the comprehensive family

life and sexuality education program and the opportunity to inspect any educational materials. If the parent chooses not to have their child participate, the district must reasonably restrict that child's access to the material.

Sections 26 and 28 [Comprehensive, Scientifically Based Reading Instruction.] update the current definition of reading instruction to include all five reading areas, and increasing instructional strategies so that student of all ages and proficiency levels can read, comprehend text, and apply higher-level thinking skills.

Section 27 [Terms; Compensation; Removal; Administration; Reimbursement.] allows the Board of School Administrators to reimburse school districts for substitute teacher costs when a regular teacher is providing professional assistance to the state.

Sections 29 and 30 [Probationary Period.] require a probationary teacher to complete at least 60 days of teaching service each year. A probationary teacher whose first three years of service is interrupted for active military service and promptly resumes teaching is considered to have consecutive teacher experience.

Section 31 [Probationary Period for Principals Hired Internally.] allows for a district in a city of the first class to negotiate an additional probationary period of up to two years for assistant principals that were hired internally.

Section 32 [Services Terminated by Discontinuance or Lack of Pupils; Preference Given.] allows a district in a city of the first class and the exclusive representative of the teachers to negotiate a plan for teacher discontinuance.

Section 33 [Educational Improvement Plan.] updates the section to correspond with the professional compensation initiative.

Section 34 [Professional Compensation Initiative.]

Subdivision 1 [Professional Compensation Agreement.] permits a school district and the exclusive representative of the teachers to adopt a professional compensation agreement.

Subdivision 2 [Eligibility.] establishes conditions for participation in the professional compensation initiative. In fiscal year 2006, at a minimum, districts must submit a letter of intent to complete planning for and to participate in the initiative in fiscal year 2007, reserve at least two percent of the basic revenue for staff development, and commit to spending at least the additional one percent of basic revenue available through participation in the initiative on staff development supporting the district's educational improvement plan and developing an agreement under this section. In fiscal year 2007 and later, districts must submit the educational improvement plan and an executed collective bargaining agreement.

Subdivision 3 [Commissioner Approval.] allows the Commissioner to give preliminary approval if a district submits a proposed collective bargaining agreement and educational improvement plan for review. The Commissioner must provide detailed notice to a school district if their application is denied.

Subdivision 4 [Professional Compensation Revenue.] establishes calculations for a district's professional compensation revenue dependent upon the district's level of participation in the initiative.

Subdivision 5 [Percentage of Teachers.] establishes a formula for determining the percentage of teachers participating in the initiative for the purposes of calculating the revenue amount.

Subdivision 6 [Aid Timing.] states that districts or sites must receive revenue for each school year that they participate in the initiative and comply with the conditions for participation.

Subdivision 7 [Basic Revenue.] permits a district to spend the basic revenue reserved for staff development under Minnesota Statutes, section 122A.61, for compliance with the professional compensation initiative.

Subdivision 8 [Participation.] permits a district and its teachers to participate in the initiative in subsequent fiscal years even if they don't participate in fiscal year 2006.

Section 35 [Closed Contract.] permits a district and the exclusive representative of the teachers to jointly agree to reopen a collective bargaining agreement for the sole purpose of entering into a professional compensation system.

Section 36 [Professional Compensation Pilot Site Aid.] permits districts or sites that previously received alternative compensation aid to continue to receive aid for the program.

Section 37 [Staff Development Committee.] strikes obsolete reporting language from the staff development program.

Section 38 [Effective Staff Development Activities.] defines effective staff development activities. Excludes release time to supervise students on field trips and school activities and independent tasks not associated with enhancing the teacher's knowledge and skills from counting as staff development time.

Section 39 [Staff Development Report.] directs the district and the site staff development committees to submit a written report to the Commissioner on staff development activities. The Commissioner must report staff development progress and expenditure data to the Legislature.

Section 40 [Staff Development Revenue.] strikes the method for a district and the majority of the licensed teachers to annually waive the staff development revenue set aside. A district participating in the professional compensation initiative is not required to set aside staff development revenue except to the extent they agree to reserve or use it as a condition for participation in the initiative.

Section 41 [Principals' Leadership Institute.]

Subdivision 1 [Establishment.] permits the Commissioner to contract with the University of Minnesota to establish a principals' leadership institute.

Subdivision 2 [Method of Selection and Requirements.] allows for a district to submit the name of a principal to participate to the Commissioner. In addition, a principal may submit their own application for participation.

Section 42 [Employee Recognition.] allows a school board to establish an employee recognition program for teachers as long as the program doesn't include monetary awards.

Section 43 [Rewards.] allows a school board to offer rewards for information that leads to the apprehension and arrest of a person who committed a crime against the district's property, students, employees, volunteers, or school board members.

Sections 44 and 45 [Definition.] amend the requirements for site decision-making agreements. The definition of "education site" is amended to include a program with a district that is recognized by the school board as a site. At least 60 percent of the licensed staff of a site may request the school board enter into discussions to reach a site-based decision-making agreement. At least one-half of the site team's members must be employees of the district. A site leadership team may make decisions on how financial and personnel resources are allocated at the site and from whom to purchase goods and services.

Section 46 [Pupil Transportation Safety Committee.] allows a district to establish a pupil transportation safety committee to review and recommend changes to the district's policy and to develop a comprehensive plan for safe transportation of students who face hazardous transportation conditions.

Section 47 [All-Day Kindergarten.] changes the name of the first-grade preparedness program to all-day kindergarten.

Section 48 [Credits.] directs Minnesota State Colleges and Universities and the University of Minnesota to award postsecondary credit for successfully completed courses in a program certified by the National Alliance of Concurrent Enrollment Partnerships.

Section 49 [Other Aid, Grants, Revenue.] clarifies that charter schools are not eligible for aids, grants, or other revenue if the revenue is the replacement of levy revenue.

Section 50 [Eligible Services.] provides for the transition from the Basic Skills Test to the Minnesota Comprehensive Assessments Second Edition.

Sections 51 to 53 [Indian Education.] update the Indian Education Act and removes obsolete language.

Section 54 [Implementation of No Child Left Behind Act.]

Subdivision 1 [Continued Implementation.] The Minnesota Department of Education will implement the No Child Left Behind Act (NCLB) without interruption.

Subdivision 2 [No Child Left Behind Nullification.] directs the Commissioner to review the state plan on implementing NCLB. The Department of Education will report to the House of Representatives and Senate education funding and policy divisions by April 1, 2006, on whether the state should opt out of NCLB and if the following waivers have been approved by the federal Department of Education:

- (1) the Department of Education may use multiple measures, including value-added measures of student achievement in addition to relying on standardized test scores for determining adequate yearly progress (AYP);
- (2) the Department of Education may average three years of data to identify a school for improvement;
- (3) the Department of Education will correct errors in accountability reports in a manner such that a school will not be adversely affected by the error;
- (4) the Department of Education has outlined the additional costs for the fiscal years 2006 through 2009 that the implementation of the NCLB Act imposes on the state.
- (5) the Department of Education uses NCLB money to provide supplemental education services only in the academic subject area that causes a school to miss AYP;
- (6) the Department of Education may exclude from sanctions a school that is classified as not making AYP solely due to a subgroup of students with disabilities not testing at a proficient level;
- (7) the Department of Education may exclude from sanctions a school that is classified as not making AYP solely due to different subgroups testing below proficient levels for at least two consecutive years;
- (8) the Department of Education will identify a school as not making AYP only after missing AYP targets in the same subject and subgroup for two consecutive years;
- (9) the Department of Education will identify a district as in need of improvement only after missing the AYP target in the same subject across multiple grade spans for two consecutive years;
- (10) the Department of Education will limit the score of a student to one subgroup when calculating AYP. Currently under NCLB, a student that falls under several subgroups is counted in the AYP calculations as many times;
- (11) the Department of Education has implemented a uniform financial reporting system for use by school districts;

- (12) the Department of Education will determine the percentage of special education students that would be best educated based on out-of-level standards; and
- (13) the Department of Education will determine when to hold schools accountable for including a student with limited English proficiency in AYP calculations.

Subdivision 3 [Department of Finance Certification.] If the Commissioner does not receive approval regarding the conditions in subdivision 2, the Commissioner of Finance will report to the Legislature the amount of revenue, if any, that may be withheld by the federal government as a result of a potential state decision to discontinue implementation of NCLB.

Section 55 [Board Meetings by Telephone or Other Electronic Means.] permits the Board of the Perpich Center for Arts Education to conduct meetings by telephone or other electronic means.

Section 56 [Public Employee or Employee.] includes early childhood family education teachers employed by a public school in the definition of public employee.

Section 57 [Dispositions.] permits a court to cancel a child's driver's license or instruction permit if it's in the best interests of the child or of public safety.

Sections 58 to 62 [Appropriations.] amend S.F. No. 1879, if enacted. See fiscal tracking sheets.

Section 63 [College Preparation Standards.] directs the Higher Education Advisory Council to convene a working group to develop standards describing the knowledge and skills a high school graduate must have at entry into postsecondary education in order to successfully graduate from college and submit the standards to the Commissioner of Education. The Commissioner of Education must report on its recommendations regarding changes that must be made to the academic standards to ensure high school graduates meet the standards established by the Higher Education Advisory Council.

Section 64 [Minnesota Comprehensive Assessments; Rules.] directs the Commissioner to adopt rules to implement the Minnesota Comprehensive Assessments Second Edition.

Section 65 [Adaptive Computer-Based Assessment.] directs the Commissioner to include the cost of developing an adaptive computer-based assessment within the statewide testing appropriation or to request additional funds in a subsequent budget.

Section 66 [Health and Physical Education Model Benchmarks.] directs the Commissioner to transit model kindergarten through grade 12 health and physical education benchmarks to districts.

Section 67 [Rules for Supplemental Service Providers.] directs the Commissioner to amend rules relating to supplemental service providers to include removal criteria for providers if they fail to meet outcome standards.

Section 68 [Model Policy; Intimidation and Bullying.] directs the Commissioner to work with the Minnesota School Boards Association to develop a model policy prohibiting intimidation and bullying.

Section 69 [School Finance Study.] directs the Commissioner to contract with an independent contractor to complete the work done by the Governor's education funding task force.

Section 70 [Evaluating the Educational Impact of Federal and State Tests on Kindergarten through Grade 12 Students.] directs the Office of Educational Accountability to evaluate the educational impact of the No Child Left Behind Act and other state and federal laws requiring school districts to administer tests to students.

Section 71 [Licensed Student Support Services.] directs the Commissioner and school districts to work towards improving access to licensed student support services by exploring opportunities for obtaining additional funding and considering nationally recommended licensed staff-to-student ratios, work loads, and best practices.

Section 72 [Board of Teaching Report.] directs the Board of Teaching to report proposed licensure requirements for teachers of interdisciplinary curriculum to facilitate learning in state-approved innovative schools and programs.

Section 73 [Professional Compensation for Teachers Task Force.] directs the Commissioner to convene a task force to recommend a method to transition to a statewide professional compensation program.

Section 74 [Appropriations.] See fiscal tracking sheets.

Section 75 [Repealer.] repeals Minnesota Statutes 2004, section 121A.23 (programs to prevent and reduce the risks of sexually transmitted infections and diseases); 122A.414 (alternative teacher compensation); and 122A.415 (alternative compensation aid).

Article 3 Special Programs

Section 1 [Emergency.] clarifies the level of severity in definition of emergency pertaining to preventing property damage.

Section 2 [Positive Behavioral Interventions and Supports.] defines positive behavioral interventions and supports to be strategies to improve the school environment and exhibit appropriate behavior.

Section 3 [Time-Out.] defines time-out as: (1) a contingent observation; (2) an exclusionary time-out, which is not regulated; or (3) a locked time-out, which is a regulated intervention.

Section 4 [Aversive and Deprivation Procedures.]

Subdivision 1 [Rules.] directs the Commissioner to consult with a prescribed list of organizations, associations, and advocacy groups prior to amending rules governing the use of aversive and deprivation procedures. This section changes the requirements that govern the rules for the use of aversive and deprivation procedures by school district employees

Subdivision 2 [Removal by a Peace Officer.] requires a pupil's individual education program team to reevaluate the individual education program if a peace officer removes or restrains the student at the request of school administration or school staff twice in a 30-day period.

Section 5 [Student Support Services Advisory Committee.] establishes a student support advisory committee composed of ten members selected by the Commissioner from a prescribed list of associations. This section defines the content and purpose of the committee; the committee expires on June 30, 2016.

Section 6 [Definitions.] allows for the costs associated with transporting personnel employed by the district's program for children with a disability to be included as part of excess transportation; includes the cost of transporting a homeless student with disabilities for the purposes of computing special education base revenue.

Section 7 [Special Education Aid.] determines how a charter school charges tuition to a resident district based on whether or not the charter school receives general education revenue on behalf of a special education student. Beginning in fiscal year 2007, the Commissioner must reimburse the charter school an amount equal to 70 percent of the school's remaining unreimbursed special education costs.

Section 8 [Career and Technical Levy.]

Subdivision 1 [Career and Technical Levy.] allows a district with a career and technical program to levy beginning in fiscal year 2009; sets certain limitations on levy use; and requires the district to recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

Subdivision 2 [Allocation from Cooperative Centers and Intermediate Districts.] requires a cooperative center or intermediate district to allocate its approved expenditures for career and technical education programs among participating districts.

Subdivision 3 [Levy Guarantee.] the levy must be greater than the lesser of the district's career and technical levy authority for the previous year or 100 percent of the approved expenditures for career and technical programs for the fiscal year in which the levy is certified.

Subdivision 4 [District Reports.] requires the district or cooperative center to report to the department on all career and technical programs in order to implement the career and technical levy formula.

Section 9 [Pupil of Limited English Proficiency.] increases the time in which a pupil can generate average daily membership from five to seven years if the basic formula allowance does not grow by at least a real three and one-half percent each year.

Section 10 [Nonresident Tuition Rate; Other Costs.] excludes a pupil for whom tuition is calculated using the alternative attendance program formula from the nonresident tuition rate; directs the Commissioner to include several factors relating to transportation, lease and debt service, and instructional time in the regular classroom when calculating the special education nonresident tuition rate.

Section 11 [Parent Advisory Councils.] requires districts to include a parent of a nonpublic school student with a disability or an employee of a nonpublic school if one is located in the district as part of its special education advisory council and requires the council to meet at least once each year.

Section 12 [State Interagency Coordinating Council.] changes the date that the council must recommend to the governor on a comprehensive and coordinated system and extends the completion of the council from 2005 until 2009.

Section 13 [Placement of Children Without Disabilities; Education and Transportation.] requires the enrolling district to provide transportation for a pupil with a disability, unless an agreement is reached with the district in which the pupil is temporarily placed. This section clarifies that pupils must be included in the disabled transportation category if the pupils cannot be transported on a regular school bus route without special accommodations for the purposes of computing state transportation aid.

Section 14 [Definitions.] increases the 2003 program growth factor to 1.042 in fiscal year 2006 and to 1.046 in fiscal year 2007 and later for regular special education.

Section 15 [Adjusted Special Education Base Revenue.] clarifies that, within the calculation for a district's adjusted special education base revenue, the ratio of pupil counts for this fiscal year and the preceding fiscal year are unduplicated counts.

Section 16 [State Total Special Education Aid.] sets the state total special education aid for fiscal year 2006 equal to \$528,846,000.

Section 17 [Definitions.] reinstates the 2003 program growth factor of 1.02 for special education excess costs in year 2006 and later and removes obsolete language.

Section 18 [State Total Special Education Excess Cost Aid.] sets the state total special education excess cost aid for fiscal year 2006 and adjusts the formula in an amount equal to the charter school

special education reimbursement when determining the state total special education excess cost aid for 2007.

Section 19 [Charter School Special Education Reimbursement Account.]

Subdivision 1 [Account created.] establishes a charter school special education reimbursement account in the state general fund.

Subdivision 2 [Revenue.] appropriates the estimated share of net unreimbursed special education costs of charter school pupils with a disability to the charter school special education reimbursement account.

Subdivision 3 [Review.] requires the Commissioner to examine tuition bills from charter schools and allows the Commissioner to make appropriate adjustments.

Section 20 [To Lease Building or Land.] authorizes a school district that is a member of the Wright Technical Center to include in its authority 90 percent of the costs associated with leases of administrative and classroom space at the Wright Technical Center, up to \$22.50 times the adjusted marginal cost pupil units of the member districts.

Section 21 [Career and Technical Levy.] authorizes the levy for taxes payable in 2006, 2007, and 2008.

Section 22 [State Coordinator for World Languages.] directs the Commissioner of Education to designate a full-time state coordinator for world languages education within the Department of Education by July 1, 2005, and outlines minimum purposes and duties of the position.

Section 23 [Alternative Attendance Programs.] includes special education aid as part of the adjustment for each pupil attending a nonresident district. This section adjusts the tuition to the resident district by the district providing special instruction to a student with a disability account for the costs of facilities used primarily for special education, instructional time in the regular classroom. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

Section 24 [Advisory Committee.] reinstates a committee of five members to advise the Minnesota Library for the Blind and Physically Handicapped on long-range plans and library services.

Sections 25 to 27 amend S.F. No. 1879, if enacted. See fiscal tracking sheets.

Section 28 [Eminence Credentialing.]

Subdivision 1 [Goal.] establishes the Native Language Eminence Credentialing Task Force to achieve the state's goal of supporting the teaching and revitalization of the Dakota and Anishinaabe languages.

Subdivision 2 [Membership.] identifies the members of the task force.

Subdivision 3 [Administration.] requires the task force to elect a chair from its membership and directs the Commissioner of education to provide staff and administrative support for the task force.

Subdivision 4 [Duties.] defines the purpose and responsibilities of the task force including recommending changes to increase the number of fluent “first speakers” who can teach the language.

Subdivision 5 [Report.] requires the task force to submit a report to the Legislature by January 15, 2006.

Subdivision 6 [Expiration.] expires the task force upon submission of the report.

Section 29 [Task Force on Delivery of Special Education to Nonpublic School Students by Public School Districts.]

Subdivision 1 [Purpose; Establishment.] establishes a task force on the delivery of special education services to nonpublic school students by public school districts.

Subdivision 2 [Members.] directs the Governor to appoint the members of the task force according to certain selection criteria.

Subdivision 3 [Report.] requires the task force to submit a report by January 15, 2006 to the Legislature.

Subdivision 4 [Expiration.] expires the task force on January 31, 2006.

Section 30 [Appropriations.]

Subdivision 1 [Department of Education.] appropriates money from the general fund to the Department of Education.

Subdivision 2 [Nonpublic Student Special Education Task Force.] appropriates money to the task force on delivery of special education to nonpublic school students by public school districts.

Subdivision 3 [Native Language Eminence Credentialing Task Force.] appropriates money to the task force on native language eminence credentialing.

Section 31 [Repealer.] repeals Minnesota Statutes 2004, section 125A.75, subdivision 8 (litigation and hearing costs).

Article 4
Technology, Facilities, and Accounting

Section 1 [Curriculum; Electronic Components.] directs a school district to provide resident pupils educated in a home school with access to the electronic components of curriculum as long as the district does not incur more than incidental costs.

Section 2 [Supervised Competitive High School Diving.] clarifies when a school district can use certain pools for supervised competitive high school diving.

Sections 3, 4, and 6 [Debt Service Levies; Choice of Tax Base.] permit a school board to elect to levy debt service for a bond against the referendum market value of the district or the net tax capacity of the district and provides a process for the levy.

Section 5 [Debt Service Appropriation.] makes an appropriation for debt service equalization aid.

Section 7 [Acoustical Performance Criteria.] encourages school districts to consider American National Standards Institute acoustical performance criteria design requirements and guidelines of the maximum background noise levels and reverberation times when designing a new building or remodeling.

Section 8 [Definitions.] clarifies that teachers delivery online learning instruction and allows intermediate districts provide online learning.

Section 9 [Online Learning Parameters.] clarifies that the delivery of instruction occurs when the student interacts with the computer or the teacher in an online learning program and receives ongoing assistance and assessment of learning.

Section 10 [Financial Arrangements.] clarifies that online learning programs that include an online component and at least 40 percent of instructional time in school facilities should generate general education revenue per pupil instead of online learning average daily membership.

Section 11 [Online Learning Advisory Council.] establishes and online learning advisory council of 12 members to advise the Commissioner on matters related to quality assurance, teacher qualifications, program approval, special education, attendance, program design and requirements, and fair and equal access to programs.

Section 12 [Telecommunications/Internet Access Equity Aid.]

Subdivision 1 [Costs to be Submitted.] requires a district to submit to the Department of Education the costs for telecommunications/Internet access costs for the previous fiscal year. Costs not eligible for reimbursement include recurring costs of staff or standard telephone service, costs associated with peripheral equipment needed to deliver the access, costs of laying fiber or wiring, and costs associated with internet filtering or other digital content.

Subdivision 2 [E-Rates.] requires a district to file an e-rate application, either separately or through its telecommunications access cluster, to be eligible for aid under this section and to file a current technology plan with the department.

Subdivision 3 [Reimbursement Criteria.] requires the Commissioner to develop criteria for approving costs in subdivision 1.

Subdivision 4 [District Aid.] sets a district's Internet access equity aid equal to 90 percent of the district's cost for the previous fiscal year exceeding \$15 times the district's AMCPU for the previous fiscal year for fiscal year 2006 and later.

Subdivision 5 [Telecommunications/Internet Access Services for Nonpublic Schools.] requires districts to provide ongoing access services to nonpublic schools in the district. The amount of aid for access services for those nonpublic schools is the lesser of: 90 percent of the nonpublic school's cost for the previous fiscal year exceeding \$10 times the number of weighted pupils enrolled at the nonpublic school in the previous year; or the product of the district's aid per AMCPU times the number of weighted pupils enrolled at the nonpublic school in the previous year.

A district providing services may claim up to five percent of the aid for costs of providing services to nonpublic schools. The nonpublic school is responsible for the access costs not covered by a district.

If the nonpublic school chooses to receive telecommunications access services through a provider other than the district, the district will allocate an amount directly to the nonpublic school for the access costs the nonpublic school will incur.

Subdivision 6 [Severability.] states that if any part of this section is unconstitutional, the following sections remain in effect.

Section 13 [Referendum Date.] allows a district to hold a referendum on the same day as a district election for a facility if the referendum is related to operating costs of the proposed facility.

Sections 14 and 15 [Levy] lower the maximum effort capital loan tax rate.

Sections 16 and 17 [Dues and Events Revenue.] permit the administrative regions of the Minnesota High School League to contract with the state auditor or private certified public accountants for required audits.

Section 18 [Net Bet Defined.] amends the net debt limit definition for the Minneapolis School District.

Section 19 [Surplus Funds.] allows a district to use the amount of any surplus remaining in the debt service fund of a school district when the obligations and the interest are paid in full for any other general purpose without any reduction in state aid or levies or to reduce general fund levies.

Section 20 [Bonds Paid from Taconite Production Tax Revenues.] clarifies a provision allowing for the refunding of bonds paid from taconite production tax revenues.

Section 21 [Garage Lease Levy; Sartell.] extends the Sartell school district's authority to levy for the purpose of leasing a school bus storage facility.

Section 22 [Appropriations.] amends S.F. No. 1879, if enacted. See fiscal tracking sheets.

Section 23 [Health and Safety Revenue; New Ulm.] allows the New Ulm school district to use health and safety revenue to construct appurtenances used to house and maintain mechanical air handling systems.

Section 24 [Disabled Access Levy Authority; East Grand Forks.] permits the East Grand Forks School district to levy its remaining disabled access levy authority over five or fewer years.

Section 25 [Tax Base Adjustments; Fertile-Beltrami.] directs the Commissioner to make levy adjustments for the Fertile-Beltrami district first between levy categories that are imposed on identical tax bases before making adjustments between levy categories that are imposed on different tax bases.

Section 26 [Residential Program Facilities; Worthington.] permits the Worthington School District to use facilities, that were built using state bonds, to provide adult foster care or child foster care services or form other special education purposes.

Section 27 [Fund Transfers.]

Subdivision 1 [Butterfield.] permits the district to transfer up to \$50,000 from its reserved operating capital account to its undesignated general fund balance and \$60,000 from its reserved bus purchase account to its undesignated general fund balance.

Subdivision 2 [Chokio-Alberta.] permits the district to transfer up to \$150,000 from its reserved operating capital account and up to \$50,000 from its reserved account for disabled accessibility to the undesignated general fund balance.

Subdivision 3 [Clinton-Graceville-Beardsley.] permits the district to transfer up to \$244,000 from its reserved for disabled accessibility account to its unrestricted general fund account.

Subdivision 4 [Hastings.] permits the district to transfer up to \$300,000 from its reserved account for instructional services from entities formed for cooperative services for special education and secondary vocational programs to its unrestricted general fund.

Subdivision 5 [Lake Crystal-Wellcome Memorial.] permits the district to transfer up to \$133,000 from its reserved account for handicapped access to its undesignated general fund.

Subdivision 6 [M.A.C.C.R.A.Y.] permits the district to transfer up to \$230,000 from its reserved account for handicapped access to its undesignated general fund.

Subdivision 7 [McLeod West.] permits the district to transfer up to \$200,000 from its reserved operating capital account to its general fund.

Subdivision 8 [Russell.] permits the district to transfer up to \$50,000 from its reserved capital accounts to its undesignated general fund.

Subdivision 9 [Ruthton.] permits the district to transfer up to \$140,000 from its reserved for operating capital account to its undesignated general fund.

Subdivision 10 [Windom.] permits the district to transfer up to \$270,000 from its reserved for operating capital account to its undesignated general fund.

Subdivision 11 [Win-E-Mac.] permits the district to transfer up to \$87,000 from its reserved for disabled accessibility account to its reserved operating capital account.

Section 28 [Study of Average School Construction Costs.] directs the Commissioner to report on the costs of construction of new facilities, including the ranges in costs per square foot of new school construction that received a positive review and comment between July 1, 2002, and June 30, 2005.

Section 29 [Appropriations.] see fiscal tracking sheets.

Section 30 [Repealer.] repeals Minnesota Statutes 2004, section 128C.12, subdivision 4 (high school league audit report coverage).

Article 5 Libraries and Nutrition

Section 1 [School Lunch Aid Computation.] increases the amount of state aid to school districts participating in the national school lunch program.

Section 2 [Reimbursement.] increases the reimbursement amount paid to public or nonpublic schools for milk that is served to kindergarten students.

Section 3 and 4 amend S.F. 1879, if enacted. See fiscal tracking sheets.

Section 5 [Milk Consumption Pilot Program.] makes grants available to Independent School District No. 11, Anoka-Hennepin, and Independent School District No. 709, Duluth, for \$25,000 in fiscal year 2006 to establish a pilot program to enhance milk consumption in the schools.

Section 6 [Appropriations.]

Subdivision 1 [Department of Education.] appropriates money from the general fund to the Department of Education.

Subdivision 2 [Milk Consumption Pilot Program.] appropriates \$50,000 for the milk consumption pilot program grants.

**Article 6
State Agencies**

Sections 1 to 3 [Department.] amend S.F. No. 1879, if enacted, to appropriate money to the Department of Education, the Minnesota State Academies, and the Perpich Center for Arts Education.

Section 4 [Use of Federal Funds.]

Subdivision 1 [Federal Grants and Aids.] approves the expenditures of federal grants and aids as shown in the budget document and its supplements.

Subdivision 2 [Exceptions.] excludes from subdivision 1, 95 percent of the improving teacher quality state grant to be used for the professional compensation initiative, \$200,000 of the twenty-first century community learning centers funds to be used for the Summit Academy's Quantum Opportunities program, and \$500,000 for the Principals' Leadership Academy. A match of nonstate resources is required for the Principals' Leadership Academy allocation.

**Article 7
Technical and Conforming Amendments**

Section 1 [Suspension.] corrects a statutory-cross reference.

Section 2 [Statistical Adjustments.] corrects a reference to the repealed profile of learning.

Section 3 [State and Local Requirements.] creates a cross-reference to the open meeting law requirements for charter school board of director's meetings.

Section 4 [Youth Works Grants.] strikes a reference to a repealed statute.

Section 5 [Appropriation Transfers.] strikes references to repealed statutes.

Section 6 [Payment Percentage for Certain Aids.] corrects a statutory cross-reference.

AMB/SW:vs

MINNESOTA - REVENUE

PROPERTY TAX Senate K-12 Education Bill

April 28, 2005

Department of Revenue
Analysis of S.F. 2267 (Stumpf)

	Yes	No
Separate Official Fiscal Note Requested		
Fiscal Impact		
DOR Administrative Costs/Savings		

	Fund Impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective the day following enactment.

EXPLANATION OF THE BILL

According to an analysis by Senate Research, several changes are proposed to education revenue which effect local education levies. Transition, equity, operating capital, consolidated, referendum, special education, safe schools, and Carpenter bus levies change. These levy changes net to zero statewide.

REVENUE ANALYSIS DETAIL

- Analysis is based on Senate Research spreadsheet.
- Because net levies do not increase or decrease, there will be no total statewide impact on homeowners taxes. Property tax refunds would remain unchanged.

Number of Taxpayers: None.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

sf2267_1 / LM

Skoe (A)

1 Senator moves to amend S.F. No. 2267 as follows:

2 Page 21, line 29, delete "plus" and insert "minus"

3 Page 21, delete lines 30 and 31

4 Page 21, line 32, delete "(3)" and insert "(2)"

5 Page 22, delete lines 3 to 11 and insert:

6 "Subd. 4. [GENERAL EDUCATION AID.] (a) ~~For fiscal year~~

7 ~~2004, a district's general education aid is the sum of the~~

8 ~~following amounts:~~

9 ~~(1) general education revenue;~~

10 ~~(2) shared time aid according to section 126E.01,~~

11 ~~subdivision 7;~~

12 ~~(3) referendum aid according to section 126E.17; and~~

13 ~~(4) online learning aid according to section 126E.24.~~

14 ~~(b) For fiscal year years 2005 and ~~later~~ 2006, a~~

15 ~~district's"~~

16 Page 22, line 26, delete "(c)" and insert "(b)"

17 Page 24, line 1, after "under" insert "Minnesota Statutes

18 2004,"

19 Page 88, line 20, strike "PREPAREDNESS"

20 Page 154, line 29, after "by" insert "organized"

21 Page 154, line 33, delete "90 percent of"

22 Page 154, line 36, before the period, insert "or no

23 reduction if the district is part of an organized

24 telecommunications access cluster. Equity aid must be

25 distributed to the telecommunications access cluster for

26 districts that are members of the cluster or to individual

27 districts and charter schools not part of a telecommunications

28 access cluster"

29 Page 166, line 9, after the period, insert "Any balance in

30 the first year does not cancel but is available in the second

31 year."

- 1 Senator moves to amend S.F. No. 2267 as follows:
- 2 Pages 145 and 146, delete sections 3 and 4
- 3 Pages 147 and 148, delete section 6
- 4 Renumber the sections in sequence and correct the internal
- 5 references
- 6 Amend the title accordingly

WA

1 Senator moves to amend S.F. No. 2267 as follows:

2 Page 165, after line 20, insert:

3 "Sec. 28. [LEASE LEVY FOR ADMINISTRATIVE SPACE; WACONIA
4 SCHOOL DISTRICT.]

5 Each year, Independent School District No. 110, Waconia,
6 may levy the amounts necessary to rent or lease administrative
7 space so that space previously used for administrative purposes
8 may be used for instruction purposes."

9 Renumber the sections in sequence and correct the internal
10 references

11 Amend the title accordingly

ORTMAN
8/20/05 (A)

1 Senator moves to amend S.F. No. 2267 as follows:

2 Page 105, after line 30, insert:

3 "Sec. 61. 2005 S.F. No. 1879, article 3, section 3,
4 subdivision 27, if enacted, is amended to read:

5 Subd. 27. [STUDENT ORGANIZATIONS.] For student
6 organizations:

7 \$~~625,000~~ \$725,000 2006

8 \$~~625,000~~ \$725,000 2007"

9 Page 168, line 22, delete "21,511,000" and insert
10 "21,411,000"

11 Page 168, line 23, delete "22,796,000" and insert
12 "22,696,000"

13 Page 169, line 13, delete "\$22,904,000" and insert
14 "\$22,804,000"

15 Renumber the sections in sequence and correct the internal
16 references

17 Amend the title accordingly

E-12 Education Finance Targets

2005 Legislative Session

	Senate K-12 Finance & ECFE Finance*	Governor's Recommendation
<u>AID BUDGET</u>		
Feb Fcst	FY 2006-07	FY 2006-07
K-12	11,853,061	11,853,061
Early Childhood & Fam. Ed.	159,781	159,781
Feb Fcst	12,012,842	12,012,842
<u>SF 1879 Targets Increments</u>		
K-12	(3,346)	0
Early Childhood	0	0
SF 1879 Base	12,009,496	12,012,842
<u>Funding Target Increments Relative to SF 1879</u>		
K-12	765,000	388,695
Early Childhood & Fam. Ed.	35,000	3,149
Target	12,809,496	391,844
<u>Final Spending Numbers</u>		
K-12	12,614,715	12,241,756
Early Childhood & Fam. Ed.	194,781	162,930
Difference	12,809,496	12,404,686
<u>Difference Relative to Feb Fcst</u>		
K-12	761,654	388,695
Early Childhood & Fam. Ed.	35,000	3,149
Difference	796,654	391,844
<u>LEVY BUDGET</u>		
	Pay 2006	Pay 2006
K-12	1,474,670	1,474,670
Early Childhood & Fam. Ed.	70,835	70,835
Feb. Fcst	1,545,506	1,545,506
K-12	1,474,670	1,613,886
Early Childhood & Fam. Ed.	70,835	70,820
Structural Target	1,545,506	1,684,706
K-12	0	139,216
Early Childhood & Fam. Ed.	0	(15)
Difference	0	139,201

Senate aid targets reflect the combed jurisdictions of the K-12 budget division & the Early Childhood budget division for the purpose of comparison to the combined House jurisdictions. Both committees' targets are a net zero above the February forecast base.

Summary of SF 2267, 2005 Senate K-12 Bill
As of April 29, 2005

- Aid Target = 765M over SF. 1879; \$761.7M over the Feb Fcst Base
- The K-12 levy target is zero.
- Formula allowance 5% and 4%.
- Special Education Growth Factors Reinstated in FY07 and later.
- Proposal will expand the pilot Alternative Compensation (ProComp) program with an incentive for expanded staff development. Additional sites for those districts that are ready will be funded under the bill.
- Proposal will collapse equity, safe schools, operating capital into a single “consolidated levy” inside the Gened program. Levied against ANTC. Levy will be a Net Zero.
- Compensatory, Referendum Cap, Sparsity, PSEO, Transportation Sparsity, Nonpublic Pupil Aid and Nonpublic Pupil Transportation Aid will all remain linked to formula allowance.
- Ref cap will increase based on formula allowance growth. Grandfathers will be provided additional revenue in FY07.
- Governor’s recommendation on transportation sparsity to adjust the “slope of the line” will be accepted. Mostly technical.
- Transition revenue will be rolled into referendum revenue with board vote in FY07.

Handout #2

Fiscal Status -- Local Bills Excluded from Omnibus

K-12 Education Finance Committee

Bill Numb	Author	Description	Fiscal Impact Final?	Fiscal Note		Aid? Levy?	Bill Aid Bill Levy				
				Req'd/Received	Dates		FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Category Facilities											
690	Johnson, Dean	New London-Spicer Capitol Levy Authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	0	0
				<input type="checkbox"/>		<input checked="" type="checkbox"/>		0	150,000	150,000	150,000
Category Fund Transfers/Accounting											
132	Ourada	Fund Transfer for I.S.D. No. 833, Rockford	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/27/2005	<input checked="" type="checkbox"/>	0	0	219,000	48,000	0
				<input checked="" type="checkbox"/>	2/10/2005	<input checked="" type="checkbox"/>		0	392,534	0	0
1033	Bakk	Lake Superior Fund Transfer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2/22/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	3/15/2005	<input checked="" type="checkbox"/>		0	940,000	0	0
1515	Fischbach	Rocori Fund Transfer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3/11/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	3/14/2005	<input checked="" type="checkbox"/>		0	150,000	0	0
<i>Bill amended in committee from \$100,000 to \$150,000 on 3/16/05</i>											
1516	Fischbach	Holdingford Fund Transfer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3/11/2005	<input checked="" type="checkbox"/>	0	0	38,000	43,000	34,000
				<input checked="" type="checkbox"/>	3/15/2005	<input checked="" type="checkbox"/>		0	24,500	28,000	31,500
1690	Kleis	St. Cloud Fund Transfer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3/17/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	3/24/2005	<input checked="" type="checkbox"/>		0	800,000	0	0

Bill Numb	Author	Description	Fiscal Impact Final?	Fiscal Note		Aid? Levy?	Bill Aid Bill Levy				
				Req'd/ Received	Dates		FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
1965	Fischbach	Paynesville Fund Transfer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4/3/2005	<input type="checkbox"/>	0	0	0	0	0
				<input type="checkbox"/>		<input type="checkbox"/>		0	0	0	0
2017	Johnson, Dean	New London-Spicer Future Fund Balance Transfer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4/3/2005	<input type="checkbox"/>	0	0	0	0	0
				<input type="checkbox"/>		<input type="checkbox"/>		0	0	0	0
2078	Johnson, Dean	Willmar Fund Transfer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4/3/2005	<input type="checkbox"/>	0	0	0	0	0
				<input type="checkbox"/>		<input type="checkbox"/>		0	0	0	0
2086	Johnson, Dean	ACGC Fund Transfer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4/3/2005	<input type="checkbox"/>	0	0	0	0	0
				<input type="checkbox"/>		<input type="checkbox"/>		0	0	0	0

Category General Levy

11	Wiger	Lease Levy Authority	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/27/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	2/1/2005	<input type="checkbox"/>		0	4,152,000	4,175,000	4,198,000
<i>Data based on Nov. Fcst</i>											
52	Wiger	Authorizing Technology and Transportation Levies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/28/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	2/9/2005	<input type="checkbox"/>		0	54,900,000	54,300,000	53,600,000
<i>technology levy and transportation levy</i>											
238	Olson	Levy for Utility Costs for Community Ed Facilities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/27/2005	<input checked="" type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	2/10/2005	<input checked="" type="checkbox"/>		0	5,900,000	5,900,000	5,900,000

If levies increase, there's a recognition shif savings.

Bill Numb	Author	Description	Fiscal Impact Final?	Fiscal Note		Aid? Levy?	Bill Aid Bill Levy				
				Req'd/Received	Dates		FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
261	Sams	Health Benefits Levy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/27/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	2/10/2005	<input type="checkbox"/>		0	757,300,000	830,500,000	910,800,000
<i>Remember recognition shift on new levies.</i>											
Category Local Levy											
50	Murphy	Red Wing Levy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/28/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	2/11/2005	<input checked="" type="checkbox"/>		0	205,000	0	0
<i>Levy authority, but no amount included</i>											
798	Ortman	Waconia Lease Levy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3/10/2005	<input type="checkbox"/>	0	0	0	0	0
				<input type="checkbox"/>	3/17/2005	<input checked="" type="checkbox"/>		0	54,000	54,000	54,000
<i>This bill generates property tax recognition shifts.</i>											
Category Transportation											
142	Fischbach	School Bus Purchase Levy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/27/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	2/11/2005	<input type="checkbox"/>		0	0	0	0
Total Aid Impact:							0	0	257,000	91,000	34,000
Total Levy Impact:							0	824,968,034	895,107,000	974,733,500	

ROLL CALL VOTE

Date: 9/29/05

Senator Belanger requested a Roll Call Vote on:

- 1. ___ adoption of _____ amendment
- 2. passage of S. F. No. 2267
- 3. ___ adoption of _____ motion _____

SENATOR	YES	NO	PASS	ABSENT
Pogemiller		X		
Bakk				X
Belanger	X			
Betzold		X		
Johnson	X			
Limmer	X			
Marty		X		
McGinn	X			
Moua		X		
Ortman	X			
Skoe		X		
Tomassoni		X		
TOTALS	<u>5</u>	<u>6</u>		

There being 5 Yes votes and 6 No votes the Motion:

Prevailed _____

Did Not Prevail X

ROLL CALL VOTE

Date: 4/29/05

Senator Tomassoni requested a Roll Call Vote on:

1. adoption of _____ amendment
2. passage of S. F. No. 2207 do pass & laid on the table
3. adoption of _____ motion _____

SENATOR	YES	NO	PASS	ABSENT
Pogemiller	X			
Bakk				X
Belanger		X		
Betzold	X			
Johnson		X		
Limmer		X		
Marty	X			
McGinn		X		
Moua	X			
Ortman		X		
Skoe	X			
Tomassoni	X			
TOTALS				

There being 6 Yes votes and 5 No votes the Motion:

Prevailed X

Did Not Prevail _____

Fiscal Year 2006 General Education Entitlement

FEBRUARY 2005 FORECAST				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	4,372,020,006	0	4,372,020,006
	B. EXTENDED TIME	48,432,245	0	48,432,245
	C. BASIC SKILLS			
	* COMPENSATORY	280,966,760	0	280,966,760
	* TOT LEP	30,748,232	0	30,748,232
	* LEP CONCENTRATION	8,453,439	0	8,453,439
	* AOM	0	0	0
	D. SPARSITY	17,462,893	0	17,462,893
	E. TRANSPORT SPARSITY	55,271,706	0	55,271,706
	F. OPER CAPITAL	149,141,180	44,221,671	193,362,851
	G. TRAIN & EXPER	9,188,220	0	9,188,220
	H. EQUITY	16,735,708	25,033,311	41,769,019
	I. REDUCTION	0	0	0
	J. A THROUGH I	4,988,420,389	69,254,982	5,057,675,371
	K. TRANSITION	10,474,098	19,971,744	30,445,842
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	111,090,220	411,580,050	531,374,270
N. TAX BASE REPL	8,704,000	0	0	
O. ALT ATT ADJ	3,107,680	0	3,107,680	
P. J+K+M+N+O	5,121,796,387	500,806,776	5,622,603,163	

2005 SENATE K-12 BILL				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	4,591,523,732	0	4,591,523,732
	B. EXTENDED TIME	48,432,245	0	48,432,245
	C. BASIC SKILLS			
	* COMPENSATORY	296,471,614	0	296,471,614
	* TOT LEP	30,748,232	0	30,748,232
	* LEP CONCENTRATION	8,453,439	0	8,453,439
	* AOM	0	0	0
	D. SPARSITY	18,339,639	0	18,339,639
	E. TRANSPORT SPARSITY	58,046,710	0	58,046,710
	F. OPER CAPITAL	149,141,180	44,221,671	193,362,851
	G. TRAIN & EXPER	9,188,220	0	9,188,220
	H. EQUITY	16,768,565	25,048,695	41,817,260
	I. REDUCTION	0	0	0
	J. A THROUGH I	5,227,113,576	69,270,366	5,296,383,942
	K. TRANSITION	10,490,788	20,018,745	30,509,533
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	111,138,589	411,897,352	531,739,941
N. TAX BASE REPL	8,704,000	0	0	
O. ALT ATT ADJ	3,241,252	0	3,241,252	
P. J+K+M+N+O	5,360,688,206	501,186,463	5,861,874,668	

DIFFERENCE				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	219,503,726	0	219,503,726
	B. EXTENDED TIME	0	0	0
	C. BASIC SKILLS			
	* COMPENSATORY	15,504,854	0	15,504,854
	* TOT LEP	0	0	0
	* LEP CONCENTRATION	0	0	0
	* AOM	0	0	0
	D. SPARSITY	876,746	0	876,746
	E. TRANSPORT SPARSITY	2,775,004	0	2,775,004
	F. OPER CAPITAL	0	0	0
	G. TRAIN & EXPER	0	0	0
	H. EQUITY	32,857	15,384	48,241
	I. REDUCTION	0	0	0
	J. A THROUGH I	238,693,187	15,384	238,708,571
	K. TRANSITION	16,690	47,001	63,691
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	48,369	317,302	365,671
N. TAX BASE REPL	0	0	0	
O. ALT ATT ADJ	133,572	0	133,572	
P. J+K+M+N+O	238,891,819	379,687	239,271,505	

Fiscal Year 2007 General Education Entitlement

FEBRUARY 2005 FORECAST				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	4,357,576,198	0	4,357,576,198
	B. EXTENDED TIME	48,851,353	0	48,851,353
	C. BASIC SKILLS			
	* COMPENSATORY	286,487,896	0	286,487,896
	* TOT LEP	30,790,793	0	30,790,793
	* LEP CONCENTRATION	8,535,116	0	8,535,116
	* AOM	0	0	0
	D. SPARSITY	17,986,552	0	17,986,552
	E. TRANSPORT SPARSITY	54,735,797	0	54,735,797
	F. OPER CAPITAL	142,035,368	50,650,894	192,686,262
	G. TRAIN & EXPER	6,244,158	0	6,244,158
	H. EQUITY	13,992,187	28,052,780	42,044,967
	I. REDUCTION	0	0	0
	J. A THROUGH I	4,967,235,418	78,703,674	5,045,939,092
	K. TRANSITION	8,157,307	21,698,324	29,855,631
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	92,975,018	493,454,575	595,133,593
N. TAX BASE REPL	8,704,000	0	0	
O. ALT ATT ADJ	3,748,831	0	3,748,831	
P. J+K+M+N+O	5,080,820,574	593,856,573	5,674,677,147	

2005 SENATE K-12 BILL				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	4,785,662,353	0	4,785,662,353
	B. EXTENDED TIME	48,851,353	0	48,851,353
	C. BASIC SKILLS			
	* COMPENSATORY	317,422,568	0	317,422,568
	* TOT LEP	30,790,793	0	30,790,793
	* LEP CONCENTRATION	8,535,116	0	8,535,116
	* AOM	0	0	0
	D. SPARSITY	19,753,545	0	19,753,545
	E. TRANSPORT SPARSITY	57,564,519	0	57,564,519
	F. OPER CAPITAL	192,686,262	0	192,686,262
	G. TRAIN & EXPER	6,244,158	0	6,244,158
	H. EQUITY	41,936,891	0	41,936,891
	I. REDUCTION	0	0	0
	J. A THROUGH I	5,410,275,245	99,172,312	5,509,447,558
	K. TRANSITION	0	0	0
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	101,694,950	518,538,259	628,939,219
N. TAX BASE REPL	8,706,010	0	0	
O. ALT ATT ADJ	3,694,708	0	3,694,708	
P. J+K+M+N+O	5,524,370,913	617,710,571	6,142,081,485	

DIFFERENCE				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	428,086,155	0	428,086,155
	B. EXTENDED TIME	0	0	0
	C. BASIC SKILLS			
	* COMPENSATORY	30,934,672	0	30,934,672
	* TOT LEP	0	0	0
	* LEP CONCENTRATION	0	0	0
	* AOM	0	0	0
	D. SPARSITY	1,766,993	0	1,766,993
	E. TRANSPORT SPARSITY	2,828,722	0	2,828,722
	F. OPER CAPITAL	50,650,894	(50,650,894)	0
	G. TRAIN & EXPER	0	0	0
	H. EQUITY	27,944,704	(28,052,780)	(108,076)
	I. REDUCTION	0	0	0
	J. A THROUGH I	443,039,827	20,468,638	463,508,466
	K. TRANSITION	(8,157,307)	(21,698,324)	(29,855,631)
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	8,719,932	25,083,684	33,805,626
N. TAX BASE REPL	2,010	0	0	
O. ALT ATT ADJ	(54,123)	0	(54,123)	
P. J+K+M+N+O	443,550,339	23,853,998	467,404,338	

Fiscal Year 2008 General Education Entitlement

FEBRUARY 2005 FORECAST				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	4,339,997,953	0	4,339,997,953
	B. EXTENDED TIME	47,989,490	0	47,989,490
	C. BASIC SKILLS			
	* COMPENSATORY	286,110,430	0	286,110,430
	* TOT LEP	30,710,034	0	30,710,034
	* LEP CONCENTRATION	8,556,460	0	8,556,460
	* AOM	0	0	0
	D. SPARSITY	18,672,380	0	18,672,380
	E. TRANSPORT SPARSITY	54,136,121	0	54,136,121
	F. OPER CAPITAL	135,398,175	56,485,529	191,883,704
	G. TRAIN & EXPER	4,101,156	0	4,101,156
	H. EQUITY	11,689,324	30,287,688	41,977,012
	I. REDUCTION	0	0	0
	J. A THROUGH I	4,937,361,523	86,773,217	5,024,134,740
	K. TRANSITION	6,366,411	22,902,524	29,268,935
	L. MISC. LEVY REPL EQZTN.	0	0	0
M. REFERENDUM	72,601,953	546,819,000	628,124,953	
N. TAX BASE REPL	8,704,000	0	0	
O. ALT ATT ADJ	3,936,956	0	3,936,956	
P. J+K+M+N+O	5,028,970,843	656,494,741	5,685,465,584	

2005 SENATE K-12 BILL				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	4,766,357,226	0	4,766,357,226
	B. EXTENDED TIME	47,989,490	0	47,989,490
	C. BASIC SKILLS			
	* COMPENSATORY	317,004,342	0	317,004,342
	* TOT LEP	30,710,034	0	30,710,034
	* LEP CONCENTRATION	8,556,460	0	8,556,460
	* AOM	0	0	0
	D. SPARSITY	20,506,749	0	20,506,749
	E. TRANSPORT SPARSITY	63,834,392	0	63,834,392
	F. OPER CAPITAL	191,883,704	0	191,883,704
	G. TRAIN & EXPER	4,101,156	0	4,101,156
	H. EQUITY	41,939,143	0	41,939,143
	I. REDUCTION	0	0	0
	J. A THROUGH I	5,382,112,411	110,770,285	5,492,882,696
	K. TRANSITION	0	0	0
	L. MISC. LEVY REPL EQZTN.	0	0	0
M. REFERENDUM	79,332,866	572,384,344	660,423,220	
N. TAX BASE REPL	8,706,010	0	0	
O. ALT ATT ADJ	4,076,398	0	4,076,398	
P. J+K+M+N+O	5,474,227,684	683,154,629	6,157,382,313	

DIFFERENCE				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	426,359,273	0	426,359,273
	B. EXTENDED TIME	0	0	0
	C. BASIC SKILLS			
	* COMPENSATORY	30,893,912	0	30,893,912
	* TOT LEP	0	0	0
	* LEP CONCENTRATION	0	0	0
	* AOM	0	0	0
	D. SPARSITY	1,834,369	0	1,834,369
	E. TRANSPORT SPARSITY	9,698,271	0	9,698,271
	F. OPER CAPITAL	56,485,529	(56,485,529)	0
	G. TRAIN & EXPER	0	0	0
	H. EQUITY	30,249,819	(30,287,688)	(37,869)
	I. REDUCTION	0	0	0
	J. A THROUGH I	444,750,888	23,997,068	468,747,956
	K. TRANSITION	(6,366,411)	(22,902,524)	(29,268,935)
	L. MISC. LEVY REPL EQZTN.	0	0	0
M. REFERENDUM	6,730,913	25,565,344	32,298,267	
N. TAX BASE REPL	2,010	0	0	
O. ALT ATT ADJ	139,442	0	139,442	
P. J+K+M+N+O	445,256,841	26,659,888	471,916,729	

Fiscal Year 2009 General Education Entitlement

FEBRUARY 2005 FORECAST				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	4,317,114,374	0	4,317,114,374
	B. EXTENDED TIME	47,790,267	0	47,790,267
	C. BASIC SKILLS			
	* COMPENSATORY	285,597,208	0	285,597,208
	* TOT LEP	30,706,935	0	30,706,935
	* LEP CONCENTRATION	8,577,426	0	8,577,426
	* AOM	0	0	0
	D. SPARSITY	19,565,298	0	19,565,298
	E. TRANSPORT SPARSITY	53,541,908	0	53,541,908
	F. OPER CAPITAL	127,935,410	62,920,536	190,855,946
	G. TRAIN & EXPER	2,913,705	0	2,913,705
	H. EQUITY	10,539,931	33,684,848	44,224,779
	I. REDUCTION	0	0	0
	J. A THROUGH I	4,904,282,462	96,605,384	5,000,887,846
	K. TRANSITION	0	0	0
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	60,112,803	647,695,470	716,512,273
	N. TAX BASE REPL	8,704,000	0	0
	O. ALT ATT ADJ	4,042,368	0	4,042,368
P. J+K+M+N+O	4,977,141,633	744,300,854	5,721,442,487	

2005 SENATE K-12 BILL				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	4,741,225,592	0	4,741,225,592
	B. EXTENDED TIME	47,790,267	0	47,790,267
	C. BASIC SKILLS			
	* COMPENSATORY	316,435,703	0	316,435,703
	* TOT LEP	30,706,935	0	30,706,935
	* LEP CONCENTRATION	8,577,426	0	8,577,426
	* AOM	0	0	0
	D. SPARSITY	21,487,382	0	21,487,382
	E. TRANSPORT SPARSITY	63,134,174	0	63,134,174
	F. OPER CAPITAL	190,855,946	0	190,855,946
	G. TRAIN & EXPER	2,913,705	0	2,913,705
	H. EQUITY	41,202,760	0	41,202,760
	I. REDUCTION	0	0	0
	J. A THROUGH I	5,341,949,820	122,380,070	5,464,329,890
	K. TRANSITION	0	0	0
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	62,550,453	649,414,363	720,668,799
	N. TAX BASE REPL	8,703,983	0	0
	O. ALT ATT ADJ	4,250,821	0	4,250,821
P. J+K+M+N+O	5,417,455,076	771,794,433	6,189,249,509	

DIFFERENCE				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	424,111,218	0	424,111,218
	B. EXTENDED TIME	0	0	0
	C. BASIC SKILLS			
	* COMPENSATORY	30,838,495	0	30,838,495
	* TOT LEP	0	0	0
	* LEP CONCENTRATION	0	0	0
	* AOM	0	0	0
	D. SPARSITY	1,922,084	0	1,922,084
	E. TRANSPORT SPARSITY	9,592,266	0	9,592,266
	F. OPER CAPITAL	62,920,536	(62,920,536)	0
	G. TRAIN & EXPER	0	0	0
	H. EQUITY	30,662,829	(33,684,848)	(3,022,019)
	I. REDUCTION	0	0	0
	J. A THROUGH I	437,667,358	25,774,686	463,442,044
	K. TRANSITION	0	0	0
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	2,437,650	1,718,893	4,156,526
	N. TAX BASE REPL	(17)	0	0
	O. ALT ATT ADJ	208,453	0	208,453
P. J+K+M+N+O	440,313,443	27,493,579	467,807,022	

E-12 FY 2006-2007 Budget

Property Tax Levy Tracking -- SF 2267

2005 Session

(\$ in thousands)

	FY 2006 Pay 2005 Cert. Est.	FY 2007 Pay 2006 Cert. Est.	Gov's Rec FY 2007 Pay 2006 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2006	Senate FY 2007 Pay 2006 Cert. Est.	Difference Senate - Cur. Law Pay 2006	FY 2008 Pay 2007 Cert. Est.	Gov's Rec FY 2008 Pay 2007 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2007	Senate FY 2008 Pay 2007 Cert. Est.	Difference Senate - Cur. Law Pay 2007	FY 2009 Pay 2008 Cert. Est.	Gov's Rec FY 2009 Pay 2008 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2008	Senate FY 2009 Pay 2008 Cert. Est.	Difference Senate - Cur. Law Pay 2008
1 GENERAL FUND																
2 General Ed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 Attached Machinery Adj	810.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4 Facilities & Equipment Bond Adj.	(6,420.3)	(6,740.0)	(6,740.0)	0.0	(6,740.0)	0.0	(6,938.0)	(6,938.0)	0.0	(6,938.0)	0.0	(7,036.0)	(7,036.0)	0.0	(7,036.0)	0.0
5 Training & Experience Levy	0.0	0.0	5,273.0	5,273.0	0.0	0.0	0.0	3,602.0	3,602.0	0.0	0.0	0.0	2,612.0	2,612.0	0.0	0.0
6 Transition -- Old Formula	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 Transition -- New Formula	17,925.4	21,698.3	21,698.3	0.0	0.0	(21,698.3)	22,902.5	22,902.5	0.0	0.0	(22,902.5)	0.0	0.0	0.0	0.0	0.0
8 Transition -- 4 YO Pre Kindergarten FY06	0.0	0.0	3,358.0	3,358.0	47.0	47.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9 Transition Change plus PreKindergart. FY07 & Later	0.0	0.0	13,884.0	13,884.0	0.0	0.0	0.0	14,284.0	14,284.0	0.0	0.0	0.0	38,691.0	38,691.0	0.0	0.0
10 Driver's License Revocation	0.0	0.0	116.0	116.0	0.0	0.0	0.0	129.0	129.0	0.0	0.0	0.0	144.0	144.0	0.0	0.0
11 Equity	24,697.5	28,052.8	27,725.8	(327.0)	0.0	(28,052.8)	30,287.7	29,965.7	(322.0)	0.0	(30,287.7)	33,684.8	31,963.8	(1,721.0)	0.0	(33,684.8)
12 Operating Capital	44,092.9	50,650.9	50,861.9	211.0	0.0	(50,650.9)	56,485.5	56,273.5	(212.0)	0.0	(56,485.5)	62,920.5	63,167.5	247.0	0.0	(62,920.5)
13 Discretionary Levy	0.0	0.0	100,055.0	100,055.0	0.0	0.0	0.0	103,311.0	103,311.0	0.0	0.0	0.0	105,623.0	105,623.0	0.0	0.0
14 Discretionary Levy -- Reverse Referendum	0.0	0.0	(1,756.0)	(1,756.0)	0.0	0.0	0.0	(142.0)	(142.0)	0.0	0.0	0.0	(101.0)	(101.0)	0.0	0.0
15 Alternative Compensation (Q.Comp)	0.0	0.0	9,294.0	9,294.0	0.0	0.0	0.0	24,028.0	24,028.0	0.0	0.0	0.0	24,597.0	24,597.0	0.0	0.0
16 Consolidated Levy	0.0	0.0	0.0	0.0	99,172.3	99,172.3	0.0	0.0	0.0	110,770.3	110,770.3	0.0	0.0	0.0	122,380.1	122,380.1
17 Change Item	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18 Supplemental	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19 Subtotal-General Educ	81,105.6	93,662.0	223,770.0	130,108.0	92,479.3	(1,182.7)	102,737.7	247,415.7	144,678.0	103,832.3	1,094.6	89,569.3	259,661.3	170,092.0	115,344.1	25,774.8
20																
21 Referendum	403,914.4	493,454.6	493,454.6	0.0	518,538.2	25,083.6	546,819.0	546,819.0	0.0	572,384.3	25,565.3	647,695.5	647,695.5	0.0	649,414.3	1,718.8
22 Referendum -- Cap Increase	0.0	0.0	34,267.0	34,267.0	0.0	0.0	0.0	50,855.0	50,855.0	0.0	0.0	0.0	37,590.0	37,590.0	0.0	0.0
23 Ref Debt Payment, ISD 815, Prinsburg, SF 485	0.0	0.0	0.0	0.0	131.5	131.5	0.0	0.0	0.0	131.0	131.0	0.0	0.0	0.0	38.0	38.0
24																
25 Special Education -- Current Year	0.0	0.0	18,467.0	18,467.0	0.0	0.0	0.0	39,003.0	39,003.0	0.0	0.0	0.0	39,999.0	39,999.0	0.0	0.0
26 Special Education -- Reverse Referendum	0.0	0.0	(923.0)	(923.0)	0.0	0.0	0.0	(1,950.0)	(1,950.0)	0.0	0.0	0.0	(2,000.0)	(2,000.0)	0.0	0.0
27 Additional Retirement	10,354.4	10,872.1	10,872.1	0.0	10,872.1	0.0	11,415.7	11,415.7	0.0	11,415.7	0.0	11,986.5	11,986.5	0.0	11,986.5	0.0
28 St. Paul Severance	834.3	945.7	0.0	(945.7)	945.7	0.0	1,049.7	0.0	(1,049.7)	1,049.7	0.0	1,165.2	0.0	(1,165.2)	1,165.2	0.0
29 Minneapolis Health Insurance	355.1	400.0	400.0	0.0	400.0	0.0	444.0	444.0	0.0	444.0	0.0	492.8	492.8	0.0	492.8	0.0
30 Early Retirement Health Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31 Early Retirement Health Benefits	2,674.8	2,407.3	2,407.3	0.0	2,407.3	0.0	2,166.6	2,166.6	0.0	2,166.6	0.0	1,949.9	1,949.9	0.0	1,949.9	0.0
32 Reorganization Severance	668.3	418.3	0.0	(418.3)	418.3	0.0	418.3	0.0	(418.3)	418.3	0.0	418.3	0.0	(418.3)	418.3	0.0
33 Integration	24,661.9	25,632.0	25,592.0	(40.0)	25,632.0	0.0	25,119.2	25,104.2	(15.0)	25,119.2	0.0	24,604.5	24,631.5	27.0	24,604.5	0.0
34 Unemployment Insurance	3,201.6	3,361.7	0.0	(3,361.7)	3,361.7	0.0	3,529.8	0.0	(3,529.8)	3,529.8	0.0	3,706.3	0.0	(3,706.3)	3,706.3	0.0
35 Operating Debt	175.7	189.6	189.6	0.0	189.6	0.0	101.8	101.8	0.0	101.8	0.0	0.0	0.0	0.0	0.0	0.0
36 Reorganization Operating Debt	196.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
37 Safe Schools (Crime)	24,196.1	23,714.2	0.0	(23,714.2)	0.0	(23,714.2)	23,463.0	0.0	(23,463.0)	0.0	(23,463.0)	23,168.7	0.0	(23,168.7)	0.0	(23,168.7)
38 Judgments	85.5	85.5	0.0	(85.5)	85.5	0.0	85.5	0.0	(85.5)	85.5	0.0	85.5	0.0	(85.5)	85.5	0.0
39 Swimming Pool	457.0	523.2	0.0	(523.2)	523.2	0.0	559.8	0.0	(559.8)	559.8	0.0	599.0	0.0	(599.0)	599.0	0.0
40 Ice Arena	742.5	829.3	0.0	(829.3)	829.3	0.0	912.2	0.0	(912.2)	912.2	0.0	1,003.4	0.0	(1,003.4)	1,003.4	0.0
41 Lost Interest Earnings	2,987.7	2,987.7	0.0	(2,987.7)	2,987.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42 Tree Growth	618.0	630.2	0.0	(630.2)	630.2	0.0	630.2	0.0	(630.2)	630.2	0.0	630.2	0.0	(630.2)	630.2	0.0
44 Staff Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
45 MDE Reconciliation -- Misc. Levies	0.0	0.0	(430.0)	(430.0)	0.0	0.0	0.0	(407.5)	(407.5)	0.0	0.0	0.0	(403.9)	(403.9)	0.0	0.0
46 Career and Technical	12,678.2	12,678.2	12,678.2	0.0	12,678.2	0.0	12,678.2	12,678.2	0.0	12,678.2	0.0	12,678.2	15,278.2	2,600.0	12,678.2	0.0
47 Carpenter Bus	0.0	0.0	2,200.0	2,200.0	0.0	0.0	0.0	600.0	600.0	0.0	0.0	0.0	600.0	600.0	0.0	0.0
48 Carpenter Bus -- Loan Repayment	0.0	0.0	0.0	0.0	907.5	907.5	0.0	0.0	0.0	907.5	907.5	0.0	0.0	0.0	907.5	907.5

E-12 FY 2006-2007 Budget

Property Tax Levy Tracking -- SF 2267

2005 Session

(\$ in thousands)

	FY 2006 Pay 2005 Cert. Est.	FY 2007 Pay 2006 Cert. Est.	Gov's Rec FY 2007 Pay 2006 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2006	Senate FY 2007 Pay 2006 Cert. Est.	Difference Senate - Cur. Law Pay 2006	FY 2008 Pay 2007 Cert. Est.	Gov's Rec FY 2008 Pay 2007 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2007	Senate FY 2008 Pay 2007 Cert. Est.	Difference Senate - Cur. Law Pay 2007	FY 2009 Pay 2008 Cert. Est.	Gov's Rec FY 2009 Pay 2008 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2008	Senate FY 2009 Pay 2008 Cert. Est.	Difference Senate - Cur. Law Pay 2008
49 Administrative District Levy	0.0	0.0	100.0	100.0	0.0	0.0	0.0	300.0	300.0	0.0	0.0	0.0	600.0	600.0	0.0	0.0
50 Economic Development Abatement	413.7	455.1	455.1	0.0	455.1	0.0	500.6	500.6	0.0	500.6	0.0	550.6	550.6	0.0	550.6	0.0
51 Other General	116.4	116.4	(100.0)	(216.4)	116.4	0.0	116.4	(100.0)	(216.4)	116.4	0.0	116.4	(100.0)	(216.4)	116.4	0.0
52																
53 Hazardous/ Health & Safety	83,020.3	80,637.1	80,639.1	2.0	80,637.1	0.0	82,242.8	82,244.8	2.0	82,242.8	0.0	83,880.1	83,882.1	2.0	83,880.1	0.0
54 H&S, Mechanical Air Handling Appurtenances	0.0	0.0	0.0	0.0	500.0	500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
55																
56 Alternative Facilities H&S	4,953.8	5,979.4	5,979.4	0.0	5,979.4	0.0	4,982.8	4,982.8	0.0	4,982.8	0.0	4,982.8	4,982.8	0.0	4,982.8	0.0
57 Alternative Facilities H&S Debt Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
58 Alternative Facilities	59,227.3	68,993.2	68,993.2	0.0	68,993.2	0.0	76,932.8	76,932.8	0.0	76,932.8	0.0	84,343.2	84,343.2	0.0	84,343.2	0.0
59 Alternative Facilities Aid	(2,828.8)	(2,829.8)	(2,829.8)	0.0	(2,829.8)	0.0	(2,829.8)	(2,829.8)	0.0	(2,829.8)	0.0	(2,829.8)	(2,829.8)	0.0	(2,829.8)	0.0
60 Alternative Facilities Debt Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
61 Disabled Access	326.0	203.0	203.0	0.0	203.0	0.0	143.0	143.0	0.0	143.0	0.0	125.0	125.0	0.0	125.0	0.0
62 Disab. Levy Authority, ISD 595, East Grand Forks	0.0	0.0	0.0	0.0	45.9	45.9	0.0	0.0	0.0	45.9	45.9	0.0	0.0	0.0	45.9	45.9
63 Fund Transfer, Disab Access, ISD 2180, M.A.C.C.R.A.Y	0.0	0.0	0.0	0.0	230.0	230.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
64 Fund Transfer, Disab Access, ISD 771, Chokio-Alberta	0.0	0.0	0.0	0.0	50.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65 Fund Transfer, Disab Access, ISD 2609, Win-E-Mac	0.0	0.0	0.0	0.0	87.0	87.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
66 Fund Transfer, Disab Access, ISD 2888, Clin-Grcvle-Brdsly	0.0	0.0	0.0	0.0	244.0	244.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
67 Fund Transfer, Disab Access, ISD 2071, Lake Crystal - Welcm	0.0	0.0	0.0	0.0	133.0	133.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
68																
69 Building Lease	35,652.0	36,000.0	14,400.0	(21,600.0)	36,000.0	0.0	36,200.0	14,400.0	(21,800.0)	36,200.0	0.0	36,400.0	14,400.0	(22,000.0)	36,400.0	0.0
70 Building Lease, Wright Tech Center	0.0	0.0	0.0	0.0	215.7	215.7	0.0	0.0	0.0	215.7	215.7	0.0	0.0	0.0	215.7	215.7
71																
72																
73 Deferred Maintenance	0.0	0.0	14,352.0	14,352.0	0.0	0.0	0.0	14,967.0	14,967.0	0.0	0.0	0.0	15,461.0	15,461.0	0.0	0.0
74 Deferred Maintenance -- Reverse Referendum	0.0	0.0	(718.0)	(718.0)	0.0	0.0	0.0	(748.0)	(748.0)	0.0	0.0	0.0	(773.0)	(773.0)	0.0	0.0
75																
76 Garage Lease Levy, ISD 748, Sartell	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	107.0	107.0	0.0	0.0	0.0	67.0	67.0
77 Storm Damage Levy, ISD 2859, Glencoe-Silver Lake	0.0	0.0	0.0	0.0	81.0	81.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
78																
79 Historic Building	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80 Facilities Down Payment	21,076.8	23,000.0	23,000.0	0.0	23,000.0	0.0	25,000.0	25,000.0	0.0	25,000.0	0.0	26,000.0	26,000.0	0.0	26,000.0	0.0
81 Interactive TV / Technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
82 Technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
83 Other Capital	39.0	39.0	0.0	(39.0)	39.0	0.0	39.0	0.0	(39.0)	39.0	0.0	39.0	0.0	(39.0)	39.0	0.0
84																
85 Last Year General Education Adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
86 Last Year Transition, Equity, Op Cap Adjustment	(2,011.3)	2,510.9	2,510.9	0.0	2,526.3	15.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
87 Last Year Supplemental & Referendum Adjust	(286.3)	7,519.4	7,519.4	0.0	7,836.7	317.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
88 Alternative Compensation -- Catch Up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13,941.0	13,941.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
89 Last Year Integration Adjustment	(60.9)	1,471.7	1,471.7	0.0	1,471.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
90 Career & Technical Adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
91 Special Education Adjustment -- Final Data	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
92 Debt Surplus Transfer Adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
93 Final Health & Safety Adjustment	(787.6)	(300.0)	(300.0)	0.0	(300.0)	0.0	(300.0)	(300.0)	0.0	(300.0)	0.0	(300.0)	(300.0)	0.0	(300.0)	0.0
94 2nd Prior Year Health & Safety Adjustment	(1,215.4)	(750.0)	(750.0)	0.0	(750.0)	0.0	(750.0)	(750.0)	0.0	(750.0)	0.0	(750.0)	(750.0)	0.0	(750.0)	0.0
95 Last Year Health & Safety Adjustment	(16,354.4)	(5,000.0)	(5,000.0)	0.0	(5,000.0)	0.0	(5,000.0)	(5,000.0)	0.0	(5,000.0)	0.0	(5,000.0)	(5,000.0)	0.0	(5,000.0)	0.0

E-12 FY 2006-2007 Budget

Property Tax Levy Tracking -- SF 2267

2005 Session

(\$ in thousands)

	FY 2006 Pay 2005 Cert. Est.	FY 2007 Pay 2006 Cert. Est.	Gov's Rec Pay 2006 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2006	Senate Pay 2006 Cert. Est.	Difference Senate - Cur. Law Pay 2006	FY 2008 Pay 2007 Cert. Est.	Gov's Rec Pay 2007 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2007	Senate Pay 2007 Cert. Est.	Difference Senate - Cur. Law Pay 2007	FY 2009 Pay 2008 Cert. Est.	Gov's Rec Pay 2008 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2008	Senate Pay 2008 Cert. Est.	Difference Senate - Cur. Law Pay 2008
96 Other Capital Limit Adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
97 Other General Limit Adjustment	(51.7)	612.2	612.2	0.0	612.2	0.0	5,993.0	5,993.0	0.0	5,993.0	0.0	383.9	383.9	0.0	383.9	0.0
98																
99 <i>Abatement Adjustment-Initial</i>	2,645.3	2,805.5	2,805.5	0.0	2,805.5	0.0	2,862.9	2,862.9	0.0	2,862.9	0.0	2,710.7	2,710.7	0.0	2,710.7	0.0
100 Abatement Change	0.0	0.0	327.0	327.0	0.0	0.0	231.0	231.0	0.0	0.0	0.0	0.0	241.0	241.0	0.0	0.0
101 Abatement Interest	32.1	32.7	32.7	0.0	32.7	0.0	33.4	33.4	0.0	33.4	0.0	34.1	34.1	0.0	34.1	0.0
102 Abatement Final Adjustment	(112.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
103 Abatement Carryover	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
104 Abatement Advance	279.8	279.8	279.8	0.0	279.8	0.0	279.8	279.8	0.0	279.8	0.0	279.8	279.8	0.0	279.8	0.0
105 Net Offset Adjustment	356.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
106																
107 Total -- General Fund	754,336.8	894,567.2	1,036,928.0	142,360.8	897,712.2	3,145.0	958,577.4	1,167,330.0	208,752.6	963,181.4	4,604.0	1,050,719.1	1,261,722.2	211,003.1	1,056,318.1	5,599.0
108																
128																
129 DEBT SERVICE FUND																
130																
131 Basic Debt Levy or Max Effort	581,797.6	598,339.6	598,339.6	0.0	598,339.6	0.0	620,723.3	620,723.3	0.0	620,723.3	0.0	646,112.8	646,112.8	0.0	646,112.8	0.0
132 Debt Equalization (Fund 7)	(25,050.8)	(24,553.9)	(24,553.9)	0.0	(24,553.9)	0.0	(22,641.8)	(22,641.8)	0.0	(22,641.8)	0.0	(21,811.0)	(21,811.0)	0.0	(21,811.0)	0.0
133 Additional Maximum Effort	2,217.7	2,200.0	2,200.0	0.0	2,200.0	0.0	2,200.0	2,200.0	0.0	2,200.0	0.0	2,200.0	2,200.0	0.0	2,200.0	0.0
134 <i>Maximum Effort Rate Reduction</i>	0.0	0.0	(3,145.0)	(3,145.0)	(3,145.0)	(3,145.0)	0.0	(4,604.0)	(4,604.0)	(4,604.0)	(4,604.0)	0.0	(5,599.0)	(5,599.0)	(5,599.0)	(5,599.0)
135																
136 <u>Fund Transfers</u>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
137																
138 Energy Loan	1,725.6	1,800.0	1,800.0	0.0	1,800.0	0.0	2,000.0	2,000.0	0.0	2,000.0	0.0	2,200.0	2,200.0	0.0	2,200.0	0.0
139 Lease Purchase (Fund 7)	38,401.8	39,000.0	39,000.0	0.0	39,000.0	0.0	40,000.0	40,000.0	0.0	40,000.0	0.0	42,000.0	42,000.0	0.0	42,000.0	0.0
140 Alternative Facilities Health and Safety Offset	8,222.8	10,142.8	10,142.8	0.0	10,142.8	0.0	11,742.8	11,742.8	0.0	11,742.8	0.0	13,342.8	13,342.8	0.0	13,342.8	0.0
141 Alternative Facilities Debt	57,922.3	63,714.5	63,714.5	0.0	63,714.5	0.0	68,811.7	68,811.7	0.0	68,811.7	0.0	72,940.4	72,940.4	0.0	72,940.4	0.0
142 Alternative Facilities Debt Aid (Fund 7)	(17,279.0)	(17,279.0)	(17,279.0)	0.0	(17,279.0)	0.0	(17,279.0)	(17,279.0)	0.0	(17,279.0)	0.0	(17,279.0)	(17,279.0)	0.0	(17,279.0)	0.0
143 Adjustment for Alternative Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
144 Adjust for Taconite on Bonds	(5,086.1)	(5,080.0)	(5,080.0)	0.0	(5,080.0)	0.0	(5,070.0)	(5,070.0)	0.0	(5,070.0)	0.0	(5,060.0)	(5,060.0)	0.0	(5,060.0)	0.0
145																
146 Facilities	6,683.2	6,700.0	6,700.0	0.0	6,700.0	0.0	6,900.0	6,900.0	0.0	6,900.0	0.0	7,000.0	7,000.0	0.0	7,000.0	0.0
147 Equipment	42.1	40.0	40.0	0.0	40.0	0.0	38.0	38.0	0.0	38.0	0.0	36.0	36.0	0.0	36.0	0.0
148 Secondary Cooperative Facilities Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
149																
150 Limit Adjustment	(481.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
151 Abatement Adjustment (Final and Intermediate)	2,522.5	2,904.6	2,904.6	0.0	2,904.6	0.0	2,938.0	2,938.0	0.0	2,938.0	0.0	2,849.8	2,849.8	0.0	2,849.8	0.0
152 Abatement Changes	0.0	0.0	29.1	29.1	0.0	0.0	(0.5)	(0.5)	0.0	0.0	0.0	0.0	(0.4)	(0.4)	0.0	0.0
153 Reconcile for Abatements	0.0	0.0	(29.1)	(29.1)	0.0	0.0	0.5	0.5	0.0	0.0	0.0	0.0	0.4	0.4	0.0	0.0
154 Abatement Carry-over	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
155 Abatement Advance	(23.6)	(23.6)	(23.6)	0.0	(23.6)	0.0	(23.6)	(23.6)	0.0	(23.6)	0.0	(23.6)	(23.6)	0.0	(23.6)	0.0
156																
157 Reduction for Debt Excess	(24,562.6)	(25,000.0)	(25,000.0)	0.0	(25,000.0)	0.0	(25,000.0)	(25,000.0)	0.0	(25,000.0)	0.0	(25,000.0)	(25,000.0)	0.0	(25,000.0)	0.0
158																
159 Total -- Debt Service Fund	627,052.5	652,905.0	649,760.0	(3,145.0)	649,760.0	(3,145.0)	685,339.4	680,735.4	(4,604.0)	680,735.4	(4,604.0)	719,508.2	713,909.2	(5,599.0)	713,909.2	(5,599.0)
160																
161																

E-12 FY 2006-2007 Budget

Property Tax Levy Tracking -- SF 2267

2005 Session

(\$ in thousands)

	FY 2006 Pay 2005 Cert. Est.	FY 2007 Pay 2006 Cert. Est.	Gov's Rec FY 2007 Pay 2006 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2006	Senate FY 2007 Pay 2006 Cert. Est.	Difference Senate - Cur. Law Pay 2006	FY 2008 Pay 2007 Cert. Est.	Gov's Rec FY 2008 Pay 2007 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2007	Senate FY 2008 Pay 2007 Cert. Est.	Difference Senate - Cur. Law Pay 2007	FY 2009 Pay 2008 Cert. Est.	Gov's Rec FY 2009 Pay 2008 Cert. Est.	Difference Gov's Rec - Cur. Law Pay 2008	Senate FY 2009 Pay 2008 Cert. Est.	Difference Senate - Cur. Law Pay 2008
162 Total School District Levies	1,448,455.1	1,618,307.6	1,757,508.4	309,053.3	1,618,307.6	169,852.5	1,717,181.7	1,921,397.3		1,717,181.7		1,845,336.1	2,050,802.2			
163																
164 Subtotal -- Operating Levies	821,402.6	965,402.6	1,107,748.4	142,345.8	968,547.6	3,145.0	1,031,842.3	1,240,661.9	208,819.6	1,036,446.3	4,604.0	1,125,827.9	1,336,893.0	211,065.1	1,131,426.9	5,599.0
165 Subtotal -- Non-Operating Levies	627,052.5	652,905.0	649,760.0	(3,145.0)	649,760.0	(3,145.0)	685,339.4	680,735.4	(4,604.0)	680,735.4	(4,604.0)	719,508.2	713,909.2	(5,599.0)	713,909.2	(5,599.0)
166																
167 Statutory Operating Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
168																
169 GRAND TOTAL LEVIES	1,448,455.3	1,618,307.6	1,757,508.4	139,200.8	1,618,307.6	(0.0)	1,717,181.7	1,921,397.3	204,215.6	1,717,181.7	0.0	1,845,336.1	2,050,802.2	205,466.1	1,845,336.1	0.0
170 Change from Prior Year	82,753.5	169,852.3	309,053.1		169,852.3		98,874.1	163,888.9		98,874.1		128,154.4	129,404.9		128,154.4	
171 Percent Change from Prior Year	6.1%	11.7%	21.3%		11.7%		6.1%	9.3%		6.1%		7.5%	6.7%		7.5%	
172																
173																
174 HACA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
175 Education Homestead Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
176 Education Agricultural Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
177 Market Value Homestead Credit	59,557.0	58,032.0	58,032.0	0.0	58,032.0	0.0	56,226.0	56,226.0	0.0	56,226.0	0.0	54,381.0	54,381.0	0.0	54,381.0	0.0
178 Market Value Agriculture Credit	5,316.0	5,316.0	5,316.0	0.0	5,316.0	0.0	5,316.0	5,316.0	0.0	5,316.0	0.0	5,316.0	5,316.0	0.0	5,316.0	0.0
179 Other Credits	9,420.0	9,454.0	9,454.0	0.0	9,454.0	0.0	9,490.0	9,490.0	0.0	9,490.0	0.0	9,528.0	9,528.0	0.0	9,528.0	0.0
180 CREDITS SUBTOTAL	74,293.0	72,802.0	72,802.0	0.0	72,802.0	0.0	71,032.0	71,032.0	0.0	71,032.0	0.0	69,225.0	69,225.0	0.0	69,225.0	0.0
181																
188																
189																
190 TOTAL CERTIFIED K-12 LEVIES (Post Credits)*	1,307,096.3	1,474,670.2	1,613,886.0	139,215.8	1,474,670.2	(0.0)	1,572,884.8	1,777,033.4	204,148.6	1,572,884.8	0.0	1,701,002.3	1,906,406.4	205,404.1	1,701,002.3	0.0
191 Change from Prior Year	83,998.2	167,573.9	306,789.7		167,573.9		98,214.6	163,147.4		98,214.6		128,117.5	129,373.0		128,117.5	
192 Percent Change from Prior Year	6.9%	12.8%	23.5%		12.8%		6.7%	10.1%		6.7%		8.1%	7.3%		8.1%	
193																
194 Change from Base			139,216		(0)			204,149		0			205,404		0	
195 Percent Change from Base			9.4%		0.0%			13.0%		0.0%			12.1%		0.0%	
196																
197 *Does not include taconite adjustments																

Fiscal Status -- Local Bills Excluded from Omnibus

K-12 Education Finance Committee

Bill Numb	Author	Description	Fiscal Impact Final?	Fiscal Note		Aid? Levy?	Bill Aid Bill Levy				
				Req'd/Received	Dates		FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Category Facilities											
690	Johnson, Dean	New London-Spicer Capitol Levy Authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	0	0
				<input type="checkbox"/>		<input checked="" type="checkbox"/>		0	150,000	150,000	150,000
Category Fund Transfers/Accounting											
132	Ourada	Fund Transfer for I.S.D. No. 833, Rockford	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/27/2005	<input checked="" type="checkbox"/>	0	0	219,000	48,000	0
				<input checked="" type="checkbox"/>	2/10/2005	<input checked="" type="checkbox"/>		0	392,534	0	0
1033	Bakk	Lake Superior Fund Transfer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2/22/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	3/15/2005	<input checked="" type="checkbox"/>		0	940,000	0	0
1515	Fischbach	Rocori Fund Transfer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3/11/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	3/14/2005	<input checked="" type="checkbox"/>		0	150,000	0	0
<i>Bill amended in committee from \$100,000 to \$150,000 on 3/16/05</i>											
1516	Fischbach	Holdingford Fund Transfer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3/11/2005	<input checked="" type="checkbox"/>	0	0	38,000	43,000	34,000
				<input checked="" type="checkbox"/>	3/15/2005	<input checked="" type="checkbox"/>		0	24,500	28,000	31,500
1690	Kleis	St. Cloud Fund Transfer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3/17/2005	<input type="checkbox"/>	0	0	0	0	0
				<input checked="" type="checkbox"/>	3/24/2005	<input checked="" type="checkbox"/>		0	800,000	0	0

Bill Numb	Author	Description	Fiscal Impact Final?	Fiscal Note		Aid? Levy?	Bill Aid Bill Levy				
				Req'd/Received	Dates		FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
1965	Fischbach	Paynesville Fund Transfer	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	4/3/2005	<input type="checkbox"/> <input type="checkbox"/>	0	0	0	0	0
2017	Johnson, Dean	New London-Spicer Future Fund Balance Transfer	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	4/3/2005	<input type="checkbox"/> <input type="checkbox"/>	0	0	0	0	0
2078	Johnson, Dean	Willmar Fund Transfer	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	4/3/2005	<input type="checkbox"/> <input type="checkbox"/>	0	0	0	0	0
2086	Johnson, Dean	ACGC Fund Transfer	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	4/3/2005	<input type="checkbox"/> <input type="checkbox"/>	0	0	0	0	0

Category General Levy

11	Wiger	Lease Levy Authority	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	1/27/2005 2/1/2005	<input type="checkbox"/> <input type="checkbox"/>	0	0	0	0	0
<i>Data based on Nov. Fcst</i>											
52	Wiger	Authorizing Technology and Transportation Levies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	1/28/2005 2/9/2005	<input type="checkbox"/> <input type="checkbox"/>	0	0	0	0	0
<i>technology levy and transportation levy</i>											
238	Olson	Levy for Utility Costs for Community Ed Facilities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	1/27/2005 2/10/2005	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	0	0	0	0	0
<i>If levies increase, there's a recognition shif savings.</i>											

Bill Numb	Author	Description	Fiscal Impact Final?	Fiscal Note		Aid? Levy?	Bill Aid Bill Levy					
				Req'd/ Received	Dates		FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	
261	Sams	Health Benefits Levy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/27/2005	<input type="checkbox"/>	0	0	0	0	0	
				<input checked="" type="checkbox"/>	2/10/2005	<input type="checkbox"/>		0	757,300,000	830,500,000	910,800,000	
<i>Remember recognition shift on new levies.</i>												
Category Local Levy												
50	Murphy	Red Wing Levy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/28/2005	<input type="checkbox"/>	0	0	0	0	0	
				<input checked="" type="checkbox"/>	2/11/2005	<input checked="" type="checkbox"/>		0	205,000	0	0	
<i>Levy authority, but no amount included</i>												
798	Ortman	Waconia Lease Levy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3/10/2005	<input type="checkbox"/>	0	0	0	0	0	
				<input type="checkbox"/>	3/17/2005	<input checked="" type="checkbox"/>		0	54,000	54,000	54,000	
<i>This bill generates property tax recognition shifts.</i>												
Category Transportation												
142	Fischbach	School Bus Purchase Levy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/27/2005	<input type="checkbox"/>	0	0	0	0	0	
				<input checked="" type="checkbox"/>	2/11/2005	<input type="checkbox"/>		0	0	0	0	
							Total Aid Impact:	0	0	257,000	91,000	34,000
							Total Levy Impact:		0	824,968,034	895,107,000	974,733,500

K-12 FY 2006-2007 Budget

Appropriation Tracking -- SF 2267, As Amended In Tax Cte
2005 Session

Line No.	Program	February Forecast FY 2006	February Forecast FY 2007	February Forecast FY 2008	February Forecast FY 2009	Gov's Rec FY 2006	Gov's Rec FY 2007	Gov's Rec FY 2008	Gov's Rec FY 2009	Senate FY 2006	Senate FY 2007	Senate FY 2006-07	Difference Sen-Feb FY 2006-07	Difference Sen-Gov FY 2006-07	Senate FY 2008	Senate FY 2009	Senate FY 2008-09	Difference Sen-Feb FY 2008-09	Difference Sen-Gov FY 2008-09
	Formula Allowance	4601	4601	4601	4601	4716	5293	5293	5293	4832	5053				5053	5053			
	Base increase																		
	\$ increase	0	0	0	0	115	118	0	0	231	221				0	0			
	\$ rolled in as reserve									0	27				0	0			
	% increase	0.0%	0.0%	0.0%	0.0%	2.5%	2.5%	0.0%	0.0%	5.0%	4.0%				0.0%	0.0%			
1	GENERAL EDUCATION PROGRAM																		
2	General Education (includes perm. school fund)	5,012,148	5,007,512	4,947,007	4,911,528	5,012,148	5,007,512	4,947,007	4,911,528	5,012,148	5,007,512	10,019,660	0	0	4,947,007	4,911,528	9,858,535	0	0
3	Formula Increase	0	0	0	0	92,205	203,079	219,250	217,375	202,333	433,781	636,114	636,114	340,830	470,869	468,717	939,585	939,585	502,960
4	Qcomp Alternative Compensation	0	0	0	0	16,295	69,646	78,145	77,281	0	0	0	0	(85,941)	0	0	0	0	(155,426)
5	Compensatory -- Delink & Increase	0	0	0	0	6,508	15,865	17,454	17,442	0	0	0	0	(22,373)	0	0	0	0	(34,896)
6	Compensatory -- Hmong Refugees	0	0	0	0	3,544	660	0	0	0	0	0	0	(4,204)	0	0	0	0	0
7	Extended Time Inflation	0	0	0	0	1,021	2,546	3,440	3,579	0	0	0	0	(3,567)	0	0	0	0	(7,019)
8	PSEO -- Delink & Increase	0	0	0	0	508	973	967	949	0	0	0	0	(1,481)	0	0	0	0	(1,916)
9	Shared Time Revenue -- Increase	0	0	0	0	79	149	160	160	0	0	0	0	(228)	0	0	0	0	(320)
10	Contracted Alternatives -- Increase	0	0	0	0	280	617	670	651	0	0	0	0	(897)	0	0	0	0	(1,321)
11	Sparsity Revenue -- Delink & Increase	0	0	0	0	1,533	1,054	973	1,067	0	0	0	0	(2,587)	0	0	0	0	(2,040)
12	Transition Revenue Change -- Prekindergarten	0	0	0	0	986	183	0	0	14	3	17	17	(1,152)	0	0	0	0	0
13	Transition Revenue Change -- Minimum Increase	0	0	0	0	0	1,807	1,555	4,877	0	0	0	0	(1,807)	0	0	0	0	(6,432)
14	Repeal Teacher Contract Penalty	0	0	0	0	85	15	85	15	0	0	0	0	(100)	0	0	0	0	(100)
15	Shared Time Change to Reimbursement	0	0	0	0	0	(3,117)	0	0	0	0	0	0	3,117	0	0	0	0	0
16	Eliminate TRA Reduction	0	0	0	0	0	7,386	0	0	0	0	0	0	(7,386)	0	0	0	0	0
17	Discretionary Levy Equalization Aid	0	0	0	0	0	13,682	13,031	9,731	0	0	0	0	(13,682)	0	0	0	0	(22,762)
18	T & E Levy Equalized Aid	0	0	0	0	0	(4,413)	(3,836)	(2,747)	0	0	0	0	4,413	0	0	0	0	6,583
19	Referendum Equalization Aid with Cap Increase	0	0	0	0	0	1,397	1,774	(1,287)	0	0	0	0	(1,397)	0	0	0	0	(487)
20	Truancy/Driver's License Revocation	0	0	0	0	404	862	922	902	0	0	0	0	(1,266)	0	0	0	0	(1,824)
21	Eliminate Operating Capital Levy	0	0	0	0	69	141	177	197	0	50,651	50,651	50,651	50,441	56,486	62,921	119,406	119,406	56,486
22	Eliminate Equity Levy	0	0	0	0	0	0	0	0	0	28,053	28,053	28,053	28,053	30,288	33,685	63,973	63,973	63,973
23	Consolidated Levy	0	0	0	0	0	0	0	0	0	(75,458)	28,053	(75,458)	(75,458)	(87,307)	(99,212)	(186,519)	(186,519)	(186,519)
24	Roll Safe Schools Levy into Consolidated Levy	0	0	0	0	0	0	0	0	0	(23,714)	(23,714)	(23,714)	(23,714)	(23,463)	(23,188)	(46,631)	(46,631)	(46,631)
25	Eliminate Transition Revenue: Aid Savings	0	0	0	0	0	0	0	0	0	(6,877)	(6,877)	(6,877)	(6,877)	(6,635)	(987)	(7,622)	(7,622)	(7,622)
26	Ref Allowance: Roll-in 4 YO PreK	0	0	0	0	0	0	0	0	0	14	14	14	14	13	12	25	25	25
27	Ref Allowance: Trans Revenue & Incl. Eq. Factor Adjust	0	0	0	0	0	0	0	0	0	6,877	6,877	6,877	6,877	6,635	987	7,622	7,622	7,622
28	Carpenter School Bus Loan Repayment	0	0	0	0	0	0	0	0	0	(743)	(743)	(743)	(743)	(908)	(908)	(1,815)	(1,815)	(1,815)
29	Aid Savings from Property Tax Shift	0	0	0	0	(69,351)	(27,186)	(6,480)	(4,254)	1,280	(845)	435	435	96,974	(2,963)	0	(2,963)	(2,963)	7,772
30	Advance Final Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	General Education Program Subtotal	5,012,148	5,007,512	4,947,007	4,911,528	5,066,314	5,292,856	5,275,294	5,237,466	5,215,775	5,419,253	10,635,028	615,368	275,858	5,390,022	5,353,575	10,743,597	885,062	230,837
32																			
33	OTHER GENERAL EDUCATION PROGRAMS																		
34	Tax Base Replacement Aid	8,704	8,704	8,704	8,704	8,704	8,704	8,704	8,704	8,704	8,706	17,410	2	2	8,706	8,704	17,410	2	2
35	Enrollment Options Transportation	55	55	55	55	55	55	55	55	55	110	110	0	0	55	55	110	0	0
36	Abatement Aid	1,361	1,393	1,341	1,385	903	955	1,030	1,083	903	955	1,858	(896)	0	1,030	1,083	2,113	(613)	0
37	Consolidation Transition Revenue	0	253	174	23	0	253	174	23	0	253	253	0	0	174	23	197	0	0
38	Declining Pupil Aid; ISD #2190, Yellow Medicine East	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Declining Pupil Aid, ISD #241, Albert Lea	75	0	0	0	75	0	0	0	75	0	75	0	0	0	0	0	0	0
40	Declining Pupil Aid, ISD #2711, Mesabi East	50	0	0	0	50	0	0	0	50	0	50	0	0	0	0	0	0	0
42	One Room School House, ISD 690, Warroad	50	50	50	50	50	50	50	50	50	50	100	0	0	50	50	100	0	0
41	Declining Pupil Aid, ISD #682, Roseau	10	0	0	0	10	0	0	0	10	0	10	0	0	0	0	0	0	0
43	Nonpublic Pupil Aid	15,174	15,976	16,807	17,605	15,298	16,263	16,993	17,630	15,817	17,426	33,243	2,093	1,682	18,454	19,330	37,784	3,372	3,161
44	Nonpublic Pupil Transportation	20,758	21,446	22,067	22,651	21,196	22,446	23,017	22,796	21,633	23,390	45,023	2,819	1,381	24,229	24,870	49,099	4,381	3,286
45	Carpenter School Bus Loan	0	0	0	0	0	0	0	0	3,630	0	3,630	3,630	3,630	0	0	0	0	0
46	Transportation Cost Reallocation	0	0	0	0	0	0	(338)	(400)	0	0	0	0	0	0	0	0	0	738
45	Other General Education Programs Subtotal	46,237	47,877	49,198	50,473	46,341	48,726	49,685	49,941	50,927	50,835	101,762	7,648	6,695	52,698	54,115	106,813	7,142	7,187
46																			
47	GENERAL EDUCATION	5,058,385	5,055,389	4,996,205	4,962,001	5,112,655	5,341,582	5,324,979	5,287,407	5,266,702	5,470,088	10,736,790	623,016	282,553	5,442,720	5,407,689	10,850,410	892,204	238,024
48																			
49	EDUCATION EXCELLENCE																		
50	Charter School Building Lease Aid	25,465	30,929	36,880	43,359	25,465	30,929	36,880	43,654	25,465	30,929	56,394	0	0	36,880	43,359	80,239	0	(295)
51	Charter School Start-Up	1,393	3,185	3,470	3,470	1,393	3,185	3,470	3,593	1,393	3,185	4,578	0	0	3,470	3,470	6,940	0	(123)

K-12 FY 2006-2007 Budget

Appropriation Tracking -- SF 2267, As Amended In Tax Cte
2005 Session

Line No.	Program	February Forecast FY 2006	February Forecast FY 2007	February Forecast FY 2008	February Forecast FY 2009	Gov's Rec FY 2006	Gov's Rec FY 2007	Gov's Rec FY 2008	Gov's Rec FY 2009	Senate FY 2006	Senate FY 2007	Senate FY 2006-07	Difference Sen-Feb FY 2006-07	Difference Sen-Gov FY 2006-07	Senate FY 2008	Senate FY 2009	Senate FY 2008-09	Difference Sen-Feb FY 2008-09	Difference Sen-Gov FY 2008-09
52	Charter School Integration Aid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53	Integration Aid	57,801	57,536	56,445	55,347	57,812	57,351	56,281	55,271	57,801	57,536	115,337	0	174	56,445	55,347	111,792	0	240
54	Magnet School and Program Grants	750	750	750	750	750	750	750	750	750	750	1,500	0	0	750	750	1,500	0	0
55	Magnet School Start-Up Aid	0	0	166	196	0	0	166	196	0	0	0	0	0	166	196	362	0	0
56	Interdistrict Desegregation Transportation	7,768	9,908	10,642	12,151	7,768	9,908	10,642	12,151	7,768	9,908	17,676	0	0	10,642	12,151	22,793	0	0
57	Success for the Future	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	4,274	0	0	2,137	2,137	4,274	0	0
58	American Indian Scholarships	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	3,750	0	0	1,875	1,875	3,750	0	0
59	Indian Teacher Preparation Grants	190	190	190	190	190	190	190	190	190	190	380	0	0	190	190	380	0	0
60	Tribal Contract Schools	2,315	2,415	2,512	2,554	2,362	2,533	2,617	2,766	2,315	2,415	4,730	0	(165)	2,512	2,554	5,066	0	(317)
61	Early Childhood Programs at Tribal Schools	68	68	68	68	68	68	68	68	68	68	136	0	0	68	68	136	0	0
62	Statewide Testing/Grad Standards Support	9,000	9,000	9,000	9,000	Transfer to Agency Bud.	Transfer to Agency Bud.	Transfer to Agency Bud.	Transfer to Agency Bud.	9,000	9,000	18,000	0	18,000	9,000	9,000	18,000	0	18,000
63	Best Practices Seminars	1,000	1,000	1,000	1,000	Transfer to Agency Bud.	Transfer to Agency Bud.	Transfer to Agency Bud.	Transfer to Agency Bud.	1,000	1,000	2,000	0	2,000	1,000	1,000	2,000	0	2,000
64	ProComp Pilot Sites (Alternative Compensation)	3,700	3,700	3,700	3,700	0	0	0	0	8,700	8,700	17,400	10,000	17,400	8,700	8,700	17,400	10,000	17,400
65	ProComp Staff Development	0	0	0	0	0	0	0	0	45,939	47,883	93,822	93,822	93,822	47,690	47,438	95,128	95,128	95,128
66	ProComp Statewide Implementation Transition Task Force	0	0	0	0	0	0	0	0	200	200	400	400	400	0	0	0	0	0
67	Adv. Placement/Int'l Baccalaureate Prog.	778	778	778	778	4,500	4,500	2,000	2,000	778	778	1,556	0	(7,444)	778	778	1,556	0	(2,444)
68	All Day Kindergarten Grants (First Grade Preparedness)	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	14,500	0	0	7,250	7,250	14,500	0	0
69	Online Learning	1,250	1,250	1,250	1,250	2,250	3,250	4,250	5,250	1,250	1,250	2,500	0	(3,000)	1,250	1,250	2,500	0	(7,000)
70	Collaborative Urban Educator	528	528	528	528	528	528	528	528	550	550	1,100	44	44	550	550	1,100	44	44
71	Youthworks Program	900	900	900	900	900	900	900	900	900	900	1,800	0	0	900	900	1,800	0	0
72	MN Foundation for Student Organizations	625	625	625	625	625	625	625	625	725	725	1,450	200	200	725	725	1,450	200	200
73	"Get Ready, Get Credit" College Exam Program	0	0	0	0	825	1,650	1,650	1,650	0	0	0	0	(2,475)	0	0	0	0	(3,300)
74	"Get Ready, Get Credit" Educ. Planning & Assessment	0	0	0	0	829	829	829	829	0	0	0	0	(1,658)	0	0	0	0	(1,658)
75	Completion of Education Finance Adequacy Study	0	0	0	0	0	0	0	0	175	0	175	175	175	0	0	0	0	0
76	Career & Technical Education Grants	0	0	0	0	1,000	1,000	0	0	0	0	0	0	(2,000)	0	0	0	0	0
77	Education Excellence Subtotal	124,793	134,024	140,166	147,128	118,527	129,458	133,108	141,683	176,229	187,229	363,458	104,641	115,473	192,978	199,688	392,666	105,372	117,875
78																			
79	SPECIAL PROGRAMS																		
80	Special Education - Regular	528,846	527,446	525,871	523,801	528,502	527,116	525,478	523,468	528,846	546,111	1,074,957	18,665	19,339	569,196	593,033	1,162,229	112,557	113,283
80	Special Education Equalization	0	0	0	0	0	2,176	3,609	2,804	0	0	0	0	(2,176)	0	0	0	0	(6,413)
81	Cross Subsidy Aid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
82	Special Education -- Children with Disabilities	2,212	2,615	2,922	3,261	2,212	2,615	2,922	3,261	2,212	2,615	4,827	0	0	2,922	3,261	6,183	0	0
83	Travel for Home-Based Services	187	195	202	211	187	195	202	211	187	195	382	0	0	202	211	413	0	0
84	Special Education - Excess Cost	91,784	91,595	91,432	91,035	102,782	102,483	102,179	101,801	91,784	93,430	185,214	1,835	(20,051)	96,210	97,715	193,925	11,458	(10,055)
85	Litigation Costs for Special Education	17	17	17	17	17	17	17	17	0	0	0	(34)	(34)	0	0	0	(34)	(34)
86	Transition Programs--Students with Disabilities	8,788	8,765	8,739	8,706	8,788	8,765	8,739	8,706	8,788	8,765	17,553	0	0	8,739	8,706	17,445	0	0
87	Court Placed Special Education Revenue	65	70	72	74	65	70	72	74	65	70	135	0	0	72	74	146	0	0
88	Special Ed. Nonpublic Pupil Task Force	0	0	0	0	0	0	0	0	50	0	50	50	50	0	0	0	0	0
89	Native Language Eminence Credentialing Task Force	0	0	0	0	0	0	0	0	102	0	102	102	102	0	0	0	0	0
90	Out of State Special Education Tuition	250	250	250	250	250	250	250	250	250	250	500	0	0	250	250	500	0	0
91	Special Programs Subtotal	632,149	630,953	629,505	627,355	642,803	643,687	643,468	640,592	632,284	651,436	1,283,720	20,618	(2,770)	677,591	703,250	1,380,841	123,981	96,781
92																			
93	FACILITIES AND TECHNOLOGY																		
94	Health & Safety Aid	802	578	471	413	802	561	452	394	802	578	1,380	0	17	471	413	884	0	38
95	Debt Service Equalization	25,654	24,611	22,942	21,942	25,654	24,608	22,096	20,806	25,654	24,611	50,265	0	3	22,942	21,942	44,884	0	1,982
96	Alternative Facilities Bonding Aid	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	38,574	0	0	19,287	19,287	38,574	0	0
97	Maximum Effort Debt Service Rate Reduction	0	0	0	0	0	(92)	(660)	(759)	0	0	(92)	(92)	(92)	(660)	(760)	(1,420)	(1,420)	(1)
98	Capital Loan Payoff, ISD 566, Askov	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
99	Telcommunications Access	0	0	0	0	4,500	4,600	4,700	4,700	5,000	5,000	10,000	10,000	900	10,000	10,000	20,000	20,000	10,600
100	One-Time Emergency Aid, ISD 38, Red Lake	0	0	0	0	0	0	0	0	100	0	100	100	100	0	0	0	0	0
101	Deferred Maintenance Aid and Levy	0	0	0	0	0	2,556	2,235	1,516	0	0	0	0	(2,556)	0	0	0	0	(3,751)
102	Facilities and Technology Subtotal	45,743	44,476	42,700	41,642	50,243	51,520	48,110	45,944	50,843	49,384	100,227	10,008	(1,536)	52,040	50,882	102,922	18,580	8,868
103																			
104	NUTRITION PROGRAMS																		
105	School Lunch and Food Storage Program	7,748	7,826	7,904	8,022	7,748	7,826	7,904	8,022	9,585	9,781	19,366	3,792	3,792	9,879	10,027	19,906	3,980	3,980
106	School Breakfast Aid	4,634	4,723	4,800	4,880	4,634	4,723	4,800	4,880	4,878	4,968	9,846	489	489	5,045	5,124	10,169	489	489
107	Fast Break to Learning	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
108	Milk Consumption Pilot Program	0	0	0	0	0	0	0	0	50	0	50	50	50	0	0	0	0	0
109	Summer Food Service Replacement Aid	150	150	150	150	150	150	150	150	150	150	300	0	0	150	150	300	0	0
110	Nutrition Programs Subtotal	12,532	12,699	12,854	13,052	12,532	12,699	12,854	13,052	14,663	14,899	29,562	4,331	4,331	15,074	15,301	30,375	4,469	4,469

K-12 FY 2006-2007 Budget

Appropriation Tracking -- SF 2267, As Amended In Tax Cte
2005 Session

Line No.	Program	February Forecast FY 2006	February Forecast FY 2007	February Forecast FY 2008	February Forecast FY 2009	Gov's Rec FY 2006	Gov's Rec FY 2007	Gov's Rec FY 2008	Gov's Rec FY 2009	Senate FY 2006	Senate FY 2007	Senate FY 2006-07	Difference Sen-Feb FY 2006-07	Difference Sen-Gov FY 2006-07	Senate FY 2008	Senate FY 2009	Senate FY 2008-09	Difference Sen-Feb FY 2008-09	Difference Sen-Gov FY 2008-09
111																			
112	LIBRARIES																		
113	Basic Support Grants for Libraries	8,570	8,570	8,570	8,570	8,570	8,570	8,570	8,570	8,570	8,570	17,140	0	0	8,570	8,570	17,140	0	0
116	Multicounty, Multitype Library Systems	903	903	903	903	903	903	903	903	903	903	1,806	0	0	903	903	1,806	0	0
115	Electronic Library	400	400	400	400	1,039	1,091	1,140	1,200	400	400	800	0	(1,330)	400	400	800	0	(1,540)
114	Regional Library Telecommunications Aid	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	2,400	0	0	1,200	1,200	2,400	0	0
117	Libraries Subtotal	11,073	11,073	11,073	11,073	11,712	11,764	11,813	11,873	11,073	11,073	22,146	0	(1,330)	11,073	11,073	22,146	0	(1,540)
118																			
120																			
121	General Education Total	5,058,385	5,055,389	4,996,205	4,962,001	5,112,655	5,341,582	5,324,979	5,287,407	5,266,702	5,470,088	10,736,790	623,016	282,553	5,442,720	5,407,689	10,850,410	892,204	238,024
122	Categorical Totals	826,290	833,225	836,298	840,250	835,817	849,128	849,353	853,144	885,092	914,021	1,799,113	139,598	114,168	948,756	980,195	1,928,950	252,402	226,453
123	SUBTOTAL: EDUCATION FINANCE	5,884,675	5,888,614	5,832,503	5,802,251	5,948,472	6,190,710	6,174,332	6,140,551	6,151,794	6,384,108	12,535,903	762,614	396,721	6,391,476	6,387,884	12,779,360	1,144,606	464,477
124																			
155																			
156	STATE AGENCY BUDGETS																		
157																			
158	DEPARTMENT OF EDUCATION																		
159	Base Education Agency Budget	21,881	21,881	21,881	21,881	21,881	21,881	21,881	21,881	21,881	21,881	43,762	0	0	21,881	21,881	43,762	0	0
160	Salary & Benefit Base Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
161	Board of Teaching	621	621	621	621	621	621	621	621	621	621	1,242	0	0	621	621	1,242	0	0
162	Board of Administrators	165	165	165	165	165	165	165	165	165	165	330	0	0	165	165	330	0	0
163	MN Children's Museum	260	260	260	260	260	260	260	260	260	260	520	0	0	260	260	520	0	0
164	Minnesota Academy of Science	41	41	41	41	41	41	41	41	41	41	82	0	0	41	41	82	0	0
165	Minnesota's Washington DC Office (Transfer Out)	29	29	29	29	29	29	29	29	0	0	0	(58)	(58)	0	0	0	(58)	(58)
166																			
167	Best Practices Grants (Transfer from Aids Budget)	0	0	0	0	1,000	1,000	1,000	1,000	0	0	0	0	(2,000)	0	0	0	0	(2,000)
168	Best Practices Grants (Program Reduction)	0	0	0	0	(500)	(500)	(1,000)	(1,000)	0	0	0	0	1,000	0	0	0	0	2,000
169	Statewide Testing (Transfer from Aids Budget)	0	0	0	0	9,000	9,000	9,000	9,000	0	0	0	0	(18,000)	0	0	0	0	(18,000)
170	Develop Interactive Science Test	0	0	0	0	1,200	1,200	0	0	0	0	0	0	(2,400)	0	0	0	0	0
171	Value Added Index Assessment	0	0	0	0	300	1,600	1,600	1,600	300	1,600	1,900	1,900	0	1,600	1,600	3,200	3,200	0
172	Alternative Teacher Preparation Program	0	0	0	0	0	500	500	500	0	0	0	0	(500)	0	0	0	0	(1,000)
173	Scholarship Tax Credit Administration	0	0	0	0	250	250	250	250	0	0	0	0	(500)	0	0	0	0	(500)
174	Meth Education Materials	0	0	0	0	50	75	75	75	50	75	125	125	0	75	75	150	150	0
175	School Readiness Staff Increase	0	0	0	0	169	200	200	200	0	0	0	0	(369)	0	0	0	0	(400)
176	Single Purpose Charter Sponsors	0	0	0	0	10	15	15	15	0	0	0	0	(25)	0	0	0	0	(30)
177	Rulemaking for Board of School Administrators	0	0	0	0	20	0	0	0	0	0	0	0	(20)	0	0	0	0	0
178	State Agency PALS Funding Elimination	0	0	0	0	(75)	(75)	(75)	(75)	0	0	0	0	150	0	0	0	0	150
179	Rulemaking for Supplemental Svcs Providers	0	0	0	0	0	0	0	0	20	0	20	20	0	20	0	0	0	0
180	Rulemaking for MCA-lis	0	0	0	0	0	0	0	0	20	0	20	20	0	20	0	0	0	0
180	Elimination of MDE Communications Function	0	0	0	0	0	0	0	0	(367)	(367)	(734)	(734)	(734)	(367)	(367)	(734)	(734)	(734)
181	World Languages Coordinator	0	0	0	0	0	0	0	0	128	128	256	256	0	128	128	256	256	0
182	General Operating Budget Reduction	0	0	0	0	(1,225)	(1,225)	(1,225)	(1,225)	(1,708)	(1,708)	(3,416)	(3,416)	(966)	(1,600)	(1,600)	(3,200)	(3,200)	(750)
183																			
184	Education Subtotal	22,997	22,997	22,997	22,997	33,196	35,037	33,337	33,337	21,411	22,696	44,107	(1,887)	(24,126)	22,804	22,804	45,608	(386)	(21,066)
185																			
186	PERPICH CENTER FOR ARTS EDUCATION																		
187	Base Center for Arts Education Budget	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	12,846	0	0	6,423	6,423	12,846	0	0
188	Electronic Telecommunications	0	0	0	0	0	0	0	0	1	(1)	(0)	(0)	(0)	(1)	(1)	(2)	(2)	(2)
189	Salary & Benefit Base Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
190	General Operating Budget	0	0	0	0	(168)	(168)	(168)	(168)	0	0	0	0	336	250	250	500	500	836
191	Perpich Center for Arts Education Subtotal	6,423	6,423	6,423	6,423	6,255	6,255	6,255	6,255	6,424	6,422	12,846	(0)	336	6,672	6,672	13,344	498	834
192																			
193	FARIBAULT ACADEMIES FOR THE DEAF & BLIND																		
194	Academy Operations	10,466	10,466	10,466	10,466	10,466	10,466	10,466	10,466	10,466	10,466	20,932	0	0	10,466	10,466	20,932	0	0
195	Salary & Benefit Base Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
196	Special Education Increase	0	0	0	0	412	487	487	487	412	487	899	899	0	487	487	974	974	0
197	General Operating Budget Reduction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
198	Faribault Academies Subtotal	10,466	10,466	10,466	10,466	10,878	10,953	10,953	10,953	10,878	10,953	21,831	899	0	10,953	10,953	21,906	974	0
199																			
200	SUBTOTAL: AGENCY OPERATIONS	39,886	39,886	39,886	39,886	50,329	52,245	50,545	50,545	38,713	40,071	78,784	(988)	(23,790)	40,429	40,429	80,858	1,086	(20,232)

K-12 FY 2006-2007 Budget

Appropriation Tracking -- SF 2267, As Amended In Tax Cte
2005 Session

Line No.	Program	February Forecast FY 2006	February Forecast FY 2007	February Forecast FY 2008	February Forecast FY 2009	Gov's Rec FY 2006	Gov's Rec FY 2007	Gov's Rec FY 2008	Gov's Rec FY 2009	Senate FY 2006	Senate FY 2007	Senate FY 2006-07	Difference Sen-Feb FY 2006-07	Difference Sen-Gov FY 2006-07	Senate FY 2008	Senate FY 2009	Senate FY 2008-09	Difference Sen-Feb FY 2008-09	Difference Sen-Gov FY 2008-09
201																			
202	SUBTOTAL: EDUCATION FINANCE	5,884,675	5,888,614	5,832,503	5,802,251	5,948,472	6,190,710	6,174,332	6,140,551	6,151,794	6,384,108	12,535,903	762,614	396,721	6,391,476	6,387,884	12,779,360	1,144,606	464,477
207																			
208	TOTAL GENERAL FUND, K-12 APPROPRIATIONS	5,924,561	5,928,500	5,872,389	5,842,137	5,998,801	6,242,955	6,224,877	6,191,096	6,190,507	6,424,180	12,614,687	761,626	372,931	6,431,905	6,428,313	12,860,218	1,145,692	444,245
209																			
210	Payment Shifts Not Included In Appropriations																		
211	Property Tax Aids and Credits	(66)	(33)	(36)	(37)	(66)	(33)	(36)	(37)	(66)	(33)	(99)	0	0	(36)	(37)	(73)	0	0
212	Administrative Decision: Non-shifted Rounding Amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
213																			
214	Revenue Changes																		
215												0	0	0	0	0	0	0	0
216	SUBTOTAL: REVENUE CHANGES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
217																			
220	GENERAL FUND TOTAL, K-12 APPROPRIATIONS	5,924,495	5,928,467	5,872,353	5,842,100	5,998,735	6,242,922	6,224,841	6,191,059	6,190,441	6,424,147	12,614,588	761,626	372,931	6,431,869	6,428,276	12,860,145	1,145,692	444,245
221																			
222																			
223	Payment Shifts																		
224																			
225	Property Tax Recognition Shifts	0	0	0	0	(69,351)	(27,188)	(6,460)	(4,254)	1,280	(845)	435	435	96,974	(2,963)	0	(2,963)	(2,963)	7,772
226	Payment Schedule Shifts	(687)	(1,780)	(2,118)	(2,182)	(687)	(1,780)	(2,118)	(2,182)	(687)	(1,780)	(2,467)	0	0	(2,118)	(2,182)	(4,300)	0	0
227																			
228	Total Payment Shifts	(687)	(1,780)	(2,118)	(2,182)	(70,038)	(28,968)	(8,598)	(6,436)	593	(2,625)	(2,032)	435	96,974	(5,081)	(2,182)	(7,263)	(2,963)	7,772
229																			
230																			
233	TOTAL GENERAL FUND LESS SHIFTS, K-12	5,925,182	5,930,247	5,874,471	5,844,282	6,068,773	6,271,890	6,233,439	6,197,495	6,189,848	6,426,771	12,616,619	761,190	275,956	6,436,949	6,430,458	12,867,407	1,148,654	436,473
234																			
235	SENATE RECONCILIATION TO SF. 1879									6,190,507	6,424,180	12,614,687	764,972		6,431,905	6,428,313	12,860,218	1,148,755	

2005 SESSION, SF. 2267 (SEN. BILL) vs Gov's Rec

Revenue, Aid & Levy Changes Per ADM

General Education Changes Only

SF. 2267 = 5% & 4% FA (Includes ProComp for Comparison)

SF 1278 = 2.5% and 2.5% FA

Senate CRFA
ELNauman

		Governor's Supp Budget Rec As Announced on March 10, 2005			Senate Bill Per ADM			DIFFERENCE PER ADM			
		Gen'l Ed & Ref Revenue Gov's Rec	Gen'l Ed & Ref Levy Gov's Rec	Gen'l Ed & Ref Aid Gov's Rec	Gen'l Ed, Ref Revenue SF 2267	Gen'l Ed, Ref Levy SF 2267	Gen'l Ed, Ref Aid SF 2267	Revenue SF 2267 Gov's Rec	Levy SF 2267 Gov's Rec	Aid SF 2267 Gov's Rec	
ADMs Served											
Total		816,972	7,390	915	6,475	7,518	756	6,762	128.1	(158.5)	286.6
1	AITKIN	1,219	6,883	351	6,532	7,136	268	6,927	253.0	(83.1)	395.1
1.03	MINNEAPOLIS	35,607	9,147	1,360	7,788	9,264	1,193	8,129	116.5	(167.1)	341.5
2	HILL CITY	295	8,514	153	8,360	8,800	91	8,770	286.3	(62.6)	409.6
4	MCGREGOR	508	8,530	372	8,158	8,845	333	8,571	315.1	(39.2)	413.4
6	SOUTH ST. PAUL	3,009	7,439	1,099	6,340	7,606	964	6,701	167.1	(135.1)	361.5
11	ANOKA-HENNEPIN	40,589	7,107	875	6,232	7,258	756	6,560	150.9	(118.9)	328.4
12	CENTENNIAL	7,032	6,139	228	5,911	6,284	100	6,243	145.4	(127.8)	331.6
13	COLUMBIA HEIGHTS	3,009	7,615	915	6,700	7,831	766	7,123	216.4	(148.8)	423.5
14	FRIDLEY	2,384	7,348	1,054	6,294	7,559	947	6,670	210.9	(106.7)	375.6
15	ST. FRANCIS	5,750	6,667	564	6,103	6,839	416	6,482	172.1	(148.3)	378.8
16	SPRING LAKE PARK	4,394	7,321	1,254	6,067	7,500	1,121	6,438	179.6	(132.5)	370.6
22	DETROIT LAKES	2,609	6,944	472	6,472	7,161	343	6,878	217.8	(129.5)	406.3
23	FRAZEE	1,092	6,693	270	6,423	6,841	111	6,788	147.7	(158.9)	364.9
25	PINE POINT	69	8,198	0	8,198	8,543	0	8,597	344.7	0.0	398.9
31	BEMIDJI	4,574	7,402	533	6,869	7,596	418	7,236	193.4	(114.9)	366.5
32	BLACKDUCK	708	7,171	183	6,988	7,457	81	7,436	285.9	(102.1)	447.4
36	KELLIHER	253	10,722	137	10,585	11,367	116	11,312	644.9	(21.2)	727.0
38	RED LAKE	1,605	9,368	1	9,366	9,696	1	9,753	328.6	0.0	386.1
47	SAUK RAPIDS	3,578	6,195	186	6,009	6,305	82	6,281	110.0	(103.9)	272.3
51	FOLEY	1,588	6,323	188	6,135	6,445	89	6,416	122.7	(98.5)	280.3
62	ORTONVILLE	428	8,066	463	7,603	8,347	356	8,052	281.4	(107.2)	449.6
75	ST. CLAIR	566	6,457	325	6,132	6,649	212	6,496	191.8	(113.8)	364.4
77	MANKATO	7,008	6,901	736	6,166	7,078	589	6,547	176.2	(147.1)	381.5
81	COMFREY	153	7,769	671	7,098	8,035	630	7,463	266.3	(40.7)	365.4
84	SLEEPY EYE	580	7,066	292	6,774	7,197	155	7,101	130.6	(137.8)	327.3
85	SPRINGFIELD	586	7,182	364	6,819	7,414	284	7,190	231.8	(79.5)	371.7
88	NEW ULM	2,051	6,953	662	6,291	7,176	520	6,716	223.3	(142.0)	425.3
91	BARNUM	600	6,674	274	6,400	6,886	189	6,755	212.1	(85.1)	355.3
93	CARLTON	584	7,185	619	6,566	7,345	473	6,932	159.4	(146.3)	365.4
94	CLOQUET	2,473	6,765	237	6,527	6,931	123	6,866	166.3	(114.6)	339.0
95	CROMWELL	314	7,661	209	7,452	7,872	115	7,814	210.8	(93.6)	361.9
97	MOOSE LAKE	745	6,734	362	6,372	6,927	246	6,740	193.1	(116.0)	367.9

2005 SESSION, SF. 2267 (SEN. BILL) vs Gov's Rec

Revenue, Aid & Levy Changes Per ADM

General Education Changes Only

SF. 2267 = 5% & 4% FA (Includes ProComp for Comparison)

SF 1278 = 2.5% and 2.5% FA

Senate CRFA
ELNauman

Governor's Supp Budget Rec As Announced on March 10, 2005

Senate Bill Per ADM

DIFFERENCE PER ADM

ADM's Served	ADM's	Gen'l Ed & Ref Revenue Gov's Rec	Gen'l Ed & Ref Levy Gov's Rec	Gen'l Ed & Ref Aid Gov's Rec	Gen'l Ed, Ref Revenue SF 2267	Gen'l Ed, Ref Levy SF 2267	Gen'l Ed, Ref Aid SF 2267	DIFFERENCE PER ADM			
								Revenue SF 2267 Gov's Rec	Levy SF 2267 Gov's Rec	Aid SF 2267 Gov's Rec	
99	ESKO	1,124	6,507	351	6,155	6,664	260	6,461	156.8	(91.1)	305.8
100	WRENSHALL	331	6,628	244	6,384	6,782	118	6,724	154.6	(125.6)	340.6
108	NORWOOD	902	6,920	902	6,018	7,143	720	6,482	222.8	(181.9)	464.1
110	WACONIA	2,589	6,753	820	5,933	6,924	709	6,273	170.9	(110.8)	339.6
111	WATERTOWN-MAYER	1,496	6,515	486	6,029	6,711	332	6,438	195.8	(153.9)	409.1
112	CHASKA	8,814	6,974	1,057	5,917	7,135	932	6,261	161.2	(124.5)	343.7
113	WALKER-AKELEY	954	6,812	412	6,400	6,982	375	6,666	169.9	(37.7)	266.5
115	CASS LAKE	1,185	7,851	224	7,627	8,190	194	8,054	339.1	(29.7)	427.0
116	PILLAGER	714	6,891	365	6,526	7,036	259	6,837	144.9	(105.9)	310.7
118	REMER	455	8,958	937	8,021	9,284	1,084	8,261	325.8	146.3	240.1
129	MONTEVIDEO	1,413	7,179	318	6,861	7,395	255	7,199	215.9	(62.4)	337.4
138	NORTH BRANCH	4,111	6,211	216	5,995	6,295	99	6,255	84.7	(117.1)	260.1
139	RUSH CITY	1,008	6,315	245	6,070	6,424	112	6,371	108.5	(133.0)	300.5
146	BARNESVILLE	768	6,677	276	6,401	6,884	182	6,760	206.7	(94.2)	358.9
150	HAWLEY	902	6,724	263	6,461	6,918	211	6,765	194.1	(51.3)	303.5
152	MOORHEAD	5,413	6,693	210	6,482	6,877	116	6,821	184.7	(94.2)	338.7
162	BAGLEY	1,052	7,128	160	6,968	7,342	82	7,319	214.0	(78.3)	351.0
166	COOK COUNTY	598	8,074	842	7,232	8,348	819	7,588	273.4	(23.1)	355.8
173	MOUNTAIN LAKE	506	7,725	533	7,192	7,942	452	7,549	217.4	(80.7)	356.3
177	WINDOM	902	6,930	418	6,512	7,139	296	6,902	208.9	(121.9)	389.7
181	BRAINERD	7,011	6,735	465	6,270	6,929	303	6,685	194.4	(162.0)	415.4
182	CROSBY	1,285	7,344	944	6,399	7,553	739	6,873	209.1	(205.6)	474.0
186	PEQUOT LAKES	1,473	6,445	457	5,988	6,609	373	6,295	164.2	(83.7)	307.0
191	BURNSVILLE	10,262	7,236	1,252	5,984	7,420	1,117	6,361	184.2	(134.1)	376.8
192	FARMINGTON	6,353	6,139	289	5,850	6,293	190	6,160	154.0	(98.7)	309.8
194	LAKEVILLE	10,987	7,006	1,075	5,931	7,117	932	6,244	111.5	(142.8)	312.5
195	RANDOLPH	485	6,657	686	5,971	6,861	577	6,342	204.2	(109.3)	371.4
196	ROSEMOUNT-APPLE	25,982	6,940	921	6,019	7,096	761	6,394	155.8	(159.6)	374.5
197	WEST ST. PAUL	4,908	7,291	1,368	5,923	7,477	1,304	6,232	185.8	(64.6)	308.6
199	INVER GROVE	3,523	7,261	1,325	5,936	7,452	1,195	6,316	191.2	(129.3)	379.6
200	HASTINGS	4,932	7,054	1,017	6,038	7,223	844	6,438	168.1	(172.5)	399.9
203	HAYFIELD	943	6,672	362	6,310	6,866	269	6,655	193.8	(92.9)	344.8
204	KASSON-MANTORVIL	1,974	6,062	143	5,919	6,150	59	6,148	88.3	(83.4)	229.4
206	ALEXANDRIA	3,921	6,864	785	6,079	7,062	592	6,529	197.7	(193.2)	450.0
207	BRANDON	293	6,983	626	6,357	7,205	448	6,816	222.1	(177.8)	458.9

2005 SESSION, SF. 2267 (SEN. BILL) vs Gov's Rec
 Revenue, Aid & Levy Changes Per ADM

Senate CRFA
 ELNauman

General Education Changes Only

SF. 2267 = 5% & 4% FA (Includes ProComp for Comparison)

SF 1278 = 2.5% and 2.5% FA

		Governor's Supp Budget Rec As Announced on March 10, 2005			Senate Bill Per ADM			DIFFERENCE PER ADM			
		Gen'l Ed & Ref	Gen'l Ed & Ref	Gen'l Ed & Ref	Gen'l Ed, Ref	Gen'l Ed, Ref	Gen'l Ed, Ref	Revenue	Levy	Aid	
ADMs Served		Revenue	Levy	Aid	Revenue	Levy	Aid	SF 2267	SF 2267	SF 2267	
		Gov's Rec	Gov's Rec	Gov's Rec	SF 2267	SF 2267	SF 2267	Gov's Rec	Gov's Rec	Gov's Rec	
208	EVANSVILLE	205	7,737	906	6,831	7,869	763	7,165	132.2	(142.8)	333.5
213	OSAKIS	649	6,541	219	6,322	6,654	104	6,610	113.8	(114.6)	288.1
227	CHATFIELD	914	6,619	418	6,201	6,781	292	6,548	162.4	(125.9)	346.7
229	LANESBORO	336	6,982	406	6,576	7,228	290	6,997	246.0	(116.2)	421.2
238	MABEL-CANTON	355	6,863	391	6,473	7,070	301	6,828	207.3	(89.7)	355.2
239	RUSHFORD-PETERSO	563	7,719	1,000	6,719	7,965	796	7,229	245.8	(204.0)	509.4
241	ALBERT LEA	3,327	7,187	506	6,681	7,441	435	7,066	254.2	(71.6)	385.6
242	ALDEN	384	7,025	299	6,727	7,252	223	7,088	226.4	(75.6)	361.3
252	CANNON FALLS	1,315	6,810	700	6,110	7,003	573	6,489	192.4	(127.6)	379.0
253	GOODHUE	525	6,625	289	6,336	6,828	174	6,715	202.4	(115.1)	378.1
255	PINE ISLAND	1,241	6,668	449	6,219	6,861	361	6,559	193.2	(88.3)	339.7
256	RED WING	2,759	7,100	1,119	5,981	7,267	881	6,445	166.2	(238.7)	464.2
261	ASHBY	264	6,594	202	6,392	6,733	97	6,695	138.4	(104.8)	303.1
264	HERMAN-NORCROSS	113	10,960	1,249	9,711	11,242	1,296	10,005	282.0	47.5	293.9
270	HOPKINS	7,910	7,753	1,855	5,898	7,907	1,799	6,166	154.2	(55.8)	268.5
271	BLOOMINGTON	10,536	7,482	1,444	6,038	7,588	1,277	6,369	105.4	(166.4)	330.5
272	EDEN PRAIRIE	9,701	7,445	1,668	5,777	7,297	1,247	6,109	(148.2)	(421.0)	331.4
273	EDINA	7,501	7,440	1,729	5,711	7,644	1,695	6,008	203.6	(34.9)	296.8
276	MINNETONKA	7,442	7,650	1,870	5,781	7,870	1,864	6,065	219.7	(5.3)	284.1
277	WESTONKA	2,355	7,916	2,136	5,780	7,472	1,474	6,057	(444.1)	(662.1)	276.9
278	ORONO	2,469	7,152	1,446	5,706	7,143	1,193	6,009	(8.4)	(253.0)	303.0
279	OSSEO	21,361	7,541	1,247	6,294	7,732	1,123	6,668	191.7	(123.9)	373.9
280	RICHFIELD	3,808	7,874	1,286	6,589	8,067	1,165	6,962	193.0	(120.8)	373.2
281	ROBBINSDALE	13,420	7,463	1,283	6,180	7,635	1,148	6,545	171.8	(134.8)	364.7
282	ST. ANTHONY-NEW	1,643	7,041	1,213	5,828	7,157	1,006	6,210	115.6	(207.7)	382.3
283	ST. LOUIS PARK	4,209	8,133	2,148	5,985	8,305	2,092	6,271	171.5	(55.9)	286.1
284	WAYZATA	9,937	7,097	1,370	5,727	7,234	1,246	6,046	137.4	(123.7)	319.6
286	BROOKLYN CENTER	1,621	7,958	664	7,294	8,196	559	7,696	238.3	(104.9)	401.8
294	HOUSTON	725	7,019	477	6,542	7,212	413	6,857	193.0	(63.7)	314.9
297	SPRING GROVE	342	7,479	661	6,818	7,702	564	7,197	222.3	(96.8)	379.2
299	CALEDONIA	828	7,409	700	6,709	7,638	594	7,105	229.7	(105.7)	396.3
300	LACRESCENT	1,407	6,520	200	6,320	6,718	79	6,699	197.9	(121.3)	379.8
306	LAPORTE	274	7,384	345	7,039	7,600	235	7,425	216.6	(109.8)	385.7
308	NEVIS	515	7,033	455	6,578	7,266	323	7,002	233.0	(132.1)	423.9
309	PARK RAPIDS	1,759	7,018	343	6,674	7,128	176	7,011	110.5	(166.9)	336.2

2005 SESSION, SF. 2267 (SEN. BILL) vs Gov's Rec

Revenue, Aid & Levy Changes Per ADM

General Education Changes Only

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Senate CRFA

ELNauman

		Governor's Supp Budget Rec As Announced on March 10, 2005			Senate Bill Per ADM			DIFFERENCE PER ADM			
ADMs Served		Gen'l Ed & Ref Revenue Gov's Rec	Gen'l Ed & Ref Levy Gov's Rec	Gen'l Ed & Ref Aid Gov's Rec	Gen'l Ed, Ref Revenue SF 2267	Gen'l Ed, Ref Levy SF 2267	Gen'l Ed, Ref Aid SF 2267	Revenue SF 2267 Gov's Rec	Levy SF 2267 Gov's Rec	Aid SF 2267 Gov's Rec	
314	BRAHAM	886	6,892	447	6,446	7,105	297	6,866	212.0	(149.5)	420.1
316	GREENWAY	1,293	7,699	766	6,933	7,886	697	7,247	186.4	(68.9)	313.6
317	DEER RIVER	965	7,384	249	7,135	7,595	143	7,512	210.6	(106.5)	376.7
318	GRAND RAPIDS	3,600	6,993	389	6,603	7,160	207	7,013	167.8	(182.2)	409.5
319	NASHWAUK-KEEWATI	647	7,241	241	6,999	7,460	146	7,373	219.0	(95.1)	373.3
323	FRANCONIA	27	7,725	1,660	6,066	7,902	1,608	6,355	176.3	(52.1)	289.5
330	HERON LAKE-OKABE	285	8,932	807	8,124	9,184	709	8,536	252.7	(99.0)	411.8
332	MORA	1,728	6,576	304	6,272	6,783	178	6,664	207.1	(126.3)	392.3
333	OGILVIE	713	6,611	157	6,454	6,768	88	6,738	156.7	(69.0)	283.9
345	NEW LONDON-SPICE	1,467	6,952	604	6,349	7,174	455	6,779	221.0	(148.2)	430.3
347	WILLMAR	3,923	7,482	447	7,035	7,734	374	7,419	252.4	(73.1)	384.3
356	LANCASTER	159	10,683	761	9,921	11,004	710	10,353	321.2	(51.4)	431.8
361	INTERNATIONAL FA	1,326	7,602	773	6,829	7,509	482	7,087	(93.9)	(291.2)	257.2
362	LITTLEFORK-BIG F	317	8,831	157	8,674	9,073	58	9,075	241.7	(99.3)	401.3
363	SOUTH KOOCHICHIN	337	11,084	142	10,942	11,490	57	11,493	406.1	(85.3)	551.0
371	BELLINGHAM	115	8,885	769	8,115	9,073	677	8,455	188.5	(92.5)	339.8
378	DAWSON	540	7,466	464	7,002	7,721	398	7,383	255.2	(66.4)	381.3
381	LAKE SUPERIOR	1,436	7,131	344	6,787	7,321	219	7,162	189.9	(124.6)	374.2
390	LAKE OF THE WOOD	619	7,691	404	7,287	7,700	163	7,597	9.6	(240.9)	310.3
391	CLEVELAND	381	6,746	652	6,095	6,952	519	6,492	205.4	(132.7)	397.1
392	LECENTER	672	6,690	336	6,353	6,890	232	6,717	200.0	(104.6)	363.1
394	MONTGOMERY	1,080	6,340	273	6,066	6,458	125	6,392	118.7	(148.1)	325.3
402	HENDRICKS	146	7,771	700	7,072	7,986	584	7,460	214.0	(115.2)	388.5
403	IVANHOE	181	7,665	420	7,246	7,912	308	7,665	246.8	(111.9)	419.4
404	LAKE BENTON	225	7,474	494	6,980	7,696	386	7,369	222.6	(107.5)	388.8
409	TYLER	287	6,262	187	6,076	6,451	92	6,417	189.0	(94.6)	341.2
411	BALATON	140	7,712	961	6,751	7,961	859	7,162	249.6	(102.2)	410.9
413	MARSHALL	2,190	6,706	374	6,332	6,852	226	6,685	146.9	(147.4)	353.4
414	MINNEOTA	478	6,542	218	6,324	6,720	130	6,647	177.9	(87.6)	322.5
415	LYND	141	8,077	763	7,314	8,327	710	7,674	249.6	(52.7)	359.3
417	TRACY	697	7,784	407	7,377	8,065	311	7,814	280.6	(96.2)	437.2
418	RUSSELL	122	7,390	670	6,720	7,644	437	7,266	254.1	(232.8)	545.9
423	HUTCHINSON	2,890	7,181	885	6,296	7,347	770	6,636	166.3	(115.7)	340.4
424	LESTER PRAIRIE	465	6,836	479	6,357	7,029	373	6,715	193.4	(105.8)	358.0
432	MAHNOMEN	716	7,720	113	7,607	8,008	79	7,988	287.1	(33.9)	380.4

2005 SESSION, SF. 2267 (SEN. BILL) vs Gov's Rec
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Senate CRFA
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Governor's Supp Budget Rec As Announced on March 10, 2005

Senate Bill Per ADM

DIFFERENCE PER ADM

ADM's Served		Governor's Supp Budget Rec As Announced on March 10, 2005			Senate Bill Per ADM			DIFFERENCE PER ADM			
		Gen'l Ed & Ref Revenue Gov's Rec	Gen'l Ed & Ref Levy Gov's Rec	Gen'l Ed & Ref Aid Gov's Rec	Gen'l Ed, Ref Revenue SF 2267	Gen'l Ed, Ref Levy SF 2267	Gen'l Ed, Ref Aid SF 2267	Revenue SF 2267 Gov's Rec	Levy SF 2267 Gov's Rec	Aid SF 2267 Gov's Rec	
435	WAUBUN	599	7,823	177	7,646	8,105	116	8,048	282.4	(61.4)	402.1
441	NEWFOLDEN	328	9,258	744	8,514	9,572	650	8,981	313.5	(94.6)	467.7
447	GRYGLA	190	10,401	210	10,191	10,791	84	10,766	389.7	(125.6)	574.7
458	TRUMAN	386	7,561	677	6,884	7,752	535	7,275	191.2	(141.6)	391.0
463	EDEN VALLEY	712	6,983	430	6,552	7,228	248	7,040	244.7	(182.8)	487.8
465	LITCHFIELD	1,892	6,837	394	6,444	6,998	262	6,796	161.1	(131.6)	351.9
466	DASSEL-COKATO	2,107	6,499	244	6,255	6,706	153	6,612	206.7	(91.2)	356.6
473	ISLE	546	6,966	290	6,677	7,143	196	7,006	176.9	(93.5)	329.8
477	PRINCETON	3,629	6,143	199	5,944	6,240	89	6,209	97.7	(109.3)	265.0
480	ONAMIA	684	7,463	313	7,150	7,755	225	7,590	291.6	(88.4)	439.8
482	LITTLE FALLS	2,514	7,540	922	6,617	7,787	830	7,016	247.4	(92.4)	398.8
484	PIERZ	925	7,294	400	6,894	7,512	307	7,265	217.5	(93.7)	371.2
485	ROYALTON	660	6,443	223	6,221	6,664	95	6,627	220.2	(127.3)	406.2
486	SWANVILLE	307	7,661	684	6,977	7,892	588	7,363	231.4	(96.3)	386.3
487	UPSALA	378	6,522	224	6,298	6,737	127	6,669	214.9	(97.0)	370.6
492	AUSTIN	3,814	7,618	658	6,960	7,851	612	7,298	232.7	(46.1)	337.6
495	GRAND MEADOW	337	7,220	646	6,574	7,442	560	6,940	221.9	(85.9)	366.5
497	LYLE	245	7,811	547	7,264	8,084	485	7,659	273.1	(62.4)	394.6
499	LEROY	369	7,650	658	6,992	7,834	550	7,343	184.8	(107.8)	350.9
500	SOUTHLAND	590	7,505	775	6,730	7,736	686	7,109	230.6	(88.8)	378.4
505	FULDA	410	9,120	1,145	7,975	9,359	1,025	8,396	239.7	(120.0)	420.7
507	NICOLLET	282	7,669	1,135	6,534	7,627	781	6,906	(42.1)	(354.2)	371.2
508	ST. PETER	1,696	6,876	505	6,371	7,080	394	6,746	204.5	(111.1)	374.6
511	ADRIAN	597	7,157	231	6,926	7,370	167	7,263	212.9	(64.4)	337.1
513	BREWSTER	187	7,522	528	6,994	7,739	439	7,359	217.0	(89.0)	364.4
514	ELLSWORTH	173	7,107	211	6,896	7,311	113	7,257	204.6	(98.1)	361.4
516	ROUND LAKE	112	7,813	687	7,126	8,051	571	7,541	237.9	(116.1)	414.6
518	WORTHINGTON	2,185	7,510	314	7,196	7,723	243	7,537	212.6	(70.1)	340.9
531	BYRON	1,541	6,206	243	5,963	6,390	146	6,302	183.2	(97.1)	338.4
533	DOVER-EYOTA	1,212	6,525	179	6,346	6,716	96	6,678	190.4	(83.0)	332.3
534	STEWARTVILLE	1,719	6,994	680	6,314	7,184	614	6,627	190.0	(65.5)	313.4
535	ROCHESTER	16,238	6,892	701	6,191	7,100	587	6,571	208.4	(113.5)	380.1
542	BATTLE LAKE	499	6,730	405	6,325	6,892	367	6,584	161.6	(38.6)	259.5
544	FERGUS FALLS	2,565	6,812	594	6,218	6,962	418	6,602	149.5	(176.5)	384.3
545	HENNING	347	8,289	1,477	6,813	8,517	1,274	7,302	228.0	(203.0)	488.9

2005 SESSION, SF. 2267 (SEN. BILL) vs Gov's Rec

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General Education Changes Only

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Senate CRFA
ELNauman

		Governor's Supp Budget Rec As Announced on March 10, 2005			Senate Bill Per ADM			DIFFERENCE PER ADM			
ADMs Served		Gen'l Ed & Ref	Gen'l Ed & Ref	Gen'l Ed & Ref	Gen'l Ed, Ref	Gen'l Ed, Ref	Gen'l Ed, Ref	Revenue	Levy	Aid	
		Revenue Gov's Rec	Levy Gov's Rec	Aid Gov's Rec	Revenue SF 2267	Levy SF 2267	Aid SF 2267	SF 2267 Gov's Rec	SF 2267 Gov's Rec	SF 2267 Gov's Rec	
547	PARKERS PRAIRIE	516	7,365	427	6,939	7,607	312	7,355	241.4	(114.1)	416.0
548	PELICAN RAPIDS	1,020	7,085	322	6,763	7,244	223	7,081	159.7	(98.3)	317.7
549	PERHAM	1,466	6,676	398	6,278	6,813	222	6,650	137.3	(175.4)	372.1
550	UNDERWOOD	448	6,678	215	6,463	6,800	96	6,762	121.2	(119.2)	299.2
553	NEW YORK MILLS	707	6,974	202	6,772	7,186	130	7,114	211.2	(71.7)	341.8
561	GOODRIDGE	163	11,499	599	10,900	11,839	545	11,353	340.1	(53.9)	453.1
564	THIEF RIVER FALL	2,074	7,305	484	6,821	7,465	427	7,096	159.4	(56.5)	274.3
577	WILLOW RIVER	424	7,690	354	7,336	7,987	256	7,792	297.2	(97.8)	455.3
578	PINE CITY	1,639	7,514	1,025	6,489	7,636	844	6,851	122.4	(180.3)	361.7
581	EDGERTON	275	7,711	587	7,124	7,985	468	7,577	273.5	(118.8)	452.4
584	RUTHTON	117	7,808	506	7,302	8,012	399	7,671	204.2	(106.5)	369.1
592	CLIMAX	171	9,593	674	8,919	9,898	641	9,314	305.2	(33.1)	395.5
593	CROOKSTON	1,306	7,641	408	7,233	7,874	354	7,579	232.9	(53.6)	345.9
595	EAST GRAND FORKS	1,700	6,544	209	6,335	6,738	106	6,690	194.2	(102.4)	354.9
599	FERTILE-BELTRAMI	490	8,690	763	7,928	9,005	715	8,349	314.5	(47.6)	421.7
600	FISHER	297	7,885	539	7,346	7,790	462	7,387	(94.9)	(77.8)	41.4
601	FOSSTON	686	7,201	142	7,059	7,375	78	7,357	174.5	(64.4)	297.9
611	CYRUS	107	7,349	689	6,660	7,557	591	7,023	207.4	(98.0)	363.0
621	MOUNDS VIEW	9,485	7,417	1,355	6,062	7,545	1,189	6,415	128.4	(165.1)	353.2
622	NORTH ST. PAUL-M	10,708	7,346	1,261	6,085	7,536	1,139	6,456	189.6	(122.0)	370.9
623	ROSEVILLE	6,154	7,505	1,535	5,970	7,752	1,521	6,290	247.7	(14.3)	320.8
624	WHITE BEAR LAKE	8,545	7,001	1,191	5,810	7,163	1,053	6,169	162.2	(138.3)	359.1
625	ST. PAUL	38,234	8,687	762	7,925	8,788	610	8,236	101.1	(152.0)	311.2
627	OKLEE	198	9,074	341	8,733	9,428	266	9,221	353.6	(75.4)	487.8
628	PLUMMER	144	8,610	718	7,892	8,804	605	8,257	193.6	(113.4)	365.0
630	RED LAKE FALLS	348	8,612	489	8,123	8,846	426	8,481	233.9	(63.4)	358.6
635	MILROY	131	7,436	549	6,886	7,641	448	7,252	205.3	(101.9)	365.7
640	WABASSO	379	7,259	401	6,858	7,440	283	7,217	181.0	(117.8)	358.9
656	FARIBAULT	4,283	6,586	263	6,323	6,783	130	6,710	196.4	(132.9)	387.2
659	NORTHFIELD	3,710	7,083	939	6,143	7,255	789	6,526	172.8	(150.5)	382.6
671	HILLS-BEAVER CRE	302	7,571	667	6,904	7,784	573	7,268	212.7	(93.8)	364.8
676	BADGER	212	8,636	617	8,019	8,895	614	8,340	258.8	(3.8)	321.2
682	ROSEAU	1,379	6,690	181	6,509	6,824	88	6,795	133.9	(93.3)	286.0
690	WARROAD	1,185	6,912	183	6,729	7,044	91	7,012	131.9	(92.2)	283.3
695	CHISHOLM	721	7,537	660	6,878	7,678	564	7,172	140.2	(95.6)	294.2

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Governor's Supp Budget Rec As Announced on March 10, 2005

Senate Bill Per ADM

DIFFERENCE PER ADM

ADM's Served	ADM's	Governor's Supp Budget Rec As Announced on March 10, 2005			Senate Bill Per ADM			DIFFERENCE PER ADM			
		Gen'l Ed & Ref Revenue Gov's Rec	Gen'l Ed & Ref Levy Gov's Rec	Gen'l Ed & Ref Aid Gov's Rec	Gen'l Ed, Ref Revenue SF 2267	Gen'l Ed, Ref Levy SF 2267	Gen'l Ed, Ref Aid SF 2267	Revenue SF 2267 Gov's Rec	Levy SF 2267 Gov's Rec	Aid SF 2267 Gov's Rec	
696	ELY	526	12,716	573	12,143	12,629	446	12,243	(86.9)	(127.5)	100.1
698	FLOODWOOD	385	7,816	226	7,589	8,004	108	7,956	188.6	(117.9)	366.6
700	HERMANTOWN	1,912	6,276	314	5,962	6,446	101	6,405	169.8	(213.6)	442.4
701	HIBBING	2,318	7,368	552	6,816	7,556	436	7,180	188.2	(116.7)	364.6
704	PROCTOR	1,793	6,296	254	6,042	6,476	99	6,435	179.4	(155.4)	393.3
706	VIRGINIA	1,575	6,585	185	6,400	6,789	90	6,757	203.5	(95.0)	356.8
707	NETT LAKE	121	9,372	16	9,356	9,615	10	9,663	242.3	(6.5)	306.6
709	DULUTH	10,295	7,181	698	6,483	7,343	551	6,851	162.5	(146.6)	368.0
712	MOUNTAIN IRON-BU	550	7,367	595	6,772	7,587	515	7,131	220.2	(80.8)	359.0
716	BELLE PLAINE	1,604	6,113	226	5,887	6,215	97	6,176	102.4	(128.8)	289.0
717	JORDAN	1,678	6,104	262	5,841	6,282	122	6,217	178.3	(140.2)	376.0
719	PRIOR LAKE	7,132	6,897	1,087	5,810	7,038	964	6,131	140.6	(123.0)	321.3
720	SHAKOPEE	5,593	6,972	887	6,085	7,141	757	6,442	168.9	(130.2)	356.9
721	NEW PRAGUE	3,422	6,572	550	6,022	6,730	426	6,362	157.4	(124.2)	339.7
726	BECKER	2,793	6,811	994	5,817	6,974	887	6,144	162.5	(107.0)	326.8
727	BIG LAKE	3,480	6,029	163	5,866	6,195	74	6,179	165.5	(89.5)	312.3
728	ELK RIVER	10,007	7,067	962	6,105	7,233	801	6,493	166.2	(161.1)	387.4
738	HOLDINGFORD	1,012	6,618	278	6,340	6,824	202	6,682	206.2	(76.8)	342.2
739	KIMBALL	758	6,360	221	6,139	6,495	107	6,448	135.3	(114.2)	308.9
740	MELROSE	1,455	7,101	402	6,699	7,335	300	7,095	234.1	(101.2)	395.2
741	PAYNESVILLE	1,029	6,923	493	6,430	7,149	359	6,849	225.4	(134.3)	418.7
742	ST. CLOUD	9,132	7,267	903	6,363	7,465	769	6,755	198.3	(134.3)	391.8
743	SAUK CENTRE	1,064	7,296	717	6,578	7,526	599	6,987	230.3	(118.4)	409.1
745	ALBANY	1,594	6,579	380	6,199	6,778	301	6,535	198.6	(79.1)	335.9
748	SARTELL	2,935	6,372	386	5,986	6,497	271	6,284	124.6	(115.8)	298.3
750	COLD SPRING	2,332	6,446	326	6,121	6,641	183	6,518	194.6	(143.1)	397.0
756	BLOOMING PRAIRIE	747	6,764	352	6,412	6,955	256	6,757	190.5	(96.1)	345.3
761	OWATONNA	4,936	7,231	719	6,512	7,423	655	6,826	192.0	(64.4)	314.7
763	MEDFORD	817	6,365	250	6,115	6,530	163	6,425	164.7	(87.0)	309.2
768	HANCOCK	221	7,282	562	6,720	7,511	489	7,080	229.6	(72.7)	360.7
769	MORRIS	900	6,799	370	6,429	7,005	245	6,820	206.4	(125.3)	391.4
771	CHOKIO-ALBERTA	184	10,198	2,723	7,475	10,468	2,587	7,942	270.4	(136.1)	466.6
775	KERKHOVEN-MURDOC	565	7,499	400	7,100	7,731	278	7,514	232.2	(121.9)	413.9
777	BENSON	981	7,075	335	6,740	7,288	234	7,113	212.8	(101.0)	373.3
786	BERTHA-HEWITT	430	7,331	142	7,188	7,572	76	7,555	241.2	(66.2)	366.0

2005 SESSION, SF. 2267 (SEN. BILL) vs Gov's Rec

Revenue, Aid & Levy Changes Per ADM

General Education Changes Only

SF. 2267 = 5% & 4% FA (Includes ProComp for Comparison)

SF 1278 = 2.5% and 2.5% FA

Senate CRFA

ELNauman

		Governor's Supp Budget Rec As Announced on March 10, 2005			Senate Bill Per ADM			DIFFERENCE PER ADM			
ADM's Served		Gen'l Ed & Ref	Gen'l Ed & Ref	Gen'l Ed & Ref	Gen'l Ed, Ref	Gen'l Ed, Ref	Gen'l Ed, Ref	Revenue	Levy	Aid	
		Revenue Gov's Rec	Levy Gov's Rec	Aid Gov's Rec	Revenue SF 2267	Levy SF 2267	Aid SF 2267	SF 2267 Gov's Rec	SF 2267 Gov's Rec	SF 2267 Gov's Rec	
787	BROWERVILLE	466	7,015	191	6,824	7,251	106	7,204	236.3	(84.8)	380.1
801	BROWNS VALLEY	125	9,831	617	9,214	10,078	556	9,579	247.1	(61.1)	364.9
803	WHEATON	426	8,321	810	7,511	8,580	737	7,902	258.4	(73.0)	390.6
806	ELGIN-MILLVILLE	469	7,029	563	6,467	7,256	442	6,875	226.8	(121.1)	408.1
810	PLAINVIEW	1,054	6,475	242	6,233	6,682	148	6,593	207.5	(93.6)	360.1
811	WABASHA	653	6,729	411	6,319	6,951	260	6,752	221.9	(150.8)	433.5
813	LAKE CITY	1,393	6,884	736	6,148	7,091	599	6,550	206.5	(136.9)	402.1
815	PRINSBURG	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
818	VERNDALE	455	7,076	103	6,972	7,280	54	7,284	203.8	(49.0)	311.2
820	SEBEKA	554	8,020	433	7,587	8,252	383	7,928	232.0	(50.3)	340.8
821	MENAHGA	766	6,968	142	6,826	7,146	84	7,121	177.9	(58.7)	294.8
829	WASECA	1,932	7,321	595	6,726	7,546	495	7,111	224.8	(100.1)	385.0
831	FOREST LAKE	7,475	7,070	1,010	6,060	7,257	874	6,442	187.6	(136.2)	382.2
832	MAHTOMEDI	2,985	7,407	1,550	5,857	7,359	1,214	6,205	(47.6)	(335.9)	347.8
833	SOUTH WASHINGTON	16,565	7,056	1,149	5,907	7,221	1,047	6,232	165.3	(102.6)	325.8
834	STILLWATER	9,066	7,238	1,273	5,965	7,385	1,126	6,319	147.0	(147.9)	354.6
836	BUTTERFIELD	205	7,903	502	7,401	8,131	413	7,775	228.6	(88.6)	374.1
837	MADELIA	591	6,845	228	6,617	7,080	154	6,984	234.8	(74.0)	367.4
840	ST. JAMES	1,250	7,409	354	7,056	7,577	267	7,369	168.1	(86.7)	313.5
846	BRECKENRIDGE	871	6,500	171	6,329	6,612	81	6,590	112.0	(90.2)	261.3
850	ROTHSAY	208	9,104	1,077	8,027	9,325	1,002	8,383	221.2	(74.8)	356.0
852	CAMPBELL-TINTAH	123	11,704	2,074	9,630	12,017	2,024	10,053	312.7	(50.1)	422.4
857	LEWISTON	734	6,976	443	6,533	7,182	353	6,888	206.1	(90.6)	355.0
858	ST. CHARLES	1,032	6,294	176	6,118	6,416	81	6,393	121.8	(95.1)	275.2
861	WINONA	3,465	7,325	914	6,411	7,556	735	6,881	230.8	(178.8)	469.3
876	ANNANDALE	1,696	6,826	688	6,138	7,026	568	6,517	199.3	(120.4)	378.8
877	BUFFALO	5,838	6,696	554	6,142	6,852	447	6,464	156.4	(107.0)	321.2
879	DELANO	2,001	6,586	669	5,917	6,761	522	6,298	175.4	(147.3)	381.1
881	MAPLE LAKE	878	6,951	759	6,193	7,151	637	6,574	199.8	(122.2)	381.4
882	MONTICELLO	4,181	6,304	376	5,928	6,486	253	6,291	182.2	(122.8)	362.6
883	ROCKFORD	1,693	6,186	266	5,919	6,377	134	6,301	191.2	(132.1)	381.5
885	ST. MICHAEL-ALBE	4,390	6,516	502	6,014	6,677	418	6,316	160.5	(84.1)	302.1
891	CANBY	583	7,694	320	7,374	7,938	245	7,753	244.3	(75.1)	378.7
911	CAMBRIDGE-ISANTI	5,383	6,343	286	6,057	6,502	157	6,403	159.4	(128.6)	346.1
912	MILACA	1,800	6,518	211	6,307	6,696	83	6,672	178.2	(128.5)	365.7

Governor's Supp Budget Rec As Announced on March 10, 2005

Senate Bill Per ADM

DIFFERENCE PER ADM

ADM's Served	ADM	Governor's Supp Budget Rec As Announced on March 10, 2005			Senate Bill Per ADM			DIFFERENCE PER ADM			
		Gen'l Ed & Ref Revenue	Gen'l Ed & Ref Levy	Gen'l Ed & Ref Aid	Gen'l Ed, Ref Revenue	Gen'l Ed, Ref Levy	Gen'l Ed, Ref Aid	Revenue SF 2267	Levy SF 2267	Aid SF 2267	
		Gov's Rec	Gov's Rec	Gov's Rec	SF 2267	SF 2267	SF 2267	Gov's Rec	Gov's Rec	Gov's Rec	
914	ULEN-HITTERDAL	275	7,825	549	7,276	8,060	475	7,644	234.6	(73.8)	367.3
2071	LAKE CRYSTAL-WEL	808	7,222	946	6,275	7,420	711	6,768	198.2	(235.9)	492.6
2125	TRITON	1,115	6,959	427	6,532	7,130	313	6,875	171.0	(113.3)	342.8
2134	UNITED SOUTH CENTRAL	934	7,484	535	6,949	7,714	423	7,350	229.7	(112.3)	401.2
2135	MAPLE RIVER	1,245	7,226	666	6,560	7,426	574	6,910	200.1	(92.2)	350.3
2137	KINGSLAND	803	6,804	399	6,405	7,020	276	6,804	216.4	(123.1)	399.1
2142	ST. LOUIS COUNTY	2,127	8,602	476	8,126	8,916	364	8,611	314.1	(111.7)	485.3
2143	WATERVILLE-ELYSIAN-MO	967	6,928	654	6,274	7,132	500	6,691	204.0	(154.3)	417.3
2144	CHISAGO LAKES AREA	3,465	6,669	655	6,013	6,817	490	6,385	147.9	(165.2)	371.8
2149	MINNEWASKA	1,257	6,761	294	6,468	7,012	152	6,920	251.2	(141.5)	452.8
2154	EVELETH-GILBERT	1,329	6,922	315	6,607	7,095	229	6,925	172.8	(86.2)	317.6
2155	WADENA-DEER CREEK	1,186	7,065	201	6,864	7,262	111	7,209	197.3	(90.2)	345.8
2159	BUFFALO LAKE-HECTOR	532	7,888	851	7,037	8,136	797	7,398	248.8	(53.6)	361.2
2164	DILWORTH-GLYNDON	1,359	6,356	115	6,240	6,475	58	6,475	119.1	(57.8)	234.5
2165	HINCKLEY-FINLAYS	1,000	6,919	347	6,571	7,127	222	6,963	207.9	(125.5)	392.1
2167	LAKEVIEW	546	6,964	372	6,592	7,165	280	6,942	201.0	(91.7)	350.4
2168	NRHEG	935	6,445	250	6,195	6,579	122	6,516	134.3	(128.3)	321.3
2169	MURRAY COUNTY	726	7,708	692	7,016	7,745	543	7,261	36.9	(149.3)	244.7
2170	STAPLES-MOTLEY	1,391	7,241	316	6,925	7,445	175	7,329	203.6	(141.7)	404.5
2171	KITTSOON CENTRAL	341	10,145	1,789	8,356	10,391	1,687	8,764	246.3	(101.6)	407.9
2172	KENYON-WANAMINGO	890	6,762	519	6,243	6,930	387	6,602	168.5	(131.5)	358.5
2174	PINE RIVER-BACKU	940	7,548	374	7,174	7,809	280	7,589	260.6	(93.7)	414.8
2176	WARREN-ALVARADO-	472	9,705	1,096	8,609	9,967	950	9,076	261.5	(145.9)	466.8
2180	MACCRAY	761	7,594	696	6,898	7,829	556	7,332	234.7	(140.5)	434.5
2184	LUVERNE	1,272	6,805	309	6,496	7,005	230	6,833	200.2	(78.7)	336.7
2190	YELLOW MEDICINE EAST	1,086	7,195	401	6,794	7,401	287	7,172	205.7	(113.7)	378.0
2198	FILMORE CENTRAL	629	7,012	498	6,514	7,223	377	6,906	211.0	(121.8)	392.0
2215	NORMAN COUNTY EAST	370	7,975	288	7,687	8,224	222	8,060	249.1	(65.8)	373.2
2310	SIBLEY EAST	1,223	6,799	306	6,493	7,014	201	6,872	214.5	(105.3)	378.7
2311	CLEARBROOK-GONVICK	444	7,495	327	7,168	7,790	201	7,651	294.8	(126.3)	483.1
2342	WEST CENTRAL AREA	794	7,113	445	6,667	7,347	329	7,077	234.4	(116.2)	409.6
2358	KARLSTAD-STRANDQ	269	10,058	630	9,428	10,379	560	9,877	321.5	(69.7)	448.8
2364	BELGRADE-BROOTEN-ELR	718	7,866	711	7,156	8,099	581	7,578	232.7	(130.1)	422.1
2365	G.F.W.	842	7,318	538	6,780	7,537	408	7,188	219.7	(129.5)	408.4
2396	A.C.G.C.	811	7,507	762	6,745	7,708	666	7,101	201.2	(95.6)	355.7

2005 SESSION, SF. 2267 (SEN. BILL) vs Gov's Rec
Revenue, Aid & Levy Changes Per ADM

Senate CRFA
ELNauman

General Education Changes Only

SF. 2267 = 5% & 4% FA (Includes ProComp for Comparison)

SF 1278 = 2.5% and 2.5% FA

Governor's Supp Budget Rec As Announced on March 10, 2005

Senate Bill Per ADM

DIFFERENCE PER ADM

ADM's Served	ADM's	ADM's Served	Governor's Supp Budget Rec As Announced on March 10, 2005			Senate Bill Per ADM			DIFFERENCE PER ADM		
			Gen'l Ed & Ref Revenue Gov's Rec	Gen'l Ed & Ref Levy Gov's Rec	Gen'l Ed & Ref Aid Gov's Rec	Gen'l Ed, Ref Revenue SF 2267	Gen'l Ed, Ref Levy SF 2267	Gen'l Ed, Ref Aid SF 2267	Revenue SF 2267 Gov's Rec	Levy SF 2267 Gov's Rec	Aid SF 2267 Gov's Rec
2397	LESUEUR-HENDERSO	1,276	6,925	434	6,492	7,101	297	6,863	175.3	(136.2)	371.2
2448	MARTIN COUNTY	815	7,059	398	6,662	7,289	226	7,122	229.3	(171.5)	460.5
2527	HALSTAD-HENDRUM	300	8,640	435	8,204	8,942	383	8,619	302.3	(52.4)	414.8
2534	OLIVIA-BIRD ISLA	833	7,222	440	6,782	7,442	324	7,178	220.4	(116.2)	396.1
2536	GRANADA HUNTLEY-	289	7,593	568	7,024	7,840	527	7,371	246.9	(41.1)	346.6
2580	SANDSTONE-ASKOV	904	7,192	257	6,936	7,491	160	7,390	298.3	(97.2)	454.7
2609	WIN-E-MAC	483	6,810	173	6,637	6,934	87	6,907	124.0	(86.0)	269.9
2683	GREENBUSH-MIDDLE RIV	454	9,125	397	8,728	9,419	345	9,132	294.1	(51.7)	403.6
2687	HOWARD LAKE-WAVERLY-N	978	6,398	406	5,992	6,603	255	6,407	205.3	(151.6)	415.2
2689	PIPESTONE-JASPER	1,209	7,003	317	6,686	7,230	240	7,049	227.0	(76.7)	362.5
2711	MESABI EAST	926	6,887	301	6,586	7,084	181	6,961	196.8	(120.2)	375.2
2752	FAIRMONT AREA SCHOOLS	1,695	7,361	549	6,812	7,548	422	7,185	186.6	(127.2)	372.8
2753	LONG PRAIRIE-GREY EA	1,068	7,552	521	7,031	7,653	348	7,364	100.7	(173.3)	332.9
2754	CEDAR MOUNTAIN	386	7,280	423	6,857	7,529	314	7,274	249.1	(108.8)	417.1
2759	EAGLE BEND-CLARISSA	336	8,173	626	7,547	8,394	528	7,927	220.7	(98.4)	379.5
2805	ZUMBROTA-MAZEPPA	1,130	6,546	381	6,165	6,744	241	6,562	197.6	(140.2)	396.9
2835	JANESVILLE-WALDO	568	6,773	427	6,346	6,957	316	6,699	184.2	(110.6)	353.3
2853	MADISON-MARIETTA-LACQ	1,025	7,386	463	6,923	7,612	300	7,372	225.7	(163.0)	448.3
2854	ADA-BORUP	505	7,571	262	7,309	7,825	196	7,688	253.4	(66.9)	379.3
2856	STEPHEN-ARGYLE	341	9,662	1,048	8,614	9,929	934	9,055	267.2	(114.3)	440.9
2859	GLENCOE-SILVER LAKE	1,690	7,255	731	6,524	7,465	648	6,875	209.7	(82.5)	350.9
2860	BLUE EARTH-DELAVAN-EL	1,243	7,447	600	6,847	7,659	454	7,265	211.8	(146.2)	417.2
2884	RED ROCK CENTRAL	465	8,334	729	7,605	8,596	647	8,007	261.9	(81.8)	402.3
2886	GLENVILLE-EMMONS	392	7,888	842	7,046	8,040	717	7,383	151.2	(125.0)	336.4
2887	MCLEOD WEST SCHOOLS	475	7,215	672	6,543	7,433	577	6,915	217.3	(95.1)	371.4
2888	CLINTON-GRACEVILLE-BE	411	8,307	279	8,028	8,586	181	8,466	278.3	(98.6)	437.5
2889	LAKE PARK-AUDUBON	636	7,013	710	6,303	7,208	624	6,642	195.1	(86.5)	339.6
2890	DRSH	620	8,056	686	7,369	8,276	585	7,750	220.9	(101.3)	380.9
2895	JACKSON COUNTY CENTRA	1,151	6,653	284	6,370	6,859	140	6,779	205.8	(144.1)	409.2
2897	REDWOOD AREA SCHOOLS	1,392	6,586	215	6,371	6,738	87	6,709	152.4	(127.4)	338.7
2898	WESTBROOK-WALNUT GRO	505	8,659	515	8,144	8,959	449	8,569	299.5	(66.5)	425.3

K-12 FY 2006-2007 Budget

Appropriation Tracking -- SF 2267, As Amended In Tax Cte
2005 Session

Line No.	Program	February Forecast FY 2006	February Forecast FY 2007	February Forecast FY 2008	February Forecast FY 2009	Gov's Rec FY 2006	Gov's Rec FY 2007	Gov's Rec FY 2008	Gov's Rec FY 2009	Senate FY 2006	Senate FY 2007	Senate FY 2006-07	Difference Sen-Feb FY 2006-07	Difference Sen-Gov FY 2006-07	Senate FY 2008	Senate FY 2009	Senate FY 2008-09	Difference Sen-Feb FY 2008-09	Difference Sen-Gov FY 2008-09
	Formula Allowance	4601	4601	4601	4601	4716	5293	5293	5293	4832	5053				5053	5053			
	Base Increase																		
	\$ increase	0	0	0	0	115	118	0	0	231	221				0	0			
	\$ rolled in as reserve									0	27				0	0			
	% increase	0.0%	0.0%	0.0%	0.0%	2.5%	2.5%	0.0%	0.0%	5.0%	4.0%				0.0%	0.0%			
1	GENERAL EDUCATION PROGRAM																		
2	General Education (includes perm. school fund)	5,012,148	5,007,512	4,947,007	4,911,528	5,012,148	5,007,512	4,947,007	4,911,528	5,012,148	5,007,512	10,019,660	0	0	4,947,007	4,911,528	9,858,535	0	0
3	Formula Increase	0	0	0	0	92,205	203,079	219,250	217,375	202,333	433,781	636,114	636,114	340,830	470,869	468,717	939,585	939,585	502,960
4	Qcomp Alternative Compensation	0	0	0	0	16,295	69,646	78,145	77,281	0	0	0	0	(85,941)	0	0	0	0	(155,426)
5	Compensatory -- Delink & Increase	0	0	0	0	6,508	15,865	17,454	17,442	0	0	0	0	(22,373)	0	0	0	0	(34,896)
6	Compensatory -- Hmong Refugees	0	0	0	0	3,544	660	0	0	0	0	0	0	(4,204)	0	0	0	0	0
7	Extended Time Inflation	0	0	0	0	1,021	2,546	3,440	3,579	0	0	0	0	(3,567)	0	0	0	0	(7,019)
8	PSEO -- Delink & Increase	0	0	0	0	508	973	967	949	0	0	0	0	(1,481)	0	0	0	0	(1,916)
9	Shared Time Revenue -- Increase	0	0	0	0	79	149	160	160	0	0	0	0	(228)	0	0	0	0	(320)
10	Contracted Alternatives -- Increase	0	0	0	0	280	617	670	651	0	0	0	0	(897)	0	0	0	0	(1,321)
11	Sparsity Revenue -- Delink & Increase	0	0	0	0	1,533	1,054	973	1,067	0	0	0	0	(2,587)	0	0	0	0	(2,040)
12	Transition Revenue Change -- Prekindergarten	0	0	0	0	986	183	0	0	14	3	17	17	(1,152)	0	0	0	0	0
13	Transition Revenue Change -- Minimum Increase	0	0	0	0	0	1,807	1,555	4,877	0	0	0	0	(1,807)	0	0	0	0	(6,432)
14	Repeal Teacher Contract Penalty	0	0	0	0	85	15	85	15	0	0	0	0	(100)	0	0	0	0	(100)
15	Shared Time Change to Reimbursement	0	0	0	0	0	(3,117)	0	0	0	0	0	0	3,117	0	0	0	0	0
16	Eliminate TRA Reduction	0	0	0	0	0	7,386	0	0	0	0	0	0	(7,386)	0	0	0	0	0
17	Discretionary Levy Equalization Aid	0	0	0	0	0	13,682	13,031	9,731	0	0	0	0	(13,682)	0	0	0	0	(22,762)
18	T & E Levy Equalized Aid	0	0	0	0	0	(4,413)	(3,836)	(2,747)	0	0	0	0	4,413	0	0	0	0	6,583
19	Referendum Equalization Aid with Cap Increase	0	0	0	0	0	1,397	1,774	(1,287)	0	0	0	0	(1,397)	0	0	0	0	(487)
20	Truancy/Driver's License Revocation	0	0	0	0	404	862	922	902	0	0	0	0	(1,266)	0	0	0	0	(1,824)
21	Eliminate Operating Capital Levy	0	0	0	0	69	141	177	197	0	50,651	50,651	50,651	50,441	56,486	62,921	119,406	119,406	119,032
22	Eliminate Equity Levy	0	0	0	0	0	0	0	0	0	28,053	28,053	28,053	28,053	30,288	33,685	63,973	63,973	63,973
23	Consolidated Levy	0	0	0	0	0	0	0	0	0	(75,458)	(75,458)	(75,458)	(75,458)	(87,307)	(99,212)	(186,519)	(186,519)	(186,519)
24	Roll Safe Schools Levy into Consolidated Levy	0	0	0	0	0	0	0	0	0	(23,714)	(23,714)	(23,714)	(23,714)	(23,463)	(23,168)	(46,631)	(46,631)	(46,631)
25	Eliminate Transition Revenue: Aid Savings	0	0	0	0	0	0	0	0	0	(6,877)	(6,877)	(6,877)	(6,877)	(6,635)	(987)	(7,622)	(7,622)	(7,622)
26	Ref Allowance: Roll-in 4 YO PreK	0	0	0	0	0	14	0	0	0	14	14	14	14	13	12	25	25	25
27	Ref Allowance: Trans Revenue & Incl. Eq. Factor Adjust	0	0	0	0	0	0	0	0	0	6,877	6,877	6,877	6,877	6,635	987	7,622	7,622	7,622
28	Carpenter School Bus Loan Repayment	0	0	0	0	0	0	0	0	0	(743)	(743)	(743)	(743)	(908)	(908)	(1,815)	(1,815)	(1,815)
29	Aid Savings from Property Tax Shift	0	0	0	0	(69,351)	(27,188)	(6,460)	(4,254)	1,280	(845)	435	435	96,974	(2,963)	0	(2,963)	(2,963)	7,772
30	Advance Final Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	General Education Program Subtotal	5,012,148	5,007,512	4,947,007	4,911,528	5,066,314	5,292,856	5,275,294	5,237,466	5,215,775	5,419,253	10,635,028	615,368	275,858	5,390,022	5,353,575	10,743,597	885,062	230,837
32																			
33	OTHER GENERAL EDUCATION PROGRAMS																		
34	Tax Base Replacement Aid	8,704	8,704	8,704	8,704	8,704	8,704	8,704	8,704	8,704	8,706	17,410	2	2	8,706	8,704	17,410	2	2
35	Enrollment Options Transportation	55	55	55	55	55	55	55	55	55	55	110	0	0	55	55	110	0	0
36	Abatement Aid	1,361	1,393	1,341	1,385	903	955	1,030	1,083	903	955	1,858	(896)	0	1,030	1,083	2,113	(613)	0
37	Consolidation Transition Revenue	0	253	174	23	0	253	174	23	0	253	253	0	0	174	23	197	0	0
38	Declining Pupil Aid; ISD #2190, Yellow Medicine East	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Declining Pupil Aid; ISD #241, Albert Lea	75	0	0	0	75	0	0	0	75	0	75	0	0	0	0	0	0	0
40	Declining Pupil Aid; ISD #2711, Mesabi East	50	0	0	0	50	0	0	0	50	0	50	0	0	0	0	0	0	0
42	One Room School House, ISD 690, Warroad	50	50	50	50	50	50	50	50	50	50	100	0	0	50	50	100	0	0
41	Declining Pupil Aid, ISD #682, Roseau	10	0	0	0	10	0	0	0	10	0	10	0	0	0	0	0	0	0
43	Nonpublic Pupil Aid	15,174	15,976	16,807	17,605	15,298	16,263	16,993	17,630	15,817	17,426	33,243	2,093	1,682	18,454	19,330	37,784	3,372	3,161
44	Nonpublic Pupil Transportation	20,758	21,446	22,067	22,651	21,196	22,446	23,017	22,796	21,633	23,390	45,023	2,819	1,381	24,229	24,870	49,099	4,381	3,286
45	Carpenter School Bus Loan	0	0	0	0	0	0	0	0	3,630	0	3,630	3,630	3,630	0	0	0	0	0
46	Transportation Cost Reallocation	0	0	0	0	0	0	(338)	(400)	0	0	0	0	0	0	0	0	0	738
45	Other General Education Programs Subtotal	46,237	47,877	49,198	50,473	46,341	48,726	49,685	49,941	50,927	50,835	101,762	7,648	6,695	52,698	54,115	106,813	7,142	7,187
46																			
47	GENERAL EDUCATION	5,058,385	5,055,389	4,996,205	4,962,001	5,112,655	5,341,582	5,324,979	5,287,407	5,266,702	5,470,088	10,736,790	623,016	282,553	5,442,720	5,407,689	10,850,410	892,204	238,024
48																			
49	EDUCATION EXCELLENCE																		
50	Charter School Building Lease Aid	25,465	30,929	36,880	43,359	25,465	30,929	36,880	43,654	25,465	30,929	56,394	0	0	36,880	43,359	80,239	0	(295)
51	Charter School Start-Up	1,393	3,185	3,470	3,470	1,393	3,185	3,470	3,593	1,393	3,185	4,578	0	0	3,470	3,470	6,940	0	(123)

K-12 FY 2006-2007 Budget

Appropriation Tracking -- SF 2267, As Amended In Tax Cte
2005 Session

Line No.	Program	February Forecast FY 2006	February Forecast FY 2007	February Forecast FY 2008	February Forecast FY 2009	Gov's Rec FY 2006	Gov's Rec FY 2007	Gov's Rec FY 2008	Gov's Rec FY 2009	Senate FY 2006	Senate FY 2007	Senate FY 2006-07	Difference Sen-Feb FY 2006-07	Difference Sen-Gov FY 2006-07	Senate FY 2008	Senate FY 2009	Senate FY 2008-09	Difference Sen-Feb FY 2008-09	Difference Sen-Gov FY 2008-09
52	Charter School Integration Aid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53	Integration Aid	57,801	57,536	56,445	55,347	57,812	57,351	56,281	55,271	57,801	57,536	115,337	0	174	56,445	55,347	111,792	0	240
54	Magnet School and Program Grants	750	750	750	750	750	750	750	750	750	750	1,500	0	0	750	750	1,500	0	0
55	Magnet School Start-Up Aid	0	0	166	196	0	0	166	196	0	0	0	0	0	166	196	362	0	0
56	Interdistrict Desegregation Transportation	7,768	9,908	10,642	12,151	7,768	9,908	10,642	12,151	7,768	9,908	17,676	0	0	10,642	12,151	22,793	0	0
57	Success for the Future	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	4,274	0	0	2,137	2,137	4,274	0	0
58	American Indian Scholarships	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	3,750	0	0	1,875	1,875	3,750	0	0
59	Indian Teacher Preparation Grants	190	190	190	190	190	190	190	190	190	190	380	0	0	190	190	380	0	0
60	Tribal Contract Schools	2,315	2,415	2,512	2,554	2,362	2,533	2,617	2,766	2,315	2,415	4,730	0	(165)	2,512	2,554	5,066	0	(317)
61	Early Childhood Programs at Tribal Schools	68	68	68	68	68	68	68	68	68	68	136	0	0	68	68	136	0	0
62	Statewide Testing/Grad Standards Support	9,000	9,000	9,000	9,000	Transfer to	Agency Bud.	Transfer to	Agency Bud.	9,000	9,000	18,000	0	18,000	9,000	9,000	18,000	0	18,000
63	Best Practices Seminars	1,000	1,000	1,000	1,000	Transfer to	Agency Bud.	Transfer to	Agency Bud.	1,000	1,000	2,000	0	2,000	1,000	1,000	2,000	0	2,000
64	ProComp Pilot Sites (Alternative Compensation)	3,700	3,700	3,700	3,700	0	0	0	0	8,700	8,700	17,400	10,000	17,400	8,700	8,700	17,400	10,000	17,400
65	ProComp Staff Development	0	0	0	0	0	0	0	0	45,939	47,883	93,822	93,822	93,822	47,883	47,438	95,128	95,128	95,128
66	ProComp Statewide Implementation Transition Task Force	0	0	0	0	0	0	0	0	200	200	400	400	400	0	0	0	0	0
67	Adv. Placement/Int'l Baccalaureate Prog.	778	778	778	778	4,500	4,500	2,000	2,000	778	778	1,556	0	(7,444)	778	778	1,556	0	(2,444)
68	All Day Kindergarten Grants (First Grade Preparedness)	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	14,500	0	0	7,250	7,250	14,500	0	0
69	Online Learning	1,250	1,250	1,250	1,250	2,250	3,250	4,250	5,250	1,250	1,250	2,500	0	(3,000)	1,250	1,250	2,500	0	(7,000)
70	Collaborative Urban Educator	528	528	528	528	528	528	1,100	528	550	550	1,100	44	44	550	550	1,100	44	44
71	Youthworks Program	900	900	900	900	900	900	900	900	900	900	1,800	0	0	900	900	1,800	0	0
72	MN Foundation for Student Organizations	625	625	625	625	625	625	625	625	725	725	1,450	200	200	725	725	1,450	200	200
73	"Get Ready, Get Credit" College Exam Program	0	0	0	0	825	1,650	1,650	1,650	0	0	0	0	(2,475)	0	0	0	0	(3,300)
74	"Get Ready, Get Credit" Educ. Planning & Assessment	0	0	0	0	829	829	829	829	0	0	0	0	(1,658)	0	0	0	0	(1,658)
75	Completion of Education Finance Adequacy Study	0	0	0	0	0	0	0	0	175	0	175	175	175	0	0	0	0	0
76	Career & Technical Education Grants	0	0	0	0	1,000	1,000	0	0	0	0	0	0	(2,000)	0	0	0	0	0
77	Education Excellence Subtotal	124,793	134,024	140,166	147,128	118,527	129,458	133,108	141,683	176,229	187,229	363,458	104,641	115,473	192,978	199,688	392,666	105,372	117,875
78																			
79	SPECIAL PROGRAMS																		
80	Special Education - Regular	528,846	527,446	525,871	523,801	528,502	527,116	525,478	523,468	528,846	546,111	1,074,957	18,665	19,339	569,196	593,033	1,162,229	112,557	113,283
80	Special Education Equalization	0	0	0	0	0	2,176	3,609	2,804	0	0	0	0	(2,176)	0	0	0	0	(6,413)
81	Cross Subsidy Aid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
82	Special Education -- Children with Disabilities	2,212	2,615	2,922	3,261	2,212	2,615	2,922	3,261	2,212	2,615	4,827	0	0	2,922	3,261	6,183	0	0
83	Travel for Home-Based Services	187	195	202	211	187	195	202	211	187	195	382	0	0	202	211	413	0	0
84	Special Education - Excess Cost	91,784	91,595	91,432	91,035	102,782	102,483	102,179	101,801	91,784	93,430	185,214	1,835	(20,051)	96,210	97,715	193,925	11,458	(10,055)
85	Litigation Costs for Special Education	17	17	17	17	17	17	17	17	0	0	0	(34)	(34)	0	0	0	(34)	(34)
86	Transition Programs--Students with Disabilities	8,788	8,765	8,739	8,706	8,788	8,765	8,739	8,706	8,788	8,765	17,553	0	0	8,739	8,706	17,445	0	0
87	Court Placed Special Education Revenue	65	70	72	74	65	70	72	74	65	70	135	0	0	72	74	146	0	0
88	Special Ed. Nonpublic Pupil Task Force	0	0	0	0	0	0	0	0	50	0	50	50	50	0	0	0	0	0
89	Native Language Eminence Credentialing Task Force	0	0	0	0	0	0	0	0	102	0	102	102	102	0	0	0	0	0
90	Out of State Special Education Tuition	250	250	250	250	250	250	250	250	250	250	500	0	0	250	250	500	0	0
91	Special Programs Subtotal	632,149	630,953	629,505	627,355	642,803	643,687	643,468	640,592	632,284	651,436	1,283,720	20,618	(2,770)	677,591	703,250	1,380,841	123,981	96,781
92																			
93	FACILITIES AND TECHNOLOGY																		
94	Health & Safety Aid	802	578	471	413	802	561	452	394	802	578	1,380	0	17	471	413	884	0	38
95	Debt Service Equalization	25,654	24,611	22,942	21,942	25,654	24,608	22,096	20,806	25,654	24,611	50,265	0	3	22,942	21,942	44,884	0	1,982
96	Alternative Facilities Bonding Aid	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	38,574	0	0	19,287	19,287	38,574	0	0
97	Maximum Effort Debt Service Rate Reduction	0	0	0	0	0	(92)	(660)	(759)	0	(92)	(92)	(92)	(92)	(660)	(760)	(1,420)	(1,420)	(1)
98	Capital Loan Payoff, ISD 566, Askov	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
99	Telcommunications Access	0	0	0	0	4,500	4,600	4,700	4,700	5,000	5,000	10,000	10,000	900	10,000	10,000	20,000	20,000	10,600
100	One-Time Emergency Aid, ISD 38, Red Lake	0	0	0	0	0	0	0	0	100	0	100	100	100	0	0	0	0	0
101	Deferred Maintenance Aid and Levy	0	0	0	0	0	2,556	2,235	1,516	0	0	0	0	(2,556)	0	0	0	0	(3,751)
102	Facilities and Technology Subtotal	45,743	44,476	42,700	41,642	50,243	51,520	48,110	45,944	50,843	49,384	100,227	10,008	(1,536)	52,040	50,882	102,922	18,580	8,868
103																			
104	NUTRITION PROGRAMS																		
105	School Lunch and Food Storage Program	7,748	7,826	7,904	8,022	7,748	7,826	7,904	8,022	9,585	9,781	19,366	3,792	3,792	9,879	10,027	19,906	3,980	3,980
106	School Breakfast Aid	4,634	4,723	4,800	4,880	4,634	4,723	4,800	4,880	4,878	4,968	9,846	489	489	5,045	5,124	10,169	489	489
107	Fast Break to Learning	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
108	Milk Consumption Pilot Program	0	0	0	0	0	0	0	0	50	0	50	50	50	0	0	0	0	0
109	Summer Food Service Replacement Aid	150	150	150	150	150	150	150	150	150	150	300	0	0	150	150	300	0	0
110	Nutrition Programs Subtotal	12,532	12,699	12,854	13,052	12,532	12,699	12,854	13,052	14,663	14,899	29,562	4,331	4,331	15,074	15,301	30,375	4,469	4,469

K-12 FY 2006-2007 Budget

Appropriation Tracking -- SF 2267, As Amended In Tax Cte
2005 Session

Line No.	Program	February Forecast FY 2006	February Forecast FY 2007	February Forecast FY 2008	February Forecast FY 2009	Gov's Rec FY 2006	Gov's Rec FY 2007	Gov's Rec FY 2008	Gov's Rec FY 2009	Senate FY 2006	Senate FY 2007	Senate FY 2006-07	Difference Sen-Feb FY 2006-07	Difference Sen-Gov FY 2006-07	Senate FY 2008	Senate FY 2009	Senate FY 2008-09	Difference Sen-Feb FY 2008-09	Difference Sen-Gov FY 2008-09
111																			
112	LIBRARIES																		
113	Basic Support Grants for Libraries	8,570	8,570	8,570	8,570	8,570	8,570	8,570	8,570	8,570	8,570	17,140	0	0	8,570	8,570	17,140	0	0
116	Multicounty, Multitype Library Systems	903	903	903	903	903	903	903	903	903	903	1,806	0	0	903	903	1,806	0	0
115	Electronic Library	400	400	400	400	1,039	1,091	1,140	1,200	400	400	800	0	(1,330)	400	400	800	0	(1,540)
114	Regional Library Telecommunications Aid	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	2,400	0	0	1,200	1,200	2,400	0	0
117	Libraries Subtotal	11,073	11,073	11,073	11,073	11,712	11,764	11,813	11,873	11,073	11,073	22,146	0	(1,330)	11,073	11,073	22,146	0	(1,540)
118																			
120																			
121	General Education Total	5,058,385	5,055,389	4,996,205	4,962,001	5,112,655	5,341,582	5,324,979	5,287,407	5,266,702	5,470,088	10,736,790	623,016	282,553	5,442,720	5,407,689	10,850,410	892,204	238,024
122	Categorical Totals	826,290	833,225	836,298	840,250	835,817	849,128	849,353	853,144	885,092	914,021	1,799,113	139,598	114,168	948,756	980,195	1,928,950	252,402	226,453
123	SUBTOTAL: EDUCATION FINANCE	5,884,675	5,888,614	5,832,503	5,802,251	5,948,472	6,190,710	6,174,332	6,140,551	6,151,794	6,384,108	12,535,903	762,614	396,721	6,391,476	6,387,884	12,779,360	1,144,606	464,477
124																			
155																			
156	STATE AGENCY BUDGETS																		
157																			
158	DEPARTMENT OF EDUCATION																		
159	Base Education Agency Budget	21,881	21,881	21,881	21,881	21,881	21,881	21,881	21,881	21,881	21,881	43,762	0	0	21,881	21,881	43,762	0	0
160	Salary & Benefit Base Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
161	Board of Teaching	621	621	621	621	621	621	621	621	621	621	1,242	0	0	621	621	1,242	0	0
162	Board of Administrators	165	165	165	165	165	165	165	165	165	165	330	0	0	165	165	330	0	0
163	MN Children's Museum	260	260	260	260	260	260	260	260	260	260	520	0	0	260	260	520	0	0
164	Minnesota Academy of Science	41	41	41	41	41	41	41	41	41	41	82	0	0	41	41	82	0	0
165	Minnesota's Washington DC Office (Transfer Out)	29	29	29	29	29	29	29	29	0	0	0	(58)	(58)	0	0	0	(58)	(58)
166																			
167	Best Practices Grants (Transfer from Aids Budget)	0	0	0	0	1,000	1,000	1,000	1,000	0	0	0	0	(2,000)	0	0	0	0	(2,000)
168	Best Practices Grants (Program Reduction)	0	0	0	0	(500)	(500)	(1,000)	(1,000)	0	0	0	0	1,000	0	0	0	0	2,000
169	Statewide Testing (Transfer from Aids Budget)	0	0	0	0	9,000	9,000	9,000	9,000	0	0	0	0	(18,000)	0	0	0	0	(18,000)
170	Develop Interactive Science Test	0	0	0	0	1,200	1,200	0	0	0	0	0	0	(2,400)	0	0	0	0	0
171	Value Added Index Assessment	0	0	0	0	300	1,600	1,600	1,600	300	1,600	1,900	1,900	0	1,600	1,600	3,200	3,200	0
172	Alternative Teacher Preparation Program	0	0	0	0	0	500	500	500	0	0	0	0	(500)	0	0	0	0	(1,000)
173	Scholarship Tax Credit Administration	0	0	0	0	250	250	250	250	0	0	0	0	(500)	0	0	0	0	(500)
174	Meth Education Materials	0	0	0	0	50	75	75	75	50	75	125	125	0	75	75	150	150	0
175	School Readiness Staff Increase	0	0	0	0	169	200	200	200	0	0	0	0	(369)	0	0	0	0	(400)
176	Single Purpose Charter Sponsors	0	0	0	0	10	15	15	15	0	0	0	0	(25)	0	0	0	0	(30)
177	Rulemaking for Board of School Administrators	0	0	0	0	20	0	0	0	0	0	0	0	(20)	0	0	0	0	0
178	State Agency PALS Funding Elimination	0	0	0	0	(75)	(75)	(75)	(75)	0	0	0	0	150	0	0	0	0	150
179	Rulemaking for Supplemental Svcs Providers	0	0	0	0	0	0	0	0	20	0	20	20	0	0	0	0	0	0
180	Rulemaking for MCA-lis	0	0	0	0	0	0	0	0	20	0	20	20	0	0	0	0	0	0
180	Elimination of MDE Communications Function	0	0	0	0	0	0	0	0	(367)	(367)	(734)	(734)	(734)	(367)	(367)	(734)	(734)	(734)
181	World Languages Coordinator	0	0	0	0	0	0	0	0	128	128	256	256	0	128	128	256	256	0
182	General Operating Budget Reduction	0	0	0	0	(1,225)	(1,225)	(1,225)	(1,225)	(1,708)	(1,708)	(3,416)	(3,416)	(966)	(1,600)	(1,600)	(3,200)	(3,200)	(750)
183																			
184	Education Subtotal	22,997	22,997	22,997	22,997	33,196	35,037	33,337	33,337	21,411	22,696	44,107	(1,887)	(24,126)	22,804	22,804	45,608	(386)	(21,066)
185																			
186	PERPICH CENTER FOR ARTS EDUCATION																		
187	Base Center for Arts Education Budget	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	12,846	0	0	6,423	6,423	12,846	0	0
188	Electronic Telecommunications	0	0	0	0	0	0	0	0	1	(1)	(0)	(0)	(0)	(1)	(1)	(2)	(2)	(2)
189	Salary & Benefit Base Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
190	General Operating Budget	0	0	0	0	(168)	(168)	(168)	(168)	0	0	0	0	336	250	250	500	500	836
191	Perpich Center for Arts Education Subtotal	6,423	6,423	6,423	6,423	6,255	6,255	6,255	6,255	6,424	6,422	12,846	(0)	336	6,672	6,672	13,344	498	834
192																			
193	FARIBAULT ACADEMIES FOR THE DEAF & BLIND																		
194	Academy Operations	10,466	10,466	10,466	10,466	10,466	10,466	10,466	10,466	10,466	10,466	20,932	0	0	10,466	10,466	20,932	0	0
195	Salary & Benefit Base Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
196	Special Education Increase	0	0	0	0	412	487	487	487	412	487	899	899	0	487	487	974	974	0
197	General Operating Budget Reduction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
198	Faribault Academies Subtotal	10,466	10,466	10,466	10,466	10,878	10,953	10,953	10,953	10,878	10,953	21,831	899	0	10,953	10,953	21,906	974	0
199																			
200	SUBTOTAL: AGENCY OPERATIONS	39,886	39,886	39,886	39,886	50,329	52,245	50,545	50,545	38,713	40,071	78,784	(988)	(23,790)	40,429	40,429	80,858	1,086	(20,232)

K-12 FY 2006-2007 Budget

Appropriation Tracking – SF 2267, As Amended In Tax Cte
2005 Session

Line No.	Program	February Forecast FY 2006	February Forecast FY 2007	February Forecast FY 2008	February Forecast FY 2009	Gov's Rec FY 2006	Gov's Rec FY 2007	Gov's Rec FY 2008	Gov's Rec FY 2009	Senate FY 2006	Senate FY 2007	Senate FY 2006-07	Difference Sen-Feb FY 2006-07	Difference Sen-Gov FY 2006-07	Senate FY 2008	Senate FY 2009	Senate FY 2008-09	Difference Sen-Feb FY 2008-09	Difference Sen-Gov FY 2008-09
201																			
202	SUBTOTAL: EDUCATION FINANCE	5,884,675	5,888,614	5,832,503	5,802,251	5,948,472	6,190,710	6,174,332	6,140,551	6,151,794	6,384,108	12,535,903	762,614	396,721	6,391,476	6,387,884	12,779,360	1,144,606	464,477
207																			
208	TOTAL GENERAL FUND, K-12 APPROPRIATIONS	5,924,561	5,928,500	5,872,389	5,842,137	5,998,801	6,242,955	6,224,877	6,191,096	6,190,507	6,424,180	12,614,687	761,626	372,931	6,431,905	6,428,313	12,860,218	1,145,692	444,245
209																			
210	Payment Shifts Not Included In Appropriations																		
211	Property Tax Aids and Credits	(66)	(33)	(36)	(37)	(66)	(33)	(35)	(37)	(66)	(33)	(99)	0	0	(36)	(37)	(73)	0	0
212	Administrative Decision: Non-shifted Rounding Amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
213																			
214	Revenue Changes																		
215																			
216	SUBTOTAL: REVENUE CHANGES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
217																			
220	GENERAL FUND TOTAL, K-12 APPROPRIATIONS	5,924,495	5,928,467	5,872,353	5,842,100	5,998,735	6,242,922	6,224,841	6,191,059	6,190,441	6,424,147	12,614,588	761,626	372,931	6,431,869	6,428,276	12,860,145	1,145,692	444,245
221																			
222																			
223	Payment Shifts																		
224																			
225	Property Tax Recognition Shifts	0	0	0	0	(89,351)	(27,188)	(6,480)	(4,254)	1,280	(845)	435	435	96,974	(2,963)	0	(2,963)	(2,963)	7,772
226	Payment Schedule Shifts	(687)	(1,780)	(2,118)	(2,182)	(687)	(1,780)	(2,118)	(2,182)	(687)	(1,780)	(2,467)	0	0	(2,118)	(2,182)	(4,300)	0	0
227																			
228	Total Payment Shifts	(687)	(1,780)	(2,118)	(2,182)	(70,038)	(28,968)	(8,598)	(6,436)	593	(2,625)	(2,032)	435	96,974	(5,081)	(2,182)	(7,263)	(2,963)	7,772
229																			
230																			
233	TOTAL GENERAL FUND LESS SHIFTS, K-12	5,925,182	5,930,247	5,874,471	5,844,282	6,068,773	6,271,890	6,233,439	6,197,495	6,189,848	6,426,771	12,616,619	761,190	275,956	6,436,949	6,430,458	12,867,407	1,148,654	436,473
234																			
235	SENATE RECONCILIATION TO SF. 1879									6,190,507	6,424,180	12,614,687	764,972		6,431,905	6,428,313	12,860,218	1,148,755	

Fiscal Note – 2005-06 Session

Bill #: S0798-0 **Complete Date:** 03/17/05

Chief Author: ORTMAN, JULIANE

Title: ISD# 110; ADMIN SPACE LEASE LEVY

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill authorizes District 110 to have levy authority equal to 90% of the cost of leasing space for administrative purposes.

Assumptions

Based on District 110's size (enrollment) and location, the estimated cost for administrative space for FY 06 should be about \$60,000. Assuming a 5-year lease, the district levy of 90% of lease cost will be \$54,000 annually.

Currently districts 465 Litchfield, SP 6 So. St. Paul, 77 Mankato and 272 Eden Prairie have special legislation to levy for the costs of administrative space.

The levy resulting from this bill will affect early levy recognition (tax shift) under M.S. 123B.75, Subd. 5. State aid adjustments related to the early recognition will change the required general education appropriation. Actual state costs or savings is dependent upon the annual district levy.

Expenditure and/or Revenue Formula

Estimated Tax Shift Cost/(Savings)	Rate	0.486		
in thousands				
Levy Year	Pay 2006	Pay 2007	Pay 2008	Pay 2009
Revenue Recognition Year	FY 2006	FY 2007	FY 2008	FY 2009
Levy Amt	54,000.0	54,000.0	54,000.0	54,000.0
Early Levy Recognition	26,244.0	26,244.0	26,244.0	26,244.0
Aid Cost (Savings) General Education	(26,244.0)	-	-	-

Long-Term Fiscal Considerations

None.

Local Government Costs

This will increase local property taxes.

Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 03/16/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

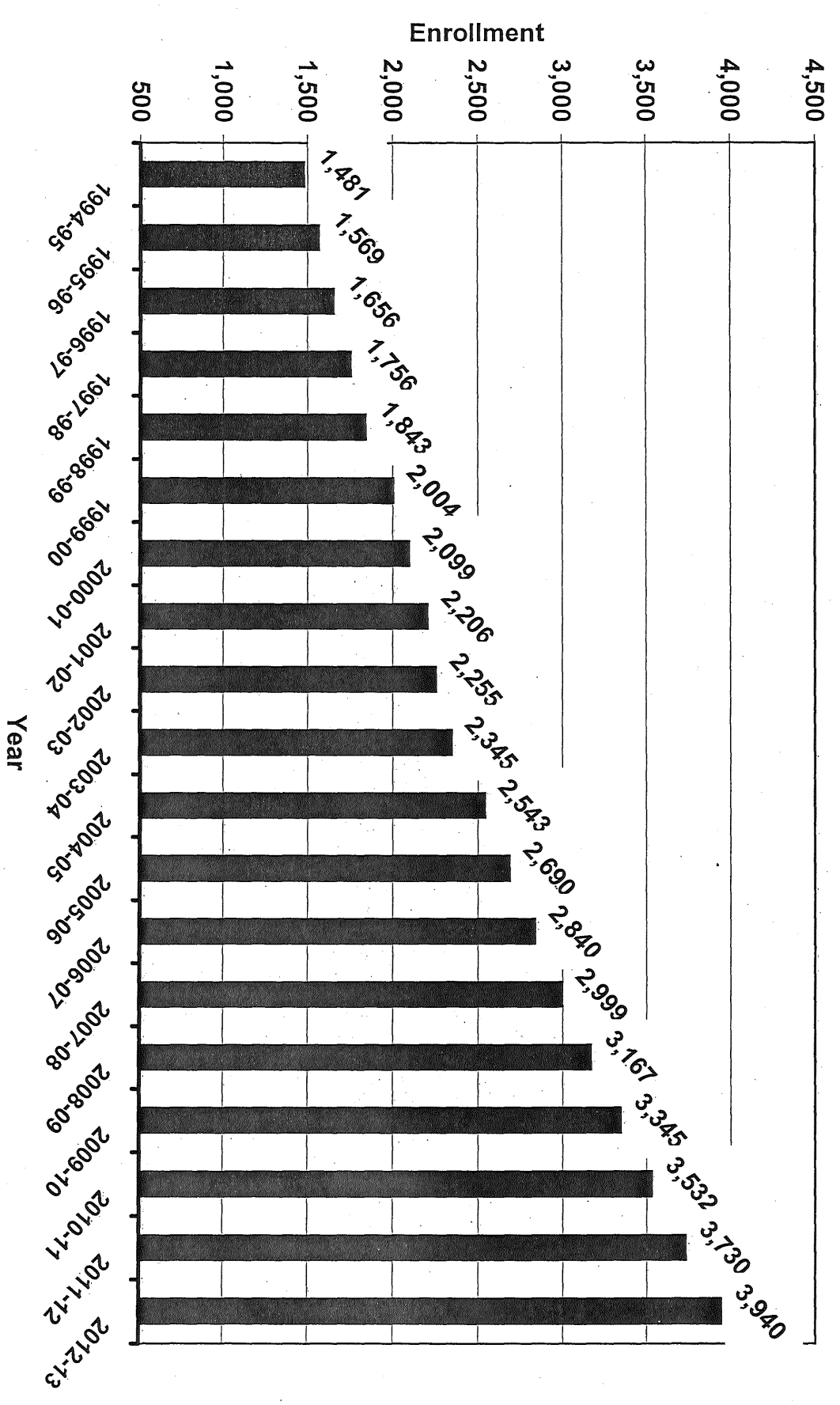
EBO Signature: LISA MUELLER
Date: 03/17/05 Phone: 296-6661

Handout #1

Wesley Schultz

District 110

Student Population Growth



THOMAS G. MCCARTHY
JUDGE
SIBLEY COUNTY COURTHOUSE
BOX 867
GAYLORD, MINNESOTA 55334
TELEPHONE (507) 237-4051
FAX (507) 237-4062
Email: tom.mccarthy@courts.state.mn.us.



SIBLEY, McLEOD, LE SUEUR
SCOTT, CARVER, DAKOTA AND
GOODHUE COUNTIES

STATE OF MINNESOTA
FIRST JUDICIAL DISTRICT

April 19, 2005

Hon. Julianne Ortman
Minnesota State Senate
Room G-21 State Office Bldg
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

Dear Senator Ortman:

As a judge of the First Judicial District who often presides in Carver County, I offer my strong support for your efforts to exempt the Carver County Courthouse expansion from the state sales tax.

More often than I care to admit, I have been the fourth judge in a courthouse where there are only three courtrooms and three chambers. I have had to squeeze myself, my court reporter and law clerk into a small conference room and holds court in the jury assembly room. There is little opportunity to get any kind of quality work done outside the courtroom under those circumstances.

The public deserves to have its judicial business conducted in a room that demands respect for the important work we are about. It is difficult to maintain decorum when I'm seated behind a table, and the litigants are at similar tables just a few feet away.

I have presided in every courthouse in the First Judicial District in the past year or so. Carver County is the ONLY one that does not have more chambers than chambered judges. Every other county knows the obvious: you cannot run an efficient court operation with only enough courtroom sets (Courtroom, chambers, court reporter and law clerk facilities) for the number of judges chambered in the courthouse.

Thanks for your work on this important project. Please let me know if there is anything more I can do to assist in this important effort.

Sincerely,

Thomas G. McCarthy
Judge of District Court

RECEIVED

APR 26 2005

RICHARD G. SPICER
FIRST JUDICIAL DISTRICT
CHIEF JUDGE

DAKOTA COUNTY JUDICIAL CENTER
1560 WEST HIGHWAY 55
HASTINGS, MINNESOTA 55033



CARVER, DAKOTA, GOODHUE, LESUEUR
MCLEOD, SCOTT AND SIBLEY COUNTIES

(651) 438-4317
FAX (651) 438-4302

STATE OF MINNESOTA
FIRST JUDICIAL DISTRICT

April 20, 2005

Senator Julianne Ortman
100 Rev. Dr. Martin Luther King Jr. Blvd., Room G-21
St. Paul, MN 55155-1206

RECEIVED

APR 25 2005

Re: Carver County Courthouse Expansion

Dear Senator Ortman:

I write to you as the Chief Judge of the First Judicial District. I understand that you are currently submitting a bill through the legislative process that would exempt Carver County from paying sales tax on courthouse expansion. This bill would go a long way towards the county being able to afford such a project.

As you probably know, I was originally appointed as a judge in Carver County and I am very familiar with the facility and courtroom issues at the present time. Clearly, with the increasing population as well as increased number of court participants, Carver County would be a logical place to consider adding more judges.

Unfortunately, based upon the present limitations of three courtrooms, there is currently no possibility of any increase in judges to be chambered in Carver County. Because of this, I strongly advocate that the bill be pursued, so that the number of courtrooms in Carver County can be increased to meet the ever-growing judicial and public needs.

One additional concern that I would like to address is courthouse security. As you are aware, security has become an increasing concern for all court facilities. In the First District, Dakota County has made tremendous strides on these issues. Unfortunately, Carver County, due to current structure, has not been able to make those strides necessary to maintain public and court staff security. This bill would assist the county in moving forward on this significant issue.

If there is any further information that would assist you in pursuing this matter, please do not hesitate to contact me. I am willing to support you in any way possible to make this bill a reality.

Sincerely,


Richard G. Spicer
Chief Judge of the First Judicial District



CARVER
COUNTY

Office of Court Administrator
Carver County Government Center
Justice Center Building
604 East Fourth Street
Chaska, Minnesota 55318-2102
Phone (952) 361-1420
Fax (952) 361-1491

RECEIVED

APR 25 2005

Carolyn M. Renn, Court Administrator
Rita A. Worm, Deputy Court Administrator
Louann L. McVeigh, Court Coordinator

April 19, 2005

Senator Julianne Ortman
100 Rev. Dr. Martin Luther King Blvd.
Room G-21
St. Paul, MN 55155-1206

Re: Carver County Justice Center Expansion

Dear Senator Ortman:

Thank you for inviting me to the hearing this morning, I found the time spent at the Capitol very interesting.

Enclosed please find the proposed prints for the addition to the Justice Center Building that we spoke of, I hope that you will find them helpful.

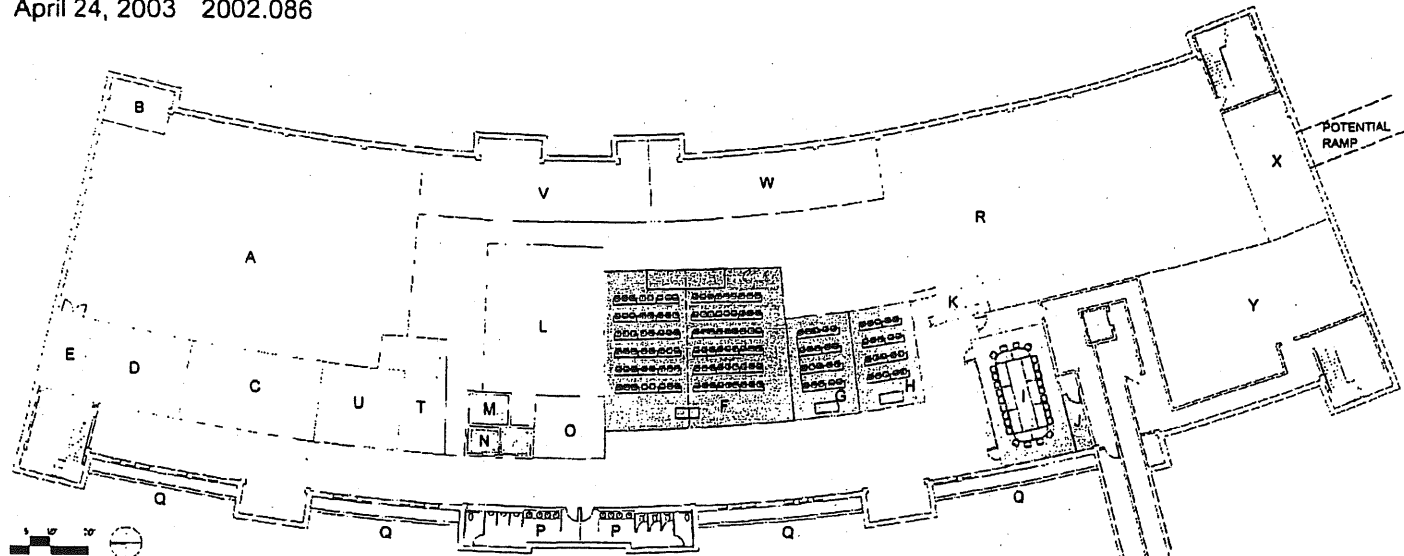
I spoke with a number of judges this morning and all were very supportive of this bill, most have indicated that they will be sending a letter out yet this week. If there is anything else that I can do to help please don't hesitate to contact me.

Thank you once again for your help.

Sincerely,

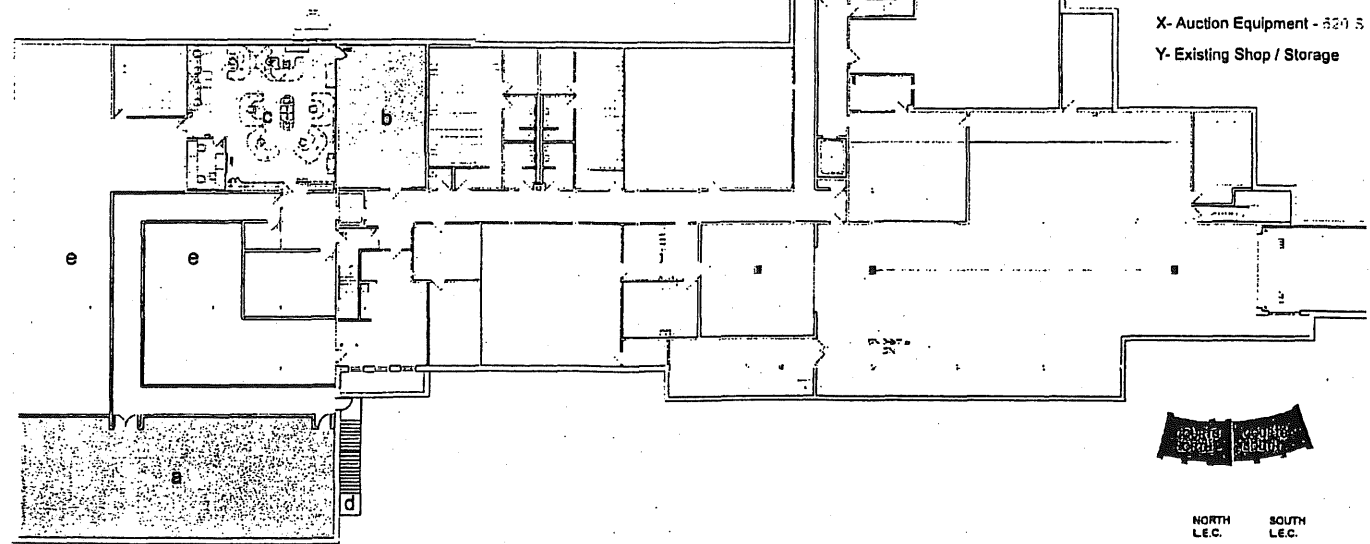
Carol Renn
Carver County Court Administrator
604 East 4th St
Chaska, MN 55318
952-361-1424
Carol.renn@courts.state.mn.us

April 24, 2003 2002.086



- A- Record Storage - 4 350 S.F.
- B- Secured Record Storage - 175 S.F.
- C- Emergency / Risk Management Offices - 320 S.F.
- D- Record Center Offices - 400 S.F.
- E- Record Center - Process / Staging - 200 S.F.
- F- Emergency Operations Center (EOC) / Training Room (Seats 100) - 340 S.F.
- G- Computer Training (Seats 20) - 175 S.F.
- H- Breakout Room - 100 S.F.
- I- Conference Room (Seats 26) - 108 S.F.
- J- Storage - 34 S.F.
- K- Kitchenette - 175 S.F.
- L- Mechanical - 1 000 S.F.
- M- Janitor - Existing
- N- New Elevator in Existing Shaft
- O- New Stair to ground level to connect to Existing Stair - 300 S.F.
- P- New Public Restrooms - 576 S.F.
- Q- New Window Wells
- R- Unfinished Space - 10 582 S.F.
- S- Circulation / Waiting - 4 100 S.F.
- T- Copy / Mail / Paper - 366 S.F.
- U- Training Office - 386 S.F.
- V- GIS - 1 000 S.F.
- W- Central Services - 1 000 S.F.
- X- Auction Equipment - 620 S.F.
- Y- Existing Shop / Storage

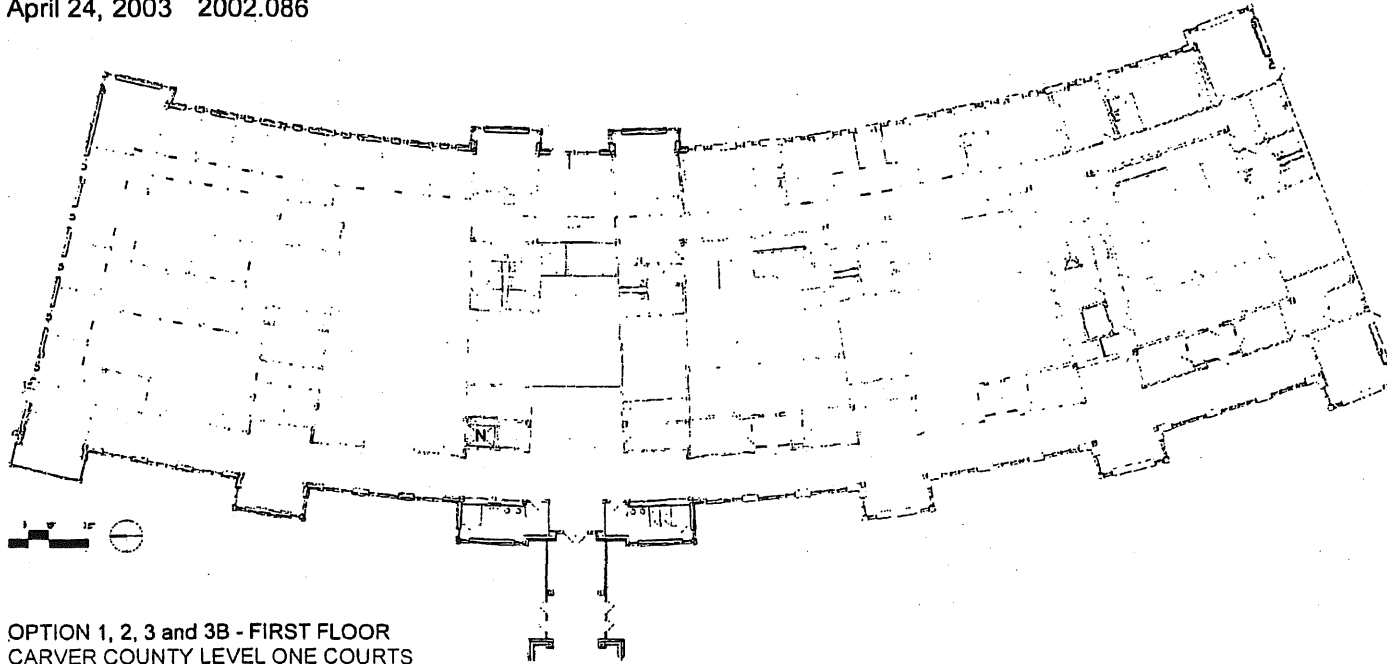
- a- Force Training - 2 400 S.F.
- b- Uni-sex Locker Room - 320 S.F.
- c- 911 (Expanded with 8 Consoles)
- d- New Stair to Exterior
- e- Unfinished Space



SCHEME 2 - LOWER LEVEL FLOOR
 CARVER COUNTY LOWER LEVEL
 (ESTIMATED CONSTRUCTION COSTS: \$2,917,787)

NORTH
 L.E.C. SOUTH
 L.E.C.

April 24, 2003 2002.086

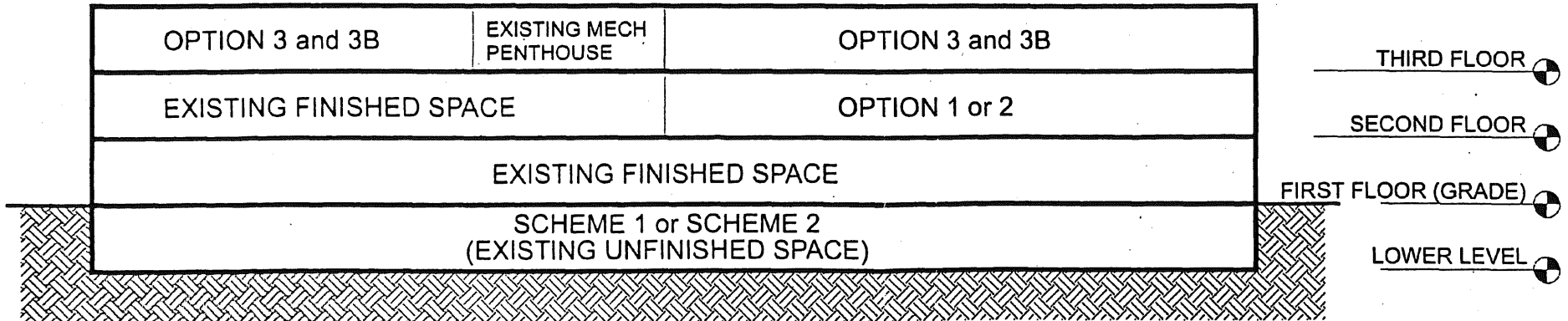


OPTION 1, 2, 3 and 3B - FIRST FLOOR
CARVER COUNTY LEVEL ONE COURTS

N- New Elevator in Existing Shaft

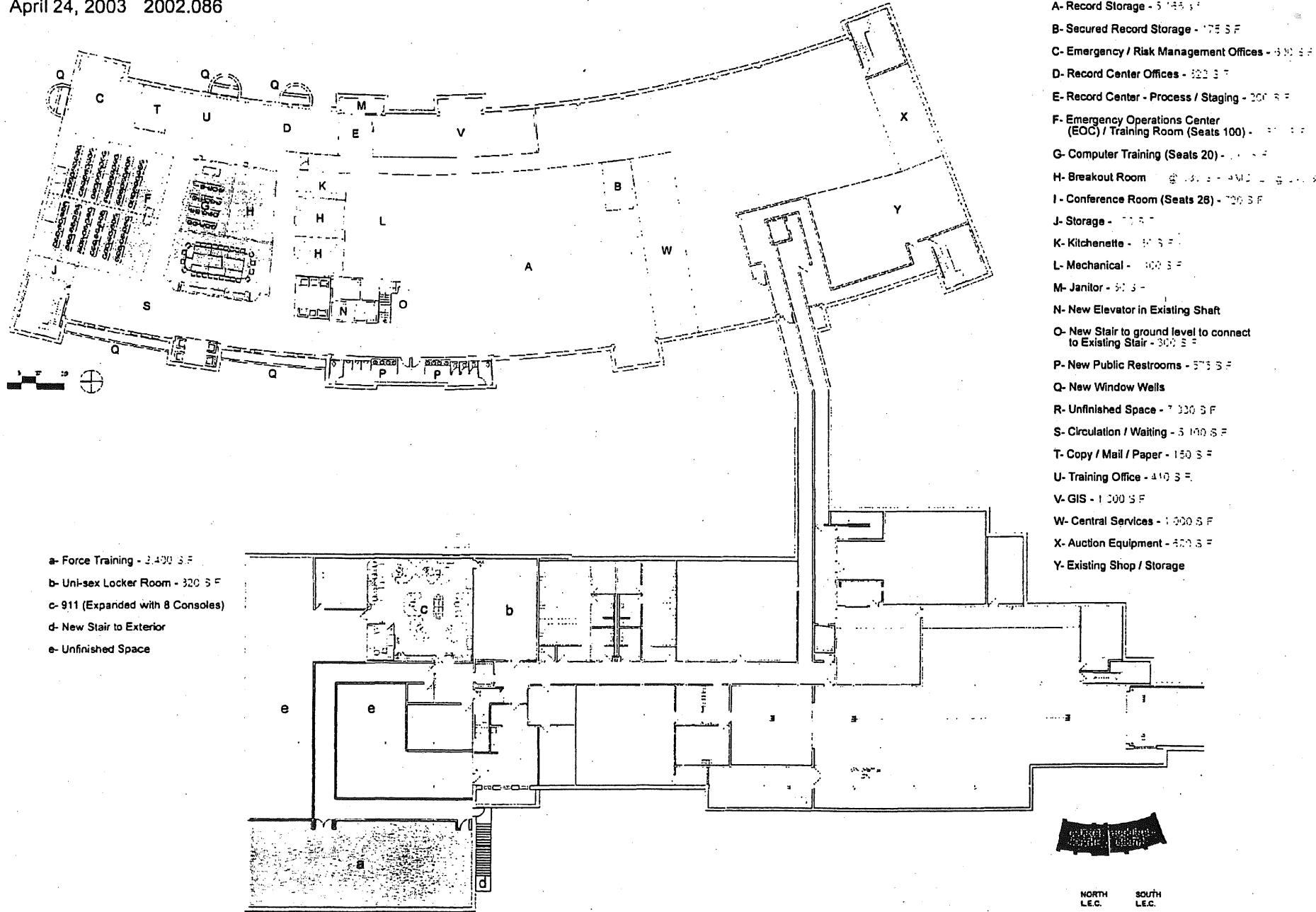


NORTH
L.E.C. SOUTH
L.E.C.



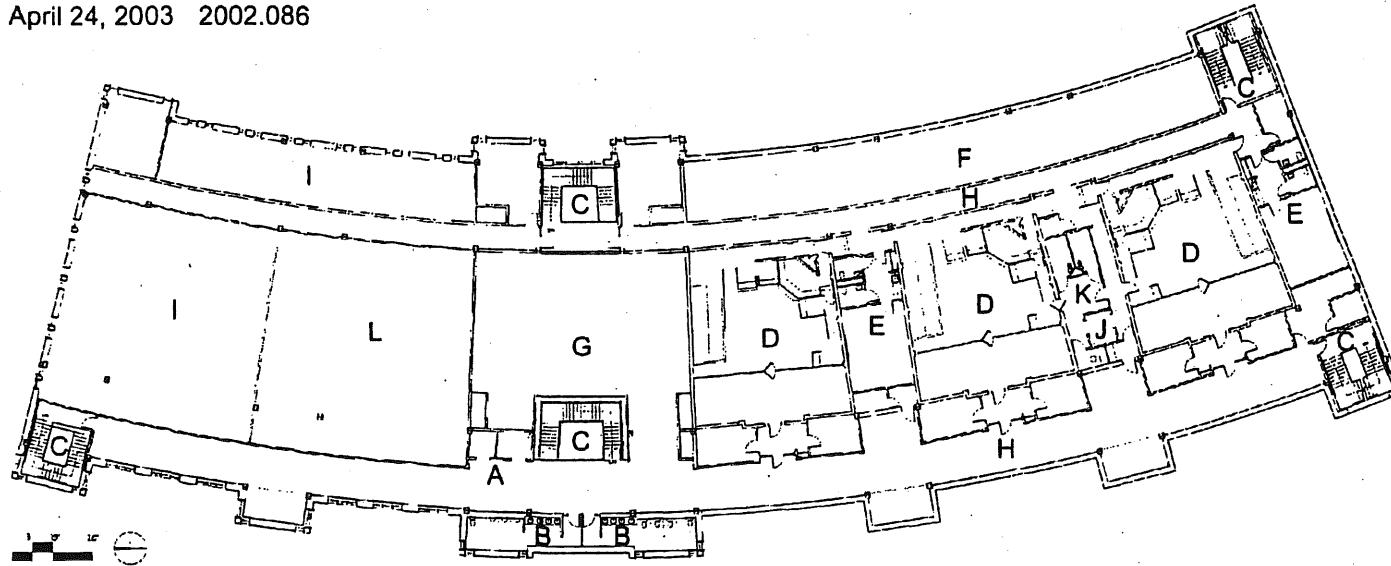
SCHEMATIC BUILDING SECTION (LOOKING EAST)
(NOT TO SCALE)

April 24, 2003 2002.086



SCHEME 1 - LOWER LEVEL FLOOR
 CARVER COUNTY LOWER LEVEL
 (ESTIMATED CONSTRUCTION COSTS: \$2,910,835)

April 24, 2003 2002.086

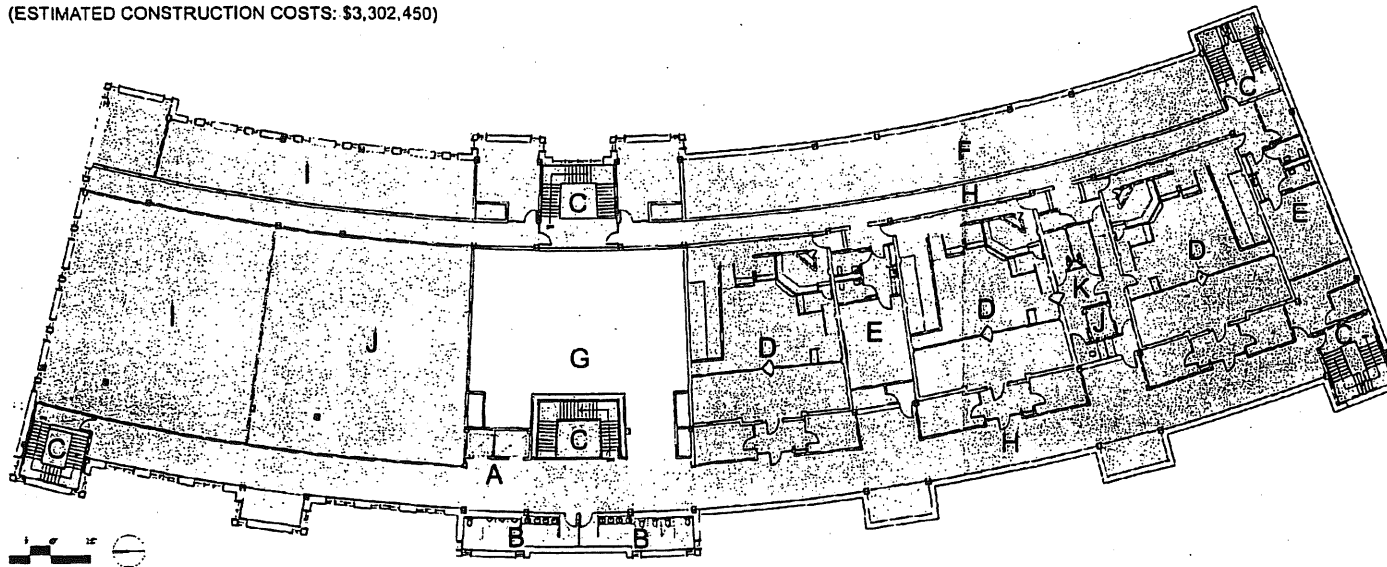


- A- Elevators
- B- Public Restrooms
- C- Stair
- D- Courtroom
- E- Courtroom Support
- F- Judge/ Clerk/ Reporter area
- G- Existing Mechanical Penthouse
- H- Public Circulation
- I - Office
- J- Extended Elevator Shaft
- K- Holding Cells
- L- Mechanical Room

FINISHED - 0.3 F
 UNFINISHED - 0.3 F

- Shell
- Finished Space
- Existing
- Existing Mechanical Pentho

OPTION 3 - NEW THIRD FLOOR - UNFINISHED
 CARVER COUNTY LEVEL THREE COURTS
 (ESTIMATED CONSTRUCTION COSTS: \$3,302,450)



- A- Elevators
- B- Public Restrooms
- C- Stair
- D- Courtroom
- E- Courtroom Support
- F- Judge/ Clerk/ Reporter area
- G- Existing Mechanical Penthouse
- H- Public Circulation
- I - Office
- J- Extended Elevator Shaft
- K- Holding Cells
- L- Mechanical Room

FINISHED - 29,530 S.F.
 UNFINISHED - 0.3 F

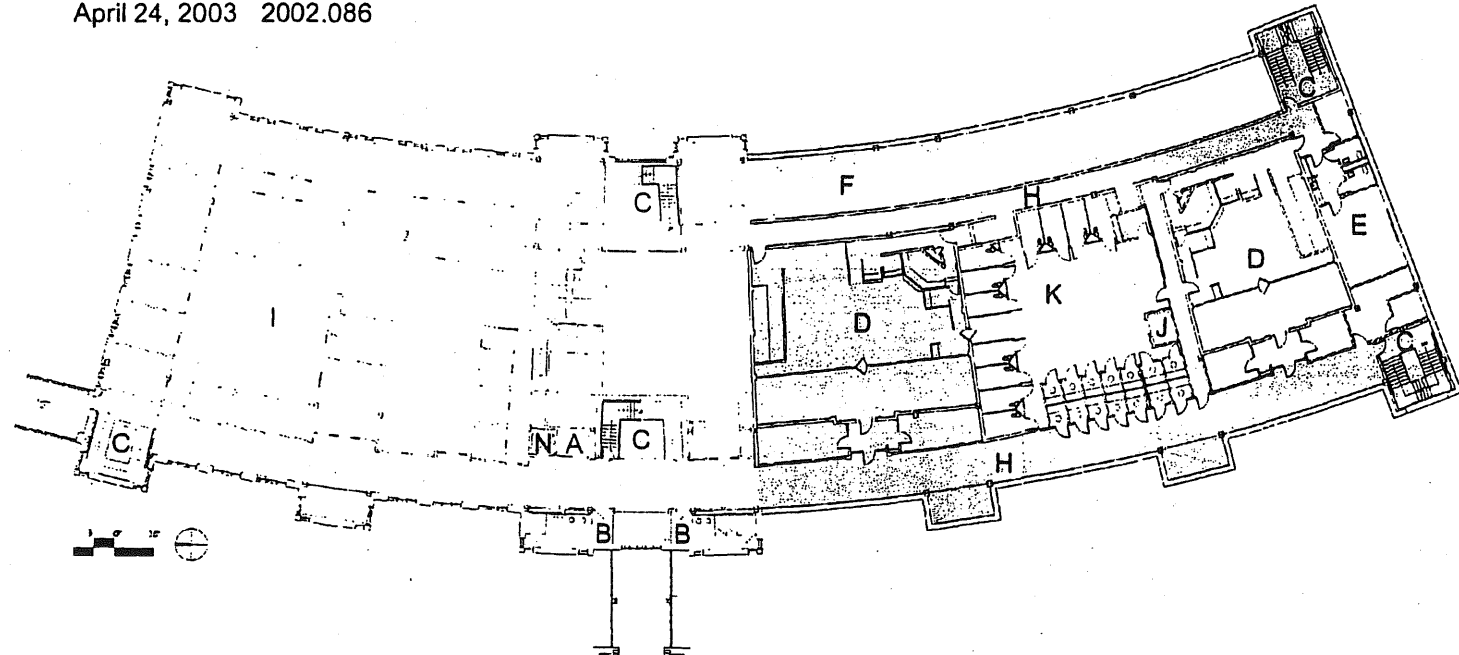


NORTH
 L.E.C.

SOUTH
 L.E.C.

OPTION 3B - NEW THIRD FLOOR - FINISHED
 CARVER COUNTY LEVEL THREE COURTS
 (ESTIMATED CONSTRUCTION COSTS: \$7,311,777)

April 24, 2003 2002.086

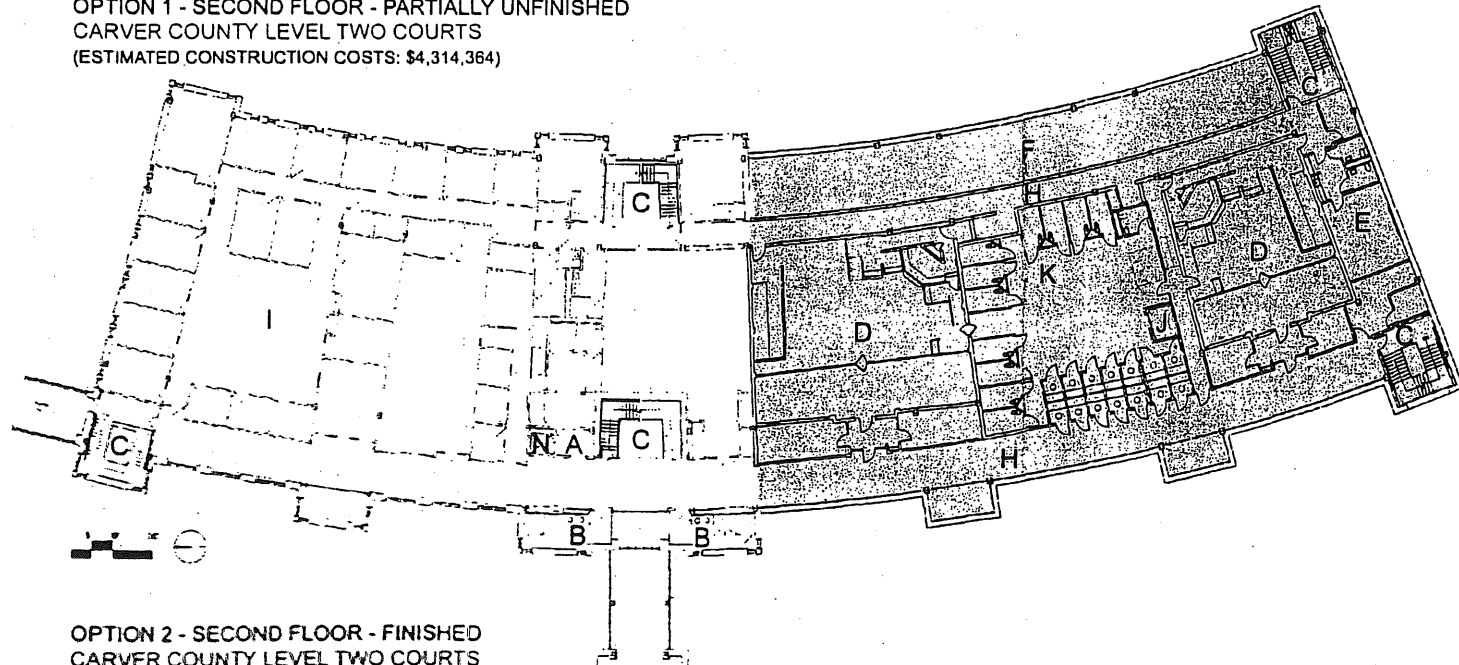


OPTION 1 - SECOND FLOOR - PARTIALLY UNFINISHED
 CARVER COUNTY LEVEL TWO COURTS
 (ESTIMATED CONSTRUCTION COSTS: \$4,314,364)

- A- Elevator
- B- Public Restrooms
- C- Stair
- D- Courtroom
- E- Courtroom Support
- F- Judge/ Clerk/ Reporter area
- G- Existing Mechanical Penthouse
- H- Public Circulation
- I- Office
- J- Extended Elevator Shaft
- K- Holding Cells
- N- New Elevator in Existing Shaft

FINISHED - 11,033 SF
 UNFINISHED - 11,033 SF

- Shell
- Finished Space
- Existing
- Existing Mechanical Penthou



OPTION 2 - SECOND FLOOR - FINISHED
 CARVER COUNTY LEVEL TWO COURTS
 (ESTIMATED CONSTRUCTION COSTS: \$5,719,071)

- A- Elevator
- B- Public Restrooms
- C- Stair
- D- Courtroom
- E- Courtroom Support
- F- Judge/ Clerk/ Reporter area
- G- Existing Mechanical Penthouse
- H- Public Circulation
- I- Office
- J- Extended Elevator Shaft
- K- Holding Cells
- N- New Elevator in Existing Shaft

FINISHED - 14,840 SF
 UNFINISHED - 11,033 SF



NORTH
 L.E.C. SOUTH
 L.E.C.

Agenda #6

ARTICLE 1

INDIVIDUAL INCOME TAX

Section 1. Minnesota Statutes 2004, section 290.01, subdivision 19a, as amended by S.F. No. 1683, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute; and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as

1 defined in section 851(g) of the Internal Revenue Code, making
2 the payment; and

3 (iii) for the purposes of items (i) and (ii), interest on
4 obligations of an Indian tribal government described in section
5 7871(c) of the Internal Revenue Code shall be treated as
6 interest income on obligations of the state in which the tribe
7 is located;

8 (2) the amount of income or sales and use taxes paid or
9 accrued within the taxable year under this chapter and income or
10 sales and use taxes paid to any other state or to any province
11 or territory of Canada, to the extent allowed as a deduction
12 under section 63(d) of the Internal Revenue Code, but the
13 addition may not be more than the amount by which the itemized
14 deductions as allowed under section 63(d) of the Internal
15 Revenue Code exceeds the amount of the standard deduction as
16 defined in section 63(c) of the Internal Revenue Code of 1986,
17 as amended through June 15, 2003. For the purpose of this
18 paragraph, the disallowance of itemized deductions under section
19 68 of the Internal Revenue Code of 1986, income or sales and use
20 tax is the last itemized deduction disallowed;

21 (3) the capital gain amount of a lump sum distribution to
22 which the special tax under section 1122(h)(3)(B)(ii) of the Tax
23 Reform Act of 1986, Public Law 99-514, applies;

24 (4) the amount of income taxes paid or accrued within the
25 taxable year under this chapter and income taxes paid to any
26 other state or any province or territory of Canada, to the
27 extent allowed as a deduction in determining federal adjusted
28 gross income. For the purpose of this paragraph, income taxes
29 do not include the taxes imposed by sections 290.0922,
30 subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

31 (5) the amount of expense, interest, or taxes disallowed
32 pursuant to section 290.10;

33 (6) the amount of a partner's pro rata share of net income
34 which does not flow through to the partner because the
35 partnership elected to pay the tax on the income under section
36 6242(a)(2) of the Internal Revenue Code; and

1 (7) 80 percent of the depreciation deduction allowed under
2 section 168(k) of the Internal Revenue Code. For purposes of
3 this clause, if the taxpayer has an activity that in the taxable
4 year generates a deduction for depreciation under section 168(k)
5 and the activity generates a loss for the taxable year that the
6 taxpayer is not allowed to claim for the taxable year, "the
7 depreciation allowed under section 168(k)" for the taxable year
8 is limited to excess of the depreciation claimed by the activity
9 under section 168(k) over the amount of the loss from the
10 activity that is not allowed in the taxable year. In succeeding
11 taxable years when the losses not allowed in the taxable year
12 are allowed, the depreciation under section 168(k) is allowed;

13 (8) 80 percent of the amount by which the deduction allowed
14 by section 179 of the Internal Revenue Code exceeds the
15 deduction allowable by section 179 of the Internal Revenue Code
16 of 1986, as amended through December 31, 2003;

17 (9) to the extent deducted in computing federal taxable
18 income, the amount of the deduction allowable under section 199
19 of the Internal Revenue Code;

20 ~~(10) to the extent deducted in computing federal taxable~~
21 ~~income, the amount by which the standard deduction allowed under~~
22 ~~section 63(e) of the Internal Revenue Code exceeds the standard~~
23 ~~deduction allowable under section 63(e) of the Internal Revenue~~
24 ~~Code of 1986, as amended through December 31, 2003;~~

25 ~~(11)~~ the exclusion allowed under section 139A of the
26 Internal Revenue Code for federal subsidies for prescription
27 drug plans; and

28 (12) (11) the deduction or exclusion allowed under section
29 223 of the Internal Revenue Code for contributions to health
30 savings accounts.

31 **[EFFECTIVE DATE.]** This section is effective for tax years
32 beginning after December 31, 2004.

33 Sec. 2. Minnesota Statutes 2004, section 290.06, is
34 amended by adding a subdivision to read:

35 Subd. 32. [DAIRY INVESTMENT CREDIT.] (a) A dairy
36 investment credit is allowed against the tax computed under this

1 chapter equal to the credit amount in the table, based on the
 2 amount paid or incurred by the taxpayer in the tax year and
 3 certified by the commissioner of agriculture under paragraph
 4 (f), for qualifying expenditures:

<u>Amount of</u> <u>qualifying expenditures</u>	<u>Credit amount</u>
7 <u>up to \$500,000</u>	<u>ten percent of</u> 8 <u>qualifying expenditures</u>
9 <u>over \$500,000, but not</u> 10 <u>more than \$600,000</u>	<u>\$50,000, plus nine percent</u> 11 <u>of the amount of qualified</u> 12 <u>expenditures in excess of</u> <u>\$500,000</u>
13 <u>over \$600,000, but not</u> 14 <u>more than \$700,000</u>	<u>\$59,000, plus seven percent</u> 15 <u>of the amount of qualified</u> 16 <u>expenditures in excess of</u> <u>\$600,000</u>
17 <u>over \$700,000, but not</u> 18 <u>more than \$800,000</u>	<u>\$66,000, plus five percent</u> 19 <u>of the amount of qualified</u> 20 <u>expenditures in excess of</u> <u>\$700,000</u>
21 <u>over \$800,000, but not</u> 22 <u>more than \$900,000</u>	<u>\$71,000, plus three percent</u> 23 <u>of the amount of qualified</u> 24 <u>expenditures in excess of</u> <u>\$800,000</u>
25 <u>over \$900,000, but not</u> 26 <u>more than \$1,000,000</u>	<u>\$74,000, plus one percent</u> 27 <u>of the amount of qualified</u> 28 <u>expenditures in excess of</u> <u>\$900,000</u>
29 <u>\$1,000,000 or more</u>	<u>\$75,000</u>

30 (b) "Qualifying expenditures," for purposes of this
 31 subdivision, means the expenses incurred for dairy animals for
 32 the construction or improvement of buildings or facilities, or
 33 the acquisition of equipment, for dairy animal housing,
 34 confinement, animal feeding, milk production, and waste
 35 management, including, but not limited to, the following:

- 36 (1) freestall barns;
- 37 (2) fences;
- 38 (3) watering facilities;
- 39 (4) feed storage and handling equipment;
- 40 (5) milking parlors;
- 41 (6) robotic equipment;
- 42 (7) scales;
- 43 (8) milk storage and cooling facilities;
- 44 (9) bulk tanks;

- 1 (10) manure handling equipment and storage facilities;
2 (11) digesters;
3 (12) equipment used to produce energy; and
4 (13) on-farm processing.

5 Qualifying expenditures only include amounts that are
6 capitalized and deducted under either section 167 or 179 of the
7 Internal Revenue Code in computing federal taxable income.

8 (c) The credit is limited to the liability for tax, as
9 computed under this section for the taxable year for which the
10 credit certificate is issued. If the amount of the credit
11 determined under this section for any taxable year exceeds this
12 limitation, the excess is a dairy investment credit carryover to
13 each of the 15 succeeding taxable years. The entire amount of
14 the excess unused credit for the taxable year is carried first
15 to the earliest of the taxable years to which the credit may be
16 carried and then to each successive year to which the credit may
17 be carried. The amount of the unused credit which may be added
18 under this paragraph shall not exceed the taxpayer's liability
19 for tax less the dairy investment credit for the taxable year.

20 (d) For a partnership or S corporation, the maximum amount
21 of the credit applies to the entity, not the individual partner
22 or shareholder.

23 (e) To be eligible for the dairy investment credit in this
24 subdivision, a taxpayer must apply to the commissioner of
25 agriculture for a tax credit certificate. The application must
26 be made on forms prescribed by the commissioner of agriculture
27 and must include a statement of the qualifying expenditures by
28 the taxpayer.

29 (f) The commissioner of agriculture shall certify credits
30 in the order the forms required under paragraph (e) are received
31 and approved by the commissioner of agriculture, until the
32 maximum credit amount for the taxable year has been reached.
33 The maximum credit amount is \$900,000 for tax years beginning
34 after December 31, 2004, and before January 1, 2006; \$2,000,000
35 for tax years beginning after December 31, 2005, and before
36 January 1, 2007; \$3,500,000 for tax years beginning after

1 December 31, 2006, and before January 1, 2008; and \$4,000,000
2 per year for tax years beginning after December 31, 2007.

3 Any eligible applications for which certificates are not
4 issued in a tax year because the commissioner of agriculture has
5 issued certificates totaling the maximum credit amount for that
6 tax year remain eligible for a credit certificate in subsequent
7 tax years, in the order in which the forms were received by the
8 commissioner of agriculture.

9 [EFFECTIVE DATE.] This section is effective for assets
10 placed in service in taxable years beginning after December 31,
11 2004.

12 Sec. 3. Minnesota Statutes 2004, section 290.0674,
13 subdivision 1, is amended to read:

14 Subdivision 1. [CREDIT ALLOWED.] An individual is allowed
15 a credit against the tax imposed by this chapter in an amount
16 equal to 75 percent of the amount paid for education-related
17 expenses for a qualifying child in kindergarten through grade
18 12. For purposes of this section, "education-related expenses"
19 means:

20 (1) fees or tuition for instruction by an instructor under
21 section 120A.22, subdivision 10, clause (1), (2), (3), (4), or
22 (5), or a member of the Minnesota Music Teachers Association,
23 and who is not a lineal ancestor or sibling of the dependent for
24 instruction outside the regular school day or school year,
25 including tutoring, driver's education offered as part of school
26 curriculum, regardless of whether it is taken from a public or
27 private entity or summer camps, in grade or age appropriate
28 curricula that supplement curricula and instruction available
29 during the regular school year, that assists a dependent to
30 improve knowledge of core curriculum areas or to expand
31 knowledge and skills under the graduation rule under section
32 120B.02, paragraph (e), clauses (1) to (7), (9), and (10), and
33 that do not include the teaching of religious tenets, doctrines,
34 or worship, the purpose of which is to instill such tenets,
35 doctrines, or worship;

36 (2) expenses for textbooks, including books and other

1 instructional materials and equipment purchased or leased for
2 use in elementary and secondary schools in teaching only those
3 subjects legally and commonly taught in public elementary and
4 secondary schools in this state. "Textbooks" does not include
5 instructional books and materials used in the teaching of
6 religious tenets, doctrines, or worship, the purpose of which is
7 to instill such tenets, doctrines, or worship, nor does it
8 include books or materials for extracurricular activities
9 including sporting events, musical or dramatic events, speech
10 activities, driver's education, or similar programs;

11 (3) a maximum expense of \$200 per family for personal
12 computer hardware, excluding single purpose processors, and
13 educational software that assists a dependent to improve
14 knowledge of core curriculum areas or to expand knowledge and
15 skills under the graduation rule under section 120B.02 purchased
16 for use in the taxpayer's home and not used in a trade or
17 business regardless of whether the computer is required by the
18 dependent's school; and

19 (4) the amount paid to others for tuition and
20 transportation of a qualifying child attending an elementary or
21 secondary school situated in Minnesota, North Dakota, South
22 Dakota, Iowa, or Wisconsin, wherein a resident of this state may
23 legally fulfill the state's compulsory attendance laws, which is
24 not operated for profit, and which adheres to the provisions of
25 the Civil Rights Act of 1964 and chapter 363A.

26 For purposes of this section, "qualifying child" has the
27 meaning given in section 32(c)(3) of the Internal Revenue Code.

28 **[EFFECTIVE DATE.]** This section is effective for taxable
29 years beginning after December 31, 2004.

30 Sec. 4. Minnesota Statutes 2004, section 290.17,
31 subdivision 2, is amended to read:

32 Subd. 2. [INCOME NOT DERIVED FROM CONDUCT OF A TRADE OR
33 BUSINESS.] The income of a taxpayer subject to the allocation
34 rules that is not derived from the conduct of a trade or
35 business must be assigned in accordance with paragraphs (a) to
36 (f):

1 (a)(1) Subject to paragraphs (a)(2) and (a)(3), ~~and~~
2 ~~(a)(4)~~, income from wages as defined in section 3401(a) and (f)
3 of the Internal Revenue Code is assigned to this state if, and
4 to the extent that, the work of the employee is performed within
5 it; all other income from such sources is treated as income from
6 sources without this state.

7 Severance pay shall be considered income from labor or
8 personal or professional services.

9 (2) In the case of an individual who is a nonresident of
10 Minnesota and who is an athlete or entertainer, income from
11 compensation for labor or personal services performed within
12 this state shall be determined in the following manner:

13 (i) The amount of income to be assigned to Minnesota for an
14 individual who is a nonresident salaried athletic team employee
15 shall be determined by using a fraction in which the denominator
16 contains the total number of days in which the individual is
17 under a duty to perform for the employer, and the numerator is
18 the total number of those days spent in Minnesota. For purposes
19 of this paragraph, off-season training activities, unless
20 conducted at the team's facilities as part of a team imposed
21 program, are not included in the total number of duty days.
22 Bonuses earned as a result of play during the regular season or
23 for participation in championship, play-off, or all-star games
24 must be allocated under the formula. Signing bonuses are not
25 subject to allocation under the formula if they are not
26 conditional on playing any games for the team, are payable
27 separately from any other compensation, and are nonrefundable;
28 and

29 (ii) The amount of income to be assigned to Minnesota for
30 an individual who is a nonresident, and who is an athlete or
31 entertainer not listed in clause (i), for that person's athletic
32 or entertainment performance in Minnesota shall be determined by
33 assigning to this state all income from performances or athletic
34 contests in this state.

35 (3) For purposes of this section, amounts received by a
36 nonresident as "retirement income" as defined in section (b)(1)

1 of the State Income Taxation of Pension Income Act, Public Law
2 104-95, are not considered income derived from carrying on a
3 trade or business or from wages or other compensation for work
4 an employee performed in Minnesota, and are not taxable under
5 this chapter.

6 ~~{4}-Wages, otherwise assigned to this state under clause~~
7 ~~{1}-and not qualifying under clause {3}, are not taxable under~~
8 ~~this chapter if the following conditions are met:~~

9 ~~{i}-the recipient was not a resident of this state for any~~
10 ~~part of the taxable year in which the wages were received, and~~

11 ~~{ii}-the wages are for work performed while the recipient~~
12 ~~was a resident of this state.~~

13 (b) Income or gains from tangible property located in this
14 state that is not employed in the business of the recipient of
15 the income or gains must be assigned to this state.

16 (c) Income or gains from intangible personal property not
17 employed in the business of the recipient of the income or gains
18 must be assigned to this state if the recipient of the income or
19 gains is a resident of this state or is a resident trust or
20 estate.

21 Gain on the sale of a partnership interest is allocable to
22 this state in the ratio of the original cost of partnership
23 tangible property in this state to the original cost of
24 partnership tangible property everywhere, determined at the time
25 of the sale. If more than 50 percent of the value of the
26 partnership's assets consists of intangibles, gain or loss from
27 the sale of the partnership interest is allocated to this state
28 in accordance with the sales factor of the partnership for its
29 first full tax period immediately preceding the tax period of
30 the partnership during which the partnership interest was sold.

31 Gain on the sale of goodwill or income from a covenant not
32 to compete that is connected with a business operating all or
33 partially in Minnesota is allocated to this state to the extent
34 that the income from the business in the year preceding the year
35 of sale was assignable to Minnesota under subdivision 3.

36 When an employer pays an employee for a covenant not to

1 compete, the income allocated to this state is in the ratio of
2 the employee's service in Minnesota in the calendar year
3 preceding leaving the employment of the employer over the total
4 services performed by the employee for the employer in that year.

5 (d) Income from winnings on a bet made by an individual
6 while in Minnesota is assigned to this state. In this
7 paragraph, "bet" has the meaning given in section 609.75,
8 subdivision 2, as limited by section 609.75, subdivision 3,
9 clauses (1), (2), and (3).

10 (e) All items of gross income not covered in paragraphs (a)
11 to (d) and not part of the taxpayer's income from a trade or
12 business shall be assigned to the taxpayer's domicile.

13 (f) For the purposes of this section, working as an
14 employee shall not be considered to be conducting a trade or
15 business.

16 [EFFECTIVE DATE.] This section is effective for tax years
17 beginning after December 31, 2005.

18 ARTICLE 2

19 CORPORATE FRANCHISE TAX

20 Section 1. Minnesota Statutes 2004, section 290.01,
21 subdivision 6b, is amended to read:

22 Subd. 6b. [FOREIGN OPERATING CORPORATION.] The term
23 "foreign operating corporation," when applied to a corporation,
24 means a domestic corporation with the following characteristics:

25 (1) it is part of a unitary business at least one member of
26 which is taxable in this state;

27 (2) it is not a foreign sales corporation under section 922
28 of the Internal Revenue Code, as amended through December 31,
29 1999, for the taxable year; and

30 (3) either (i) the average of the percentages of its
31 property and payrolls assigned to locations ~~inside~~ outside the
32 United States ~~and the District of Columbia, excluding the~~
33 ~~commonwealth of Puerto Rico and possessions of the United~~
34 ~~States,~~ as determined under section 290.191 or 290.20, is ~~at least~~ at least 80
35 percent or less greater and it has at least \$2,000,000 of
36 property and \$1,000,000 of payroll as determined under section

1 290.191 or 290.20; or (ii) it has in effect a valid election
2 under section 936 of the Internal Revenue Code.

3 **[EFFECTIVE DATE.]** This section is effective for tax years
4 beginning after December 31, 2004.

5 Sec. 2. Minnesota Statutes 2004, section 290.01,
6 subdivision 19d, is amended to read:

7 Subd. 19d. [CORPORATIONS; MODIFICATIONS DECREASING FEDERAL
8 TAXABLE INCOME.] For corporations, there shall be subtracted
9 from federal taxable income after the increases provided in
10 subdivision 19c:

11 (1) the amount of foreign dividend gross-up added to gross
12 income for federal income tax purposes under section 78 of the
13 Internal Revenue Code;

14 (2) the amount of salary expense not allowed for federal
15 income tax purposes due to claiming the federal jobs credit
16 under section 51 of the Internal Revenue Code;

17 (3) any dividend (not including any distribution in
18 liquidation) paid within the taxable year by a national or state
19 bank to the United States, or to any instrumentality of the
20 United States exempt from federal income taxes, on the preferred
21 stock of the bank owned by the United States or the
22 instrumentality;

23 (4) amounts disallowed for intangible drilling costs due to
24 differences between this chapter and the Internal Revenue Code
25 in taxable years beginning before January 1, 1987, as follows:

26 (i) to the extent the disallowed costs are represented by
27 physical property, an amount equal to the allowance for
28 depreciation under Minnesota Statutes 1986, section 290.09,
29 subdivision 7, subject to the modifications contained in
30 subdivision 19e; and

31 (ii) to the extent the disallowed costs are not represented
32 by physical property, an amount equal to the allowance for cost
33 depletion under Minnesota Statutes 1986, section 290.09,
34 subdivision 8;

35 (5) the deduction for capital losses pursuant to sections
36 1211 and 1212 of the Internal Revenue Code, except that:

1 (i) for capital losses incurred in taxable years beginning
2 after December 31, 1986, capital loss carrybacks shall not be
3 allowed;

4 (ii) for capital losses incurred in taxable years beginning
5 after December 31, 1986, a capital loss carryover to each of the
6 15 taxable years succeeding the loss year shall be allowed;

7 (iii) for capital losses incurred in taxable years
8 beginning before January 1, 1987, a capital loss carryback to
9 each of the three taxable years preceding the loss year, subject
10 to the provisions of Minnesota Statutes 1986, section 290.16,
11 shall be allowed; and

12 (iv) for capital losses incurred in taxable years beginning
13 before January 1, 1987, a capital loss carryover to each of the
14 five taxable years succeeding the loss year to the extent such
15 loss was not used in a prior taxable year and subject to the
16 provisions of Minnesota Statutes 1986, section 290.16, shall be
17 allowed;

18 (6) an amount for interest and expenses relating to income
19 not taxable for federal income tax purposes, if (i) the income
20 is taxable under this chapter and (ii) the interest and expenses
21 were disallowed as deductions under the provisions of section
22 171(a)(2), 265 or 291 of the Internal Revenue Code in computing
23 federal taxable income;

24 (7) in the case of mines, oil and gas wells, other natural
25 deposits, and timber for which percentage depletion was
26 disallowed pursuant to subdivision 19c, clause (11), a
27 reasonable allowance for depletion based on actual cost. In the
28 case of leases the deduction must be apportioned between the
29 lessor and lessee in accordance with rules prescribed by the
30 commissioner. In the case of property held in trust, the
31 allowable deduction must be apportioned between the income
32 beneficiaries and the trustee in accordance with the pertinent
33 provisions of the trust, or if there is no provision in the
34 instrument, on the basis of the trust's income allocable to
35 each;

36 (8) for certified pollution control facilities placed in

1 service in a taxable year beginning before December 31, 1986,
2 and for which amortization deductions were elected under section
3 169 of the Internal Revenue Code of 1954, as amended through
4 December 31, 1985, an amount equal to the allowance for
5 depreciation under Minnesota Statutes 1986, section 290.09,
6 subdivision 7;

7 (9) amounts included in federal taxable income that are due
8 to refunds of income, excise, or franchise taxes based on net
9 income or related minimum taxes paid by the corporation to
10 Minnesota, another state, a political subdivision of another
11 state, the District of Columbia, or a foreign country or
12 possession of the United States to the extent that the taxes
13 were added to federal taxable income under section 290.01,
14 subdivision 19c, clause (1), in a prior taxable year;

15 ~~(10) 80-percent-of-royalties,-fees,-or-other-like-income~~
16 ~~accrued-or-received-from-a-foreign-operating-corporation-or-a~~
17 ~~foreign-corporation-which-is-part-of-the-same-unitary-business~~
18 ~~as-the-receiving-corporation;~~

19 ~~(11)~~ income or gains from the business of mining as defined
20 in section 290.05, subdivision 1, clause (a), that are not
21 subject to Minnesota franchise tax;

22 ~~(12)~~ (11) the amount of handicap access expenditures in the
23 taxable year which are not allowed to be deducted or capitalized
24 under section 44(d)(7) of the Internal Revenue Code;

25 ~~(13)~~ (12) the amount of qualified research expenses not
26 allowed for federal income tax purposes under section 280C(c) of
27 the Internal Revenue Code, but only to the extent that the
28 amount exceeds the amount of the credit allowed under section
29 290.068;

30 ~~(14)~~ (13) the amount of salary expenses not allowed for
31 federal income tax purposes due to claiming the Indian
32 employment credit under section 45A(a) of the Internal Revenue
33 Code;

34 ~~(15)~~ (14) the amount of any refund of environmental taxes
35 paid under section 59A of the Internal Revenue Code;

36 ~~(16)~~ (15) for taxable years beginning before January 1,

1 2008, the amount of the federal small ethanol producer credit
2 allowed under section 40(a)(3) of the Internal Revenue Code
3 which is included in gross income under section 87 of the
4 Internal Revenue Code;

5 ~~(17)~~ (16) for a corporation whose foreign sales
6 corporation, as defined in section 922 of the Internal Revenue
7 Code, constituted a foreign operating corporation during any
8 taxable year ending before January 1, 1995, and a return was
9 filed by August 15, 1996, claiming the deduction under section
10 290.21, subdivision 4, for income received from the foreign
11 operating corporation, an amount equal to 1.23 multiplied by the
12 amount of income excluded under section 114 of the Internal
13 Revenue Code, provided the income is not income of a foreign
14 operating company;

15 ~~(18)~~ (17) any decrease in subpart F income, as defined in
16 section 952(a) of the Internal Revenue Code, for the taxable
17 year when subpart F income is calculated without regard to the
18 provisions of section 614 of Public Law 107-147; and

19 ~~(19)~~ (18) in each of the five tax years immediately
20 following the tax year in which an addition is required under
21 subdivision 19c, clause (16), an amount equal to one-fifth of
22 the delayed depreciation. For purposes of this clause, "delayed
23 depreciation" means the amount of the addition made by the
24 taxpayer under subdivision 19c, clause (16). The resulting
25 delayed depreciation cannot be less than zero.

26 **[EFFECTIVE DATE.]** This section is effective for tax years
27 beginning after December 31, 2004.

28 Sec. 3. Minnesota Statutes 2004, section 290.17,
29 subdivision 4, is amended to read:

30 Subd. 4. [UNITARY BUSINESS PRINCIPLE.] (a) If a trade or
31 business conducted wholly within this state or partly within and
32 partly without this state is part of a unitary business, the
33 entire income of the unitary business is subject to
34 apportionment pursuant to section 290.191. Notwithstanding
35 subdivision 2, paragraph (c), none of the income of a unitary
36 business is considered to be derived from any particular source

1 and none may be allocated to a particular place except as
2 provided by the applicable apportionment formula. The
3 provisions of this subdivision do not apply to business income
4 subject to subdivision 5, income of an insurance company, or
5 income of an investment company determined under section 290.36.

6 (b) The term "unitary business" means business activities
7 or operations which result in a flow of value between them. The
8 term may be applied within a single legal entity or between
9 multiple entities and without regard to whether each entity is a
10 sole proprietorship, a corporation, a partnership or a trust.

11 (c) Unity is presumed whenever there is unity of ownership,
12 operation, and use, evidenced by centralized management or
13 executive force, centralized purchasing, advertising,
14 accounting, or other controlled interaction, but the absence of
15 these centralized activities will not necessarily evidence a
16 nonunitary business. Unity is also presumed when business
17 activities or operations are of mutual benefit, dependent upon
18 or contributory to one another, either individually or as a
19 group.

20 (d) Where a business operation conducted in Minnesota is
21 owned by a business entity that carries on business activity
22 outside the state different in kind from that conducted within
23 this state, and the other business is conducted entirely outside
24 the state, it is presumed that the two business operations are
25 unitary in nature, interrelated, connected, and interdependent
26 unless it can be shown to the contrary.

27 (e) Unity of ownership is not deemed to exist when a
28 corporation is involved unless that corporation is a member of a
29 group of two or more business entities and more than 50 percent
30 of the voting stock of each member of the group is directly or
31 indirectly owned by a common owner or by common owners, either
32 corporate or noncorporate, or by one or more of the member
33 corporations of the group. For this purpose, the term "voting
34 stock" shall include membership interests of mutual insurance
35 holding companies formed under section 60A.077.

36 (f) The net income and apportionment factors under section

1 290.191 or 290.20 of foreign corporations and other foreign
2 entities which are part of a unitary business shall not be
3 included in the net income or the apportionment factors of the
4 unitary business. A foreign corporation or other foreign entity
5 which is required to file a return under this chapter shall file
6 on a separate return basis. The net income and apportionment
7 factors under section 290.191 or 290.20 of foreign operating
8 corporations shall not be included in the net income or the
9 apportionment factors of the unitary business except as provided
10 in paragraph (g).

11 (g) The adjusted net income of a foreign operating
12 corporation shall be deemed to be paid as a dividend on the last
13 day of its taxable year to each shareholder thereof, in
14 proportion to each shareholder's ownership, with which such
15 corporation is engaged in a unitary business. Such deemed
16 dividend shall be treated as a dividend under section 290.21,
17 subdivision 4. The dividends-received deduction must not be
18 allowed on dividends, interest, royalties, or capital gains
19 received by the foreign operating corporation included in the
20 deemed dividend.

21 Dividends actually paid by a foreign operating corporation
22 to a corporate shareholder which is a member of the same unitary
23 business as the foreign operating corporation shall be
24 eliminated from the net income of the unitary business in
25 preparing a combined report for the unitary business. The
26 adjusted net income of a foreign operating corporation shall be
27 its net income adjusted as follows:

28 (1) any taxes paid or accrued to a foreign country, the
29 commonwealth of Puerto Rico, or a United States possession or
30 political subdivision of any of the foregoing shall be a
31 deduction; and

32 (2) the subtraction from federal taxable income for
33 payments received from foreign corporations or foreign operating
34 corporations under section 290.01, subdivision 19d, clause (10),
35 shall not be allowed.

36 If a foreign operating corporation incurs a net loss,

1 neither income nor deduction from that corporation shall be
2 included in determining the net income of the unitary business.

3 (h) For purposes of determining the net income of a unitary
4 business and the factors to be used in the apportionment of net
5 income pursuant to section 290.191 or 290.20, there must be
6 included only the income and apportionment factors of domestic
7 corporations or other domestic entities other than foreign
8 operating corporations that are determined to be part of the
9 unitary business pursuant to this subdivision, notwithstanding
10 that foreign corporations or other foreign entities might be
11 included in the unitary business.

12 (i) Deductions for expenses, interest, or taxes otherwise
13 allowable under this chapter that are connected with or
14 allocable against dividends, deemed dividends described in
15 paragraph (g), or royalties, fees, or other like income
16 described in section 290.01, subdivision 19d, clause (10), shall
17 not be disallowed.

18 (j) Each corporation or other entity, except a sole
19 proprietorship, that is part of a unitary business must file
20 combined reports as the commissioner determines. On the
21 reports, all intercompany transactions between entities included
22 pursuant to paragraph (h) must be eliminated and the entire net
23 income of the unitary business determined in accordance with
24 this subdivision is apportioned among the entities by using each
25 entity's Minnesota factors for apportionment purposes in the
26 numerators of the apportionment formula and the total factors
27 for apportionment purposes of all entities included pursuant to
28 paragraph (h) in the denominators of the apportionment formula.

29 (k) If a corporation has been divested from a unitary
30 business and is included in a combined report for a fractional
31 part of the common accounting period of the combined report:

32 (1) its income includable in the combined report is its
33 income incurred for that part of the year determined by
34 proration or separate accounting; and

35 (2) its sales, property, and payroll included in the
36 apportionment formula must be prorated or accounted for

1 separately.

2 [EFFECTIVE DATE.] This section is effective for tax years
3 beginning after December 31, 2004.

4 ARTICLE 3

5 SALES TAX

6 Section 1. Minnesota Statutes 2004, section 297A.67,
7 subdivision 6, is amended to read:

8 Subd. 6. [OTHER EXEMPT MEALS.] (a) Meals or drinks
9 purchased for and served exclusively to individuals who are 60
10 years of age or over and their spouses or to handicapped persons
11 and their spouses by governmental agencies, nonprofit
12 organizations, or churches, or pursuant to any program funded in
13 whole or in part through United States Code, title 42, sections
14 3001 through 3045, wherever delivered, prepared, or served, are
15 exempt.

16 (b) Meals or drinks purchased for and served exclusively to
17 children who are less than 14 years of age or disabled children
18 who are less than 16 years of age and who are attending a child
19 care or early childhood education program, are exempt if they
20 are:

21 (1) purchased by a nonprofit child care facility that is
22 exempt under section 297A.70, subdivision 4, and that primarily
23 serves families with income of 250 percent or less of federal
24 poverty guidelines; and

25 (2) prepared at the site of the child care facility.

26 [EFFECTIVE DATE.] This section is effective for sales after
27 December 31, 1997.

28 Sec. 2. Minnesota Statutes 2004, section 297A.67,
29 subdivision 29, is amended to read:

30 Subd. 29. [SOLAR ENERGY EFFICIENT PRODUCTS.] ~~(a)-A~~
31 ~~residential-lighting-fixture-or-a-compact-fluorescent-bulb-is~~
32 ~~exempt-if-it-has-an-energy-star-label.~~

33 ~~(b)-The-following-products-are-exempt-if-they-have-an~~
34 ~~energyguide-label-that-indicates-that-the-product-meets-or~~
35 ~~exceeds-the-standards-listed-below:~~

36 ~~(1)-an-electric-heat-pump-hot-water-heater-with-an-energy~~

1 ~~factor-of-at-least-1.9;~~

2 ~~(2)-a-natural-gas-water-heater-with-an-energy-factor-of-at~~
3 ~~least-0.62;~~

4 ~~(3)-a-propane-gas-or-fuel-oil-water-heater-with-an-energy~~
5 ~~factor-of-at-least-0.62;~~

6 ~~(4)-a-natural-gas-furnace-with-an-annual-fuel-utilization~~
7 ~~efficiency-greater-than-92-percent;~~ and

8 ~~(5)-a-propane-gas-or-fuel-oil-furnace-with-an-annual-fuel~~
9 ~~utilization-efficiency-greater-than-92-percent.~~

10 ~~(e) A photovoltaic-device solar energy system, as defined~~
11 ~~in section 216C.06, subdivision 17, is exempt. For purposes of~~
12 ~~this subdivision, "photovoltaic-device" means a solid-state~~
13 ~~electrical device, such as a solar module, that converts light~~
14 ~~directly into direct-current electricity of voltage-current~~
15 ~~characteristics that are a function of the characteristics of~~
16 ~~the light source and the materials in and design of the device.~~
17 ~~A "solar module" is a photovoltaic device that produces a~~
18 ~~specified power output under defined test conditions, usually~~
19 ~~composed of groups of solar cells connected in series, in~~
20 ~~parallel, or in series-parallel combinations.~~

21 ~~(d) For purposes of this subdivision, "energy star label"~~
22 ~~means the label granted to certain products that meet United~~
23 ~~States Environmental Protection Agency and United States~~
24 ~~Department of Energy criteria for energy efficiency. For~~
25 ~~purposes of this subdivision, "energyguide label" means the~~
26 ~~label that the United States Federal Trade Commissioner requires~~
27 ~~manufacturers to apply to certain appliances under United States~~
28 ~~Code, title 16, part 305.~~

29 [EFFECTIVE DATE.] This section is effective for sales and
30 purchases made on or after August 1, 2005.

31 Sec. 3. Minnesota Statutes 2004, section 297A.71, is
32 amended by adding a subdivision to read:

33 Subd. 33. [HYDROELECTRIC GENERATING FACILITY.] Materials
34 and supplies used or consumed in the construction of a ,
35 hydroelectric generating facility that meets the requirements of
36 this subdivision are exempt. To qualify for the exemption under

1 this subdivision, a hydroelectric generating facility must:

2 (1) utilize two turbine generators at a dam site existing
3 on March 31, 1994;

4 (2) be located on land within 1,500 feet of a 13.8 kilovolt
5 distribution circuit; and

6 (3) be eligible to receive a renewable energy production
7 incentive payment under section 216C.41.

8 [EFFECTIVE DATE.] This section is effective for sales made
9 after December 31, 2004, and on or before December 31, 2007.

10 Sec. 4. Laws 2001, First Special Session chapter 5,
11 article 12, section 44, the effective date, is amended to read:

12 [EFFECTIVE DATE.] This section is effective for sales and
13 purchases made after July 31, 2001,--and-before-August-17-2005.

14 Sec. 5. [COUNTY OF MOWER; SALES AND USE TAX.]

15 Subdivision 1. [SALES AND USE TAX

16 AUTHORIZED.] Notwithstanding Minnesota Statutes, section
17 477A.016, or any other provision of law or ordinance, the county
18 of Mower may, by resolution, impose a sales and use tax of up to
19 one-half percent for the purposes specified in subdivision 2.

20 Except as otherwise provided in this section, the provisions of
21 Minnesota Statutes, section 297A.99, govern the imposition,
22 administration, collection, and enforcement of the tax
23 authorized under this subdivision.

24 Subd. 2. [USE OF REVENUES.] The proceeds of the tax
25 imposed under this section must be solely used to pay for costs
26 associated with a Criminal Justice Center for Mower County.
27 Government functions to be located in the facility for which
28 proceeds of the tax may be used include, but are not limited to,
29 jail, law enforcement, dispatch, courts, court administration,
30 correctional services, and county attorney.

31 Authorized expenses include, but are not limited to, site
32 acquisition, infrastructure, construction, and professional fees
33 related to the project.

34 Subd. 3. [BONDING AUTHORITY.] (a) The county may issue
35 bonds under Minnesota Statutes, chapter 475, to finance the
36 capital expenditures and improvements authorized by the

1 referendum under subdivision 4. An election to approve the
2 bonds under Minnesota Statutes, section 475.58, is not required.

3 (b) The bonds are not included in computing any debt limits
4 applicable to the county, and the levy of taxes under Minnesota
5 Statutes, section 475.61, to pay principal and interest on the
6 bonds is not subject to levy limits.

7 Subd. 4. [REFERENDUM.] If the county of Mower proposes to
8 impose the tax authorized by this section, the question of
9 imposing the tax must be submitted to the voters at either a
10 special election held before January 1, 2006, or at the next
11 general election.

12 Subd. 5. [TERMINATION OF TAXES.] The tax imposed under
13 this section expires when the county board first determines that
14 the amount of revenues raised to pay for the Criminal Justice
15 Center project under subdivision 2 meet or exceed approved
16 project costs. Any funds remaining after completion of the
17 projects may be placed in the general funds of the county. The
18 county may rescind the tax imposed under this section at an
19 earlier time by ordinance.

20 [EFFECTIVE DATE.] This section is effective the day after
21 compliance with the governing body of the county of Mower with
22 Minnesota Statutes, section 645.021, subdivision 3.

23 Sec. 6. [CITY OF WORTHINGTON; TAXES AUTHORIZED.]

24 Subdivision 1. [SALES AND USE TAX.] Notwithstanding
25 Minnesota Statutes, section 477A.016, or any other provision of
26 law, ordinance, or city charter, if approved by the voters
27 pursuant to Minnesota Statutes, section 297A.99, at the next
28 general election, the city of Worthington may impose by
29 ordinance a sales and use tax of up to one-half of one percent
30 for the purpose specified in subdivision 3. Except as otherwise
31 provided in this section, the provisions of Minnesota Statutes,
32 section 297A.99, govern the imposition, administration,
33 collection, and enforcement of the tax authorized under this
34 subdivision.

35 Subd. 2. [EXCISE TAX AUTHORIZED.] Notwithstanding
36 Minnesota Statutes, section 477A.016, or any other provision of

1 law, ordinance, or city charter, the city of Worthington may
2 impose by ordinance, for the purposes specified in subdivision
3 3, an excise tax of up to \$20 per motor vehicle, as defined by
4 ordinance, purchased or acquired from any person engaged within
5 the city in the business of selling motor vehicles at retail.

6 Subd. 3. [USE OF REVENUES.] Revenues received from taxes
7 authorized by subdivisions 1 and 2 must be used by the city to
8 pay the cost of collecting and administering the taxes and to
9 pay for the costs of a multipurpose city facility to include
10 meeting rooms, a swimming pool, and a senior citizen center, and
11 to make renovations to the Memorial Auditorium. Authorized
12 expenses include, but are not limited to, acquiring property and
13 paying construction expenses related to these improvements, and
14 paying debt service on bonds or other obligations issued to
15 finance acquisition and construction of these improvements.

16 Subd. 4. [BONDING AUTHORITY.] (a) If the tax authorized
17 under subdivision 1 is approved by the voters, the city may
18 issue bonds under Minnesota Statutes, chapter 475, to pay
19 capital and administrative expenses for the improvements
20 described in subdivision 3 in an amount that does not exceed
21 \$7,800,000. An election to approve the bonds under Minnesota
22 Statutes, section 475.58, is not required.

23 (b) The debt represented by the bonds is not included in
24 computing any debt limitation applicable to the city, and any
25 levy of taxes under Minnesota Statutes, section 475.61, to pay
26 principal of and interest on the bonds is not subject to any
27 levy limitation.

28 Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under
29 subdivisions 1 and 2 expire at the earlier of (1) ten years, or
30 (2) when the city council determines that the amount of revenue
31 received from the taxes to pay for the projects under
32 subdivision 3 equals or exceeds \$7,800,000 plus the additional
33 amount needed to pay the costs related to issuance of bonds
34 under subdivision 4, including interest on the bonds. Any funds
35 remaining after completion of the project and retirement or
36 redemption of the bonds shall be placed in a capital project

1 fund of the city. The taxes imposed under subdivisions 1 and 2
2 may expire at an earlier time if the city so determines by
3 ordinance.

4 [EFFECTIVE DATE.] This section is effective the day after
5 the governing body of the city of Worthington and its chief
6 clerical officer timely comply with Minnesota Statutes, section
7 645.021, subdivisions 2 and 3.

8 ARTICLE 4

9 PROPERTY TAX AND AIDS

10 Section 1. Minnesota Statutes 2004, section 272.02,
11 subdivision 53, is amended to read:

12 Subd. 53. [ELECTRIC GENERATION FACILITY; PERSONAL
13 PROPERTY.] Notwithstanding subdivision 9, clause (a), attached
14 machinery and other personal property which is part of a 3.2
15 megawatt run-of-the-river hydroelectric generation facility and
16 that meets the requirements of this subdivision is exempt. At
17 the time of construction, the facility must:

18 (1) utilize two turbine generators at a dam site existing
19 on March 31, 1994;

20 (2) be located on ~~publicly-owned~~ land and within 1,500 feet
21 of a 13.8 kilovolt distribution substation; and

22 (3) be eligible to receive a renewable energy production
23 incentive payment under section 216C.41.

24 Construction of the facility must be commenced after
25 ~~January 17, 2002~~ December 31, 2004, and before January 1, ~~2005~~
26 2007. Property eligible for this exemption does not include
27 electric transmission lines and interconnections or gas
28 pipelines and interconnections appurtenant to the property or
29 the facility.

30 [EFFECTIVE DATE.] This section is effective for taxes
31 levied in 2005, payable in 2006, and thereafter.

32 Sec. 2. Minnesota Statutes 2004, section 272.02, is
33 amended by adding a subdivision to read:

34 Subd. 68. [ELECTRIC GENERATION FACILITY PERSONAL
35 PROPERTY.] (a) Notwithstanding subdivision 9, clause (a),
36 attached machinery and other personal property which is part of

1 either a simple-cycle, combustion-turbine electric generation
2 facility, or a combined-cycle, combustion-turbine electric
3 generation facility that does not exceed 325 megawatts of
4 installed capacity and that meets the requirements of this
5 subdivision is exempt. At the time of construction, the
6 facility must:

7 (1) utilize either a simple-cycle or a combined-cycle
8 combustion-turbine generator fueled by natural gas;

9 (2) be connected to an existing 115-kilovolt high-voltage
10 electric transmission line that is within two miles of the
11 facility;

12 (3) be located on an underground natural gas storage
13 aquifer;

14 (4) be designed as either a peaking or intermediate load
15 facility; and

16 (5) have received, by resolution, the approval from the
17 governing body of the county for the exemption of personal
18 property under this subdivision.

19 (b) Construction of the facility must be commenced after
20 January 1, 2006, and before January 1, 2008. Property eligible
21 for this exemption does not include electric transmission lines
22 and interconnections or gas pipelines and interconnections
23 appurtenant to the property or the facility.

24 [EFFECTIVE DATE.] This section is effective for assessment
25 year 2005, taxes payable in 2006, and thereafter.

26 Sec. 3. Minnesota Statutes 2004, section 272.0211,
27 subdivision 1, is amended to read:

28 Subdivision 1. [EFFICIENCY DETERMINATION AND
29 CERTIFICATION.] An owner or operator of a new or existing
30 electric power generation facility, excluding wind energy
31 conversion systems, may apply to the commissioner of revenue for
32 a market value exclusion on the property as provided for in this
33 section. This exclusion shall apply only to the market value of
34 the equipment of the facility, and shall not apply to the
35 structures and the land upon which the facility is located. The
36 commissioner of revenue shall prescribe the forms and procedures

1 for this application. Upon receiving the application, the
2 commissioner of revenue shall request the commissioner of
3 commerce to make a determination of the efficiency of the
4 applicant's electric power generation facility. ~~In calculating~~
5 ~~the efficiency of a facility,~~ The commissioner of commerce shall
6 ~~use a definition of~~ calculate efficiency ~~which calculates~~
7 ~~efficiency as the sum of:~~

8 ~~(1) the useful electrical power output, plus~~

9 ~~(2) the useful thermal energy output, plus~~

10 ~~(3) the fuel energy of the useful chemical products,~~

11 ~~all divided by the total energy input to the facility, expressed~~
12 ~~as a percentage~~ as the ratio of useful energy outputs to energy

13 inputs, expressed as a percentage, based on the performance of

14 the facility's equipment during normal full load operation. The

15 commissioner must include in this formula the energy used in any
16 on-site preparation of materials necessary to convert the

17 materials into the fuel used to generate electricity, such as a

18 process to gasify petroleum coke. The commissioner shall use

19 the ~~high-heating-value~~ Higher Heating Value (HHV) for all

20 substances in the commissioner's efficiency calculations, except

21 for wood for fuel in a biomass-eligible project under section

22 216B.2424; for these instances, the commissioner shall adjust

23 the heating value to allow for energy consumed for evaporation

24 of the moisture in the wood. The applicant shall provide the

25 commissioner of commerce with whatever information the

26 commissioner deems necessary to make the determination. Within

27 30 days of the receipt of the necessary information, the

28 commissioner of commerce shall certify the findings of the

29 efficiency determination to the commissioner of revenue and to

30 the applicant. ~~The commissioner of commerce shall determine the~~

31 ~~efficiency of the facility and certify the findings of that~~

32 ~~determination to the commissioner of revenue every two years~~

33 ~~thereafter from the date of the original certification.~~

34 [EFFECTIVE DATE.] This section is effective for assessment

35 year 2005 and thereafter, for taxes payable in 2006 and

36 thereafter.

1 Sec. 4. Minnesota Statutes 2004, section 272.0211,
2 subdivision 2, is amended to read:

3 Subd. 2. [SLIDING SCALE EXCLUSION.] Based upon the
4 efficiency determination provided by the commissioner of
5 commerce as described in subdivision 1, the commissioner of
6 revenue shall subtract ~~five~~ eight percent of the taxable market
7 value of the qualifying property for each percentage point that
8 the efficiency of the specific facility, as determined by the
9 commissioner of commerce, is above ~~35~~ 40 percent. The reduction
10 in taxable market value shall be reflected in the taxable market
11 value of the facility beginning with the assessment year
12 immediately following the determination. For a facility that is
13 assessed by the county in which the facility is located, the
14 commissioner of revenue shall certify to the assessor of that
15 county the percentage of the taxable market value of the
16 facility to be excluded.

17 [EFFECTIVE DATE.] This section is effective for assessment
18 year 2005 and thereafter, for taxes payable in 2006 and
19 thereafter.

20 Sec. 5. Minnesota Statutes 2004, section 275.025,
21 subdivision 1, is amended to read:

22 Subdivision 1. [LEVY AMOUNT.] (a) The state general levy
23 is levied against commercial-industrial property and seasonal
24 residential recreational property, as defined in this section.
25 The state general levy base amount is \$592,000,000 for taxes
26 payable in 2002. For taxes payable in subsequent years on
27 seasonal residential recreational property, the levy base amount
28 is increased each year by multiplying the levy base amount
29 for that class of property for the prior year by the sum of one
30 plus the rate of increase, if any, in the implicit price
31 deflator for government consumption expenditures and gross
32 investment for state and local governments prepared by the
33 Bureau of Economic Analysts of the United States Department of
34 Commerce for the 12-month period ending March 31 of the year
35 prior to the year the taxes are payable. For taxes payable in
36 2006 and subsequent years on commercial-industrial property, the

1 tax is imposed under this subdivision at the rate of the tax
2 imposed under this subdivision for taxes payable in 2002. The
3 tax under this section is not treated as a local tax rate under
4 section 469.177 and is not the levy of a governmental unit under
5 chapters 276A and 473F.

6 (b) Beginning with taxes payable in 2008, and in each year
7 thereafter, the commissioner of finance shall deposit in the
8 education reserve account established in S.F. No. 1683, article
9 4, section 73, the increased amount of the state general levy
10 for that year over the state general levy base amount for taxes
11 payable in 2002.

12 (c) The commissioner shall increase or decrease the
13 preliminary or final rate for a year as necessary to account for
14 errors and tax base changes that affected a preliminary or final
15 rate for either of the two preceding years. Adjustments are
16 allowed to the extent that the necessary information is
17 available to the commissioner at the time the rates for a year
18 must be certified, and for the following reasons:

19 (1) an erroneous report of taxable value by a local
20 official;

21 (2) an erroneous calculation by the commissioner; and

22 (3) an increase or decrease in taxable value for
23 commercial-industrial or seasonal residential recreational
24 property reported on the abstracts of tax lists submitted under
25 section 275.29 that was not reported on the abstracts of
26 assessment submitted under section 270.11, subdivision 2, for
27 the same year.

28 The commissioner may, but need not, make adjustments if the
29 total difference in the tax levied for the year would be less
30 than \$100,000.

31 **[EFFECTIVE DATE.]** This section is effective for taxes
32 payable in 2006 and subsequent years.

33 Sec. 6. Minnesota Statutes 2004, section 469.033,
34 subdivision 6, is amended to read:

35 Subd. 6. [OPERATION AREA AS TAXING DISTRICT, SPECIAL TAX.]

36 All of the territory included within the area of operation of

1 any authority shall constitute a taxing district for the purpose
2 of levying and collecting special benefit taxes as provided in
3 this subdivision. All of the taxable property, both real and
4 personal, within that taxing district shall be deemed to be
5 benefited by projects to the extent of the special taxes levied
6 under this subdivision. Subject to the consent by resolution of
7 the governing body of the city in and for which it was created,
8 an authority may levy a tax upon all taxable property within
9 that taxing district. The tax shall be extended, spread, and
10 included with and as a part of the general taxes for state,
11 county, and municipal purposes by the county auditor, to be
12 collected and enforced therewith, together with the penalty,
13 interest, and costs. As the tax, including any penalties,
14 interest, and costs, is collected by the county treasurer it
15 shall be accumulated and kept in a separate fund to be known as
16 the "housing and redevelopment project fund." The money in the
17 fund shall be turned over to the authority at the same time and
18 in the same manner that the tax collections for the city are
19 turned over to the city, and shall be expended only for the
20 purposes of sections 469.001 to 469.047. It shall be paid out
21 upon vouchers signed by the chair of the authority or an
22 authorized representative. The amount of the levy shall be an
23 amount approved by the governing body of the city, but shall not
24 exceed 0.0144 percent of taxable market value for the current
25 taxable year, notwithstanding section 273.032. The authority
26 shall each year formulate and file a budget in accordance with
27 the budget procedure of the city in the same manner as required
28 of executive departments of the city or, if no budgets are
29 required to be filed, by August 1. The amount of the tax levy
30 for the following year shall be based on that budget.

31 Sec. 7. Minnesota Statutes 2004, section 473F.08,
32 subdivision 3a, is amended to read:

33 Subd. 3a. [BLOOMINGTON COMPUTATION.] Beginning in 1987 and
34 each subsequent year through 1998, the city of Bloomington shall
35 determine the interest payments for that year for the bonds
36 which have been sold for the highway improvements pursuant to

1 Laws 1986, chapter 391, section 2, paragraph (g). Effective for
2 property taxes payable in 1988 through property taxes payable in
3 1999, after the Hennepin County auditor has computed the
4 areawide portion of the levy for the city of Bloomington
5 pursuant to subdivision 3, clause (a), the auditor shall
6 annually add a dollar amount to the city of Bloomington's
7 areawide portion of the levy equal to the amount which has been
8 certified to the auditor by the city of Bloomington for the
9 interest payments for that year for the bonds which were sold
10 for highway improvements. The total areawide portion of the
11 levy for the city of Bloomington including the additional amount
12 for interest repayment certified pursuant to this subdivision
13 shall be certified by the Hennepin County auditor to the
14 administrative auditor pursuant to subdivision 5. The Hennepin
15 County auditor shall distribute to the city of Bloomington the
16 additional areawide portion of the levy computed pursuant to
17 this subdivision at the same time that payments are made to the
18 other counties pursuant to subdivision 7a. For property taxes
19 payable from the year ~~2006~~ 2014 through ~~2015~~ 2023, the Hennepin
20 County auditor shall adjust Bloomington's contribution to the
21 areawide gross tax capacity upward each year by a value equal to
22 ten percent of the total additional areawide levy distributed to
23 Bloomington under this subdivision from 1988 to 1999, divided by
24 the areawide tax rate for taxes payable in the previous year.

25 **[EFFECTIVE DATE.]** This section is effective the day
26 following final enactment.

27 Sec. 8. Minnesota Statutes 2003 Supplement, section
28 477A.011, subdivision 34, is amended to read:

29 Subd. 34. [CITY REVENUE NEED.] (a) For a city with a
30 population equal to or greater than 2,500, "city revenue need"
31 is the sum of (1) 5.0734098 times the pre-1940 housing
32 percentage; plus (2) 19.141678 times the population decline
33 percentage; plus (3) 2504.06334 times the road accidents factor;
34 plus (4) 355.0547; minus (5) the metropolitan area factor; minus
35 (6) 49.10638 times the household size.

36 (b) For a city with a population less than 2,500, "city

1 revenue need" is the sum of (1) 2.387 times the pre-1940 housing
2 percentage; plus (2) 2.67591 times the commercial industrial
3 percentage; plus (3) 3.16042 times the population decline
4 percentage; plus (4) 1.206 times the transformed population;
5 minus (5) 62.772.

6 (c) The city revenue need cannot be less than zero.

7 (d) For calendar year 2005 and subsequent years, the city
8 revenue need for a city, as determined in paragraphs (a) to (c),
9 is multiplied by the ratio of the ~~annual~~ most recently available
10 first quarter implicit price deflator for government consumption
11 expenditures and gross investment for state and local
12 governments as prepared by the United States Department of
13 Commerce, ~~for-the-most-recently-available-year~~ to the 2003 first
14 quarter 2002 implicit price deflator for state and local
15 government purchases.

16 (e) For a city with a population of 2,500 or more and a
17 population in one of the most recently available five years that
18 was less than 2,500, "city revenue need" is the sum of (1) its
19 city revenue need calculated under paragraph (a) multiplied by
20 its transition factor; plus (2) its city revenue need calculated
21 under the formula in paragraph (b) multiplied by the difference
22 between one and its transition factor. For purposes of this
23 paragraph, a city's "transition factor" is equal to 0.2
24 multiplied by the number of years that the city's population
25 estimate has been 2,500 or more. This provision only applies
26 for aids payable in calendar years 2006 to 2008 to cities with a
27 2002 population of less than 2,500. It applies to any city for
28 aids payable in 2009 and thereafter.

29 [EFFECTIVE DATE.] This section is effective for aids
30 payable in 2006 and thereafter.

31 Sec. 9. Minnesota Statutes 2003 Supplement, section
32 477A.011, subdivision 36, is amended to read:

33 Subd. 36. [CITY AID BASE.] (a) Except as otherwise
34 provided in this subdivision, "city aid base" is zero.

35 (b) The city aid base for any city with a population less
36 than 500 is increased by \$40,000 for aids payable in calendar

1 year 1995 and thereafter, and the maximum amount of total aid it
2 may receive under section 477A.013, subdivision 9, paragraph
3 (c), is also increased by \$40,000 for aids payable in calendar
4 year 1995 only, provided that:

5 (i) the average total tax capacity rate for taxes payable
6 in 1995 exceeds 200 percent;

7 (ii) the city portion of the tax capacity rate exceeds 100
8 percent; and

9 (iii) its city aid base is less than \$60 per capita.

10 (c) The city aid base for a city is increased by \$20,000 in
11 1998 and thereafter and the maximum amount of total aid it may
12 receive under section 477A.013, subdivision 9, paragraph (c), is
13 also increased by \$20,000 in calendar year 1998 only, provided
14 that:

15 (i) the city has a population in 1994 of 2,500 or more;

16 (ii) the city is located in a county, outside of the
17 metropolitan area, which contains a city of the first class;

18 (iii) the city's net tax capacity used in calculating its
19 1996 aid under section 477A.013 is less than \$400 per capita;
20 and

21 (iv) at least four percent of the total net tax capacity,
22 for taxes payable in 1996, of property located in the city is
23 classified as railroad property.

24 (d) The city aid base for a city is increased by \$200,000
25 in 1999 and thereafter and the maximum amount of total aid it
26 may receive under section 477A.013, subdivision 9, paragraph
27 (c), is also increased by \$200,000 in calendar year 1999 only,
28 provided that:

29 (i) the city was incorporated as a statutory city after
30 December 1, 1993;

31 (ii) its city aid base does not exceed \$5,600; and

32 (iii) the city had a population in 1996 of 5,000 or more.

33 (e) The city aid base for a city is increased by \$450,000
34 in 1999 to 2008 and the maximum amount of total aid it may
35 receive under section 477A.013, subdivision 9, paragraph (c), is
36 also increased by \$450,000 in calendar year 1999 only, provided

1 that:

2 (i) the city had a population in 1996 of at least 50,000;

3 (ii) its population had increased by at least 40 percent in
4 the ten-year period ending in 1996; and

5 (iii) its city's net tax capacity for aids payable in 1998
6 is less than \$700 per capita.

7 ~~(f) Beginning in 2004, the city aid base for a city is~~
8 ~~equal to the sum of its city aid base in 2003 and the amount of~~
9 ~~additional aid it was certified to receive under section 477A.06~~
10 ~~in 2003. For 2004 only, the maximum amount of total aid a city~~
11 ~~may receive under section 477A.013, subdivision 9, paragraph~~
12 ~~(e), is also increased by the amount it was certified to receive~~
13 ~~under section 477A.06 in 2003.~~

14 ~~(g)~~ The city aid base for a city is increased by \$150,000
15 for aids payable in 2000 and thereafter, and the maximum amount
16 of total aid it may receive under section 477A.013, subdivision
17 9, paragraph (c), is also increased by \$150,000 in calendar year
18 2000 only, provided that:

19 (1) the city has a population that is greater than 1,000
20 and less than 2,500;

21 (2) its commercial and industrial percentage for aids
22 payable in 1999 is greater than 45 percent; and

23 (3) the total market value of all commercial and industrial
24 property in the city for assessment year 1999 is at least 15
25 percent less than the total market value of all commercial and
26 industrial property in the city for assessment year 1998.

27 ~~(h)~~ (g) The city aid base for a city is increased by
28 \$200,000 in 2000 and thereafter, and the maximum amount of total
29 aid it may receive under section 477A.013, subdivision 9,
30 paragraph (c), is also increased by \$200,000 in calendar year
31 2000 only, provided that:

32 (1) the city had a population in 1997 of 2,500 or more;

33 (2) the net tax capacity of the city used in calculating
34 its 1999 aid under section 477A.013 is less than \$650 per
35 capita;

36 (3) the pre-1940 housing percentage of the city used in

1 calculating 1999 aid under section 477A.013 is greater than 12
2 percent;

3 (4) the 1999 local government aid of the city under section
4 477A.013 is less than 20 percent of the amount that the formula
5 aid of the city would have been if the need increase percentage
6 was 100 percent; and

7 (5) the city aid base of the city used in calculating aid
8 under section 477A.013 is less than \$7 per capita.

9 ~~(i)~~ (h) The city aid base for a city is increased by
10 \$102,000 in 2000 and thereafter, and the maximum amount of total
11 aid it may receive under section 477A.013, subdivision 9,
12 paragraph (c), is also increased by \$102,000 in calendar year
13 2000 only, provided that:

14 (1) the city has a population in 1997 of 2,000 or more;

15 (2) the net tax capacity of the city used in calculating
16 its 1999 aid under section 477A.013 is less than \$455 per
17 capita;

18 (3) the net levy of the city used in calculating 1999 aid
19 under section 477A.013 is greater than \$195 per capita; and

20 (4) the 1999 local government aid of the city under section
21 477A.013 is less than 38 percent of the amount that the formula
22 aid of the city would have been if the need increase percentage
23 was 100 percent.

24 ~~(j)~~ (i) The city aid base for a city is increased by
25 \$32,000 in 2001 and thereafter, and the maximum amount of total
26 aid it may receive under section 477A.013, subdivision 9,
27 paragraph (c), is also increased by \$32,000 in calendar year
28 2001 only, provided that:

29 (1) the city has a population in 1998 that is greater than
30 200 but less than 500;

31 (2) the city's revenue need used in calculating aids
32 payable in 2000 was greater than \$200 per capita;

33 (3) the city net tax capacity for the city used in
34 calculating aids available in 2000 was equal to or less than
35 \$200 per capita;

36 (4) the city aid base of the city used in calculating aid

1 under section 477A.013 is less than \$65 per capita; and

2 (5) the city's formula aid for aids payable in 2000 was
3 greater than zero.

4 ~~(k)~~ (j) The city aid base for a city is increased by \$7,200
5 in 2001 and thereafter, and the maximum amount of total aid it
6 may receive under section 477A.013, subdivision 9, paragraph
7 (c), is also increased by \$7,200 in calendar year 2001 only,
8 provided that:

9 (1) the city had a population in 1998 that is greater than
10 200 but less than 500;

11 (2) the city's commercial industrial percentage used in
12 calculating aids payable in 2000 was less than ten percent;

13 (3) more than 25 percent of the city's population was 60
14 years old or older according to the 1990 census;

15 (4) the city aid base of the city used in calculating aid
16 under section 477A.013 is less than \$15 per capita; and

17 (5) the city's formula aid for aids payable in 2000 was
18 greater than zero.

19 ~~(i)~~ (k) The city aid base for a city is increased by
20 \$45,000 in 2001 and thereafter and by an additional \$50,000 in
21 calendar years 2002 to 2011, and the maximum amount of total aid
22 it may receive under section 477A.013, subdivision 9, paragraph
23 (c), is also increased by \$45,000 in calendar year 2001 only,
24 and by \$50,000 in calendar year 2002 only, provided that:

25 (1) the net tax capacity of the city used in calculating
26 its 2000 aid under section 477A.013 is less than \$810 per
27 capita;

28 (2) the population of the city declined more than two
29 percent between 1988 and 1998;

30 (3) the net levy of the city used in calculating 2000 aid
31 under section 477A.013 is greater than \$240 per capita; and

32 (4) the city received less than \$36 per capita in aid under
33 section 477A.013, subdivision 9, for aids payable in 2000.

34 The city aid base for a city described in this paragraph is also
35 increased by \$250,000 in calendar year 2006 and the maximum
36 amount of total aid it may receive under section 477A.013,

1 subdivision 9, paragraph (c), is also increased by \$250,000 in
2 calendar year 2006 only.

3 ~~(m)~~ (l) The city aid base for a city with a population of
4 10,000 or more which is located outside of the seven-county
5 metropolitan area is increased in 2002 and thereafter, and the
6 maximum amount of total aid it may receive under section
7 477A.013, subdivision 9, paragraph (b) or (c), is also increased
8 in calendar year 2002 only, by an amount equal to the lesser of:

9 (1)(i) the total population of the city, ~~as-determined-by~~
10 ~~the-United-States-Bureau-of-the-Census,-in-the-2000-census,~~ (ii)
11 minus 5,000, (iii) times 60; or

12 (2) \$2,500,000.

13 ~~(n)~~ (m) The city aid base is increased by \$50,000 in 2002
14 and thereafter, and the maximum amount of total aid it may
15 receive under section 477A.013, subdivision 9, paragraph (c), is
16 also increased by \$50,000 in calendar year 2002 only, provided
17 that:

18 (1) the city is located in the seven-county metropolitan
19 area;

20 (2) its population in 2000 is between 10,000 and 20,000;
21 and

22 (3) its commercial industrial percentage, as calculated for
23 city aid payable in 2001, was greater than 25 percent.

24 ~~(o)~~ (n) The city aid base for a city is increased by
25 \$150,000 in calendar years 2002 to 2011 and the maximum amount
26 of total aid it may receive under section 477A.013, subdivision
27 9, paragraph (c), is also increased by \$150,000 in calendar year
28 2002 only, provided that:

29 (1) the city had a population of at least 3,000 but no more
30 than 4,000 in 1999;

31 (2) its home county is located within the seven-county
32 metropolitan area;

33 (3) its pre-1940 housing percentage is less than 15
34 percent; and

35 (4) its city net tax capacity per capita for taxes payable
36 in 2000 is less than \$900 per capita.

1 ~~(p)~~ (o) The city aid base for a city is increased by
2 \$200,000 beginning in calendar year 2003 and the maximum amount
3 of total aid it may receive under section 477A.013, subdivision
4 9, paragraph (c), is also increased by \$200,000 in calendar year
5 2003 only, provided that the city qualified for an increase in
6 homestead and agricultural credit aid under Laws 1995, chapter
7 264, article 8, section 18.

8 ~~(q)~~ (p) The city aid base for a city is increased by
9 \$200,000 in 2004 only and the maximum amount of total aid it may
10 receive under section 477A.013, subdivision 9, is also increased
11 by \$200,000 in calendar year 2004 only, if the city is the site
12 of a nuclear dry cask storage facility.

13 ~~(r)~~ (q) The city aid base for a city is increased by
14 \$10,000 in 2004 and thereafter and the maximum total aid it may
15 receive under section 477A.013, subdivision 9, is also increased
16 by \$10,000 in calendar year 2004 only, if the city was included
17 in a federal major disaster designation issued on April 1, 1998,
18 and its pre-1940 housing stock was decreased by more than 40
19 percent between 1990 and 2000.

20 (r) The city aid base for a city is increased by \$25,000 in
21 2006 only and the maximum total aid it may receive under section
22 477A.013, subdivision 9, is also increased by \$25,000 in 2006
23 only, if the city (1) received no aid under section 477A.013 in
24 2004; (2) had a population in 2002 greater than 20,000 and less
25 than 50,000; and (3) had an adjusted net tax capacity of less
26 than \$750 per capita for aids payable in 2004.

27 (s) The city aid base for a city is increased by \$500,000
28 in calendar year 2006 and thereafter, and the maximum amount of
29 total aid the city may receive under section 477A.013,
30 subdivision 9, paragraph (c), is also increased by \$500,000 in
31 calendar year 2006 only, provided that:

32 (1) the city is located outside of the seven-county
33 metropolitan area;

34 (2) the city's 2000 population is between 10,000 and
35 20,000;

36 (3) the net levy of the city used in calculating 2005 aid

1 under section 477A.013 is greater than \$350 per capita; and
2 (4) the city's commercial industrial percentage under
3 subdivision 32, for aids payable in 2005, was at least 20
4 percent.

5 [EFFECTIVE DATE.] This section is effective beginning with
6 aids payable in 2006, except that the striking of paragraph (f)
7 is effective beginning with aids payable in 2004.

8 Sec. 10. Minnesota Statutes 2004, section 477A.0124,
9 subdivision 4, is amended to read:

10 Subd. 4. [COUNTY TAX-BASE EQUALIZATION AID.] (a) For
11 ~~2005~~ 2006 and subsequent years, the money appropriated to county
12 tax-base equalization aid each calendar year, after the payment
13 under paragraph (f), shall be apportioned among the counties
14 according to each county's tax-base equalization aid factor.

15 (b) A county's tax-base equalization aid factor is equal to
16 the amount by which (i) \$185 times the county's population,
17 exceeds (ii) 9.45 percent of the county's net tax capacity.

18 (c) In the case of a county with a population less than
19 10,000, the factor determined in paragraph (b) shall be
20 multiplied by a factor of three.

21 (d) In the case of a county with a population greater than
22 or equal to 10,000, but less than 12,500, the factor determined
23 in paragraph (b) shall be multiplied by a factor of two.

24 (e) In the case of a county with a population greater than
25 500,000, the factor determined in paragraph (b) shall be
26 multiplied by a factor of 0.25.

27 (f) Before the money appropriated to county base
28 equalization aid is apportioned among the counties as provided
29 in paragraph (a), an amount up to \$73,259 is allocated annually
30 to Anoka County and up to \$59,664 is annually allocated to
31 Washington County for the county to pay postretirement costs of
32 health insurance premiums for court employees. The allocation
33 under this paragraph is in addition to the allocations under
34 paragraphs (a) to (e).

35 [EFFECTIVE DATE.] This section is effective aids payable in
36 2006 and thereafter.

1 Sec. 11. Minnesota Statutes 2003 Supplement, section
2 477A.013, subdivision 8, is amended to read:

3 Subd. 8. [CITY FORMULA AID.] In calendar year 2004 and
4 subsequent years, the formula aid for a city is equal to the
5 need increase percentage multiplied by the difference between
6 (1) the city's revenue need multiplied by its population, and
7 (2) ~~the sum of~~ the city's net tax capacity multiplied by the tax
8 effort rate, ~~and the taconite aids under sections 298.28 and~~
9 ~~298.282, multiplied by the following percentages:~~

- 10 ~~(i) zero percent for aids payable in 2004;~~
11 ~~(ii) 25 percent for aids payable in 2005;~~
12 ~~(iii) 50 percent for aids payable in 2006;~~
13 ~~(iv) 75 percent for aids payable in 2007; and~~
14 ~~(v) 100 percent for aids payable in 2008 and thereafter.~~

15 No city may have a formula aid amount less than zero. The need
16 increase percentage must be the same for all cities.

17 The applicable need increase percentage must be calculated
18 by the Department of Revenue so that the total of the aid under
19 subdivision 9 equals the total amount available for aid under
20 section 477A.03 after the subtraction under section 477A.014,
21 subdivisions 4 and 5.

22 **[EFFECTIVE DATE.]** This section is effective for aids
23 payable in 2006 and thereafter.

24 Sec. 12. Minnesota Statutes 2003 Supplement, section
25 477A.013, subdivision 9, is amended to read:

26 Subd. 9. [CITY AID DISTRIBUTION.] (a) In calendar year
27 2002 and thereafter, each city shall receive an aid distribution
28 equal to the sum of (1) the city formula aid under subdivision
29 8, and (2) its city aid base.

30 ~~(b) The aid for a city in calendar year 2004 shall not~~
31 ~~exceed the amount of its aid in calendar year 2003 after the~~
32 ~~reductions under Laws 2003, First Special Session chapter 21,~~
33 ~~article 5.~~

34 (c) For aids payable in 2005 and thereafter, the total aid
35 for any city shall not exceed the sum of (1) ~~ten~~ 50 percent of
36 the city's net levy for the year prior to the aid distribution

1 plus (2) its total aid in the previous year. For aids payable
 2 in 2005 and thereafter, the total aid for any city with a
 3 population of 2,500 or more may not decrease from its total aid
 4 under this section in the previous year by an amount greater
 5 than ten percent of its net levy in the year prior to the aid
 6 distribution.

7 ~~(d) For aids payable in 2004 only, the total aid for a city~~
 8 ~~with a population less than 2,500 may not be less than the~~
 9 ~~amount it was certified to receive in 2003 minus the greater of~~
 10 ~~(1) the reduction to this aid payment in 2003 under Laws 2003,~~
 11 ~~First Special Session chapter 21, article 5, or (2) five percent~~
 12 ~~of its 2003 aid amount.~~ For aids payable in 2005 and
 13 thereafter, the total aid for a city with a population less than
 14 2,500 must not be less than the amount it was certified to
 15 receive in the previous year minus five percent of its 2003
 16 certified aid amount.

17 [EFFECTIVE DATE.] This section is effective for aids
 18 payable in 2006 and thereafter.

19 Sec. 13. Minnesota Statutes 2003 Supplement, section
 20 477A.03, subdivision 2a, is amended to read:

21 Subd. 2a. ~~[CITIES.] For aids payable in 2004, the total~~
 22 ~~aids paid under section 477A.013, subdivision 9, are limited to~~
 23 ~~\$429,000,000.~~ For aids payable in 2005 and thereafter 2006, the
 24 total aids paid under section 477A.013, subdivision 9, are
 25 increased to ~~\$437,052,000~~ \$522,052,000. For aids payable in
 26 2007 and subsequent years, the total aids paid under section
 27 477A.013, subdivision 9, are increased by one plus the
 28 percentage increase in the implicit price deflator for
 29 government consumption expenditures and gross investment for
 30 state and local governments prepared by the Bureau of Economic
 31 Analysis of the United States Department of Commerce for the
 32 12-month period ending March 31 of the previous year. The
 33 percentage increase used in this subdivision shall be no less
 34 than 2.5 percent and no greater than 5.0 percent. The total
 35 aids paid under section 477A.013, subdivision 9, shall not
 36 exceed the amount required for the need increase percentage to

1 equal one. It is the intention of the legislature that the
2 increased aid provided to cities be used to pay for public
3 safety functions.

4 [EFFECTIVE DATE.] This section is effective for aids
5 payable in 2006 and thereafter.

6 Sec. 14. Laws 1994, chapter 587, article 9, section 8,
7 subdivision 1, is amended to read:

8 Subdivision 1. [TAX LEVIES.] Notwithstanding Minnesota
9 Statutes, section 471.24, each of the following cities or towns
10 is authorized to levy a tax and make an appropriation not to
11 exceed ~~\$15,000~~ \$25,000 annually to the Lakeview Cemetery
12 Association, operated by the town of Iron Range, for cemetery
13 purposes: the city of Coleraine, the city of Bovey, and each
14 town which is a member of the cemetery association.

15 [EFFECTIVE DATE.] This section is effective for taxes
16 levied in 2005, payable in 2006, and thereafter.

17 Sec. 15. [COURT AID ADJUSTMENT.]

18 For aids payable in 2005 only, the amount of court aid paid
19 to Anoka County under section 273.1398, subdivision 4, is
20 increased by \$36,630 for aids payable in 2005 only and the
21 amount paid to Washington County under section 273.1398,
22 subdivision 4, is increased by \$29,832 for aids payable in 2005
23 only.

24 [EFFECTIVE DATE.] This section is effective aids payable in
25 2005 only.

26 Sec. 16. [CROW WING COUNTY SEWER DISTRICT; PILOT PROJECT.]

27 Subdivision 1. [POWERS.] In addition to the powers granted
28 in Minnesota Statutes, chapter 116A, the county board for Crow
29 Wing County, by resolution, may grant the following powers to a
30 sewer district created by the county board under Minnesota
31 Statutes, chapter 116A:

32 (1) provide that an authorized representative of the
33 district, after presentation of credentials, may enter at
34 reasonable times any premise to inspect or maintain an
35 individual sewage treatment system, as defined in Minnesota
36 Statutes, section 115.55, subdivision 1, paragraph (g);

1 (2) include areas of the county within the sewer district
2 that are not contiguous and establish different systems for
3 wastewater treatment in specific areas of the county;

4 (3) provide that each special service area that is managed
5 by the sewer system or combination thereof constitutes a system
6 under Minnesota Statutes, chapter 116A;

7 (4) delegate to the sewer district, by resolution, all or a
8 portion of its administrative and enforcement obligations with
9 respect to individual sewage treatment systems under Minnesota
10 Statutes, chapter 115, and rules adopted by the Pollution
11 Control Agency;

12 (5) modify any individual sewage treatment system to
13 provide reasonable access to it for inspection and maintenance;
14 and

15 (6) neither the approval nor the waiver of the county
16 board, nor confirmation by order of the district court, shall be
17 required for the sewer commission to exercise the powers set
18 forth in Minnesota Statutes, section 116A.24.

19 Subd. 2. [REPORT.] If the Crow Wing County Board exercises
20 the additional powers granted under subdivision 1, the county
21 shall provide a report by January 15, 2009, to the senate and
22 house committees with jurisdiction over environmental policy and
23 taxes on the establishment and operation of the sewer district.
24 The report must include:

25 (1) a description of the implementation of the additional
26 powers granted under subdivision 1;

27 (2) available information on the effectiveness of the
28 additional powers to control pollution in the county; and

29 (3) any recommendations for changes to Minnesota Statutes,
30 chapter 116A, to broaden the authority for sewer districts to
31 include any of the additional powers granted under subdivision 1.

32 [EFFECTIVE DATE.] This section is effective the day
33 following compliance with Minnesota Statutes, section 645.021,
34 subdivision 2.

35 Sec. 17. [CITY OF WHITE BEAR LAKE.]

36 Subdivision 1. [PAYMENT REQUIRED.] The commissioner of

1 revenue must make payments of \$52,482 on each of July 20, 2005,
2 and December 26, 2005, to the city of White Bear Lake.

3 Subd. 2. [APPROPRIATION.] \$104,964 is appropriated from
4 the general fund to the commissioner of revenue to make the
5 payments required in this section.

6 ARTICLE 5

7 INTERNATIONAL ECONOMIC DEVELOPMENT ZONE

8 Section 1. Minnesota Statutes 2002, section 290.06, is
9 amended by adding a subdivision to read:

10 Subd. 32. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE JOB
11 CREDIT.] A taxpayer that is a qualified business, as defined in
12 section 469.321, subdivision 6, is allowed a credit as
13 determined under section 469.327 against the tax imposed by this
14 chapter.

15 [EFFECTIVE DATE.] This section is effective for taxable
16 years beginning after December 31, 2005.

17 Sec. 2. [290.0681] [INTERNATIONAL ECONOMIC DEVELOPMENT
18 ZONE INVESTMENT CREDIT.]

19 A person is allowed a credit against the taxes imposed
20 under this chapter in an amount equal to 50 percent of the
21 amount of qualifying investment. A qualifying investment is an
22 amount invested in a regional distribution center, as developed
23 pursuant to section 469.322. Unused portions of the credit may
24 be carried over for five years.

25 [EFFECTIVE DATE.] This section is effective for taxable
26 years beginning after December 31, 2005.

27 Sec. 3. Minnesota Statutes 2002, section 290.191, is
28 amended by adding a subdivision to read:

29 Subd. 4a. [APPORTIONMENT FORMULA FOR CERTAIN QUALIFIED
30 BUSINESSES.] (a) If the business of a corporation, partnership,
31 or proprietorship is a qualified business under section 469.321,
32 and has operations only within the international economic
33 development zone, then the taxpayer may apportion net income to
34 Minnesota based solely upon the percentage that the sales made
35 within this state in connection with its trade or business
36 during the tax period are of the total sales wherever made in

1 connection with the trade or business during the tax period.

2 Property and payroll factors are disregarded.

3 (b) If the taxpayer has operations both within the
4 international economic development zone and outside of the
5 international economic development zone, income will be
6 apportioned to Minnesota under the formula in subdivision 2,
7 except that only the Minnesota sales of the facility or
8 facilities located in the international economic development
9 zone will be included in the taxpayer's factors. Property and
10 payroll factors of the facility or facilities located in the
11 international economic development zone are disregarded.

12 [EFFECTIVE DATE.] This section is effective for taxable
13 years beginning after December 31, 2005.

14 Sec. 4. Minnesota Statutes 2002, section 297A.68, is
15 amended by adding a subdivision to read:

16 Subd. 40. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONES.] (a)
17 Purchases of tangible personal property or taxable services by a
18 qualified business, as defined in section 469.321, are exempt if
19 the property or services are primarily used or consumed in an
20 international economic development zone designated under section
21 469.322.

22 (b) Purchase and use of construction materials and supplies
23 for construction of improvements to real property in an
24 international economic development zone are exempt if the
25 improvements after completion of construction are to be used in
26 the conduct of a qualified business, as defined in section
27 469.321. This exemption applies regardless of whether the
28 purchases are made by the business or a contractor.

29 (c) The exemptions under this subdivision apply to a local
30 sales and use tax, regardless of whether the local tax is
31 imposed on sales taxable under this chapter or in another law,
32 ordinance, or charter provision.

33 (d) This subdivision applies to sales, if the purchase was
34 made and delivery received during the period provided under
35 section 469.324, subdivision 2.

36 [EFFECTIVE DATE.] This section is effective for sales made

1 after December 31, 2005.

2 Sec. 5. [469.321] [DEFINITIONS.]

3 Subdivision 1. [SCOPE.] For purposes of sections 469.321
4 to 469.328, the following terms have the meanings given.

5 Subd. 2. [FOREIGN TRADE ZONE.] "Foreign trade zone" means
6 a foreign trade zone designated pursuant to United States Code,
7 title 19, section 81b, for the right to use the powers provided
8 in United States Code, title 19, sections 81a to 81u, or a
9 subzone authorized by the foreign trade zone.

10 Subd. 3. [FOREIGN TRADE ZONE AUTHORITY.] "Foreign trade
11 zone authority" means the Greater Metropolitan Foreign Trade
12 Zone Commission number 119, a joint powers authority created by
13 the county of Hennepin, the cities of Minneapolis and
14 Bloomington, and the Metropolitan Airports Commission, under the
15 authority of section 469.059, 469.101, or 471.59, which includes
16 any other political subdivisions that enter into the authority
17 after its creation.

18 Subd. 4. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE.] An
19 "international economic development zone" or "zone" is a zone so
20 designated under section 469.322.

21 Subd. 5. [PERSON.] "Person" includes an individual,
22 corporation, partnership, limited liability company,
23 association, or any other entity.

24 Subd. 6. [QUALIFIED BUSINESS.] (a) "Qualified business"
25 means a person carrying on a trade or business at a place of
26 business located within an international economic development
27 zone that is:

28 (1) engaged in the furtherance of international export or
29 import of goods; and

30 (2) certified by the foreign trade zone authority as a
31 trade or business that furthers the purpose of developing
32 international distribution capacity and capability.

33 (b) A person that relocates a trade or business from within
34 Minnesota but outside an international economic development zone
35 into an international economic development zone is not a
36 qualified business, unless the business:

1 (1)(i) increases full-time employment in the first full
2 year of operation within the international economic development
3 zone by at least 20 percent measured relative to the operations
4 that were relocated and maintains the required level of
5 employment for each year that tax incentives under section
6 469.324 are claimed; or

7 (ii) makes a capital investment in the property located
8 within a zone equal to at least ten percent of the gross
9 revenues of the operations that were relocated in the
10 immediately preceding taxable year; and

11 (2) enters a binding written agreement with the foreign
12 trade zone authority that:

13 (i) pledges that the business will meet the requirements of
14 clause (1);

15 (ii) provides for repayment of all tax benefits enumerated
16 under section 469.324 to the business under the procedures in
17 section 469.328, if the requirements of clause (1) are not met
18 for the taxable year or for taxes payable during a year in which
19 the requirements were not met; and

20 (iii) contains any other terms the foreign trade zone
21 authority determines appropriate.

22 Clause (1) of this paragraph does not apply to a freight
23 forwarder.

24 (c) A qualified business must pay each employee total
25 compensation, including benefits not mandated by law, that on an
26 annualized basis is equal to at least 110 percent of the federal
27 poverty guidelines for a family of four.

28 Subd. 7. [REGIONAL DISTRIBUTION CENTER.] A "regional
29 distribution center" is a distribution center developed within a
30 foreign trade zone. The regional distribution center must have
31 as its primary purpose to facilitate gathering of freight for
32 the purpose of centralizing the functions necessary for the
33 shipment of freight in international commerce, including, but
34 not limited to, security and customs functions.

35 Subd. 8. [RELOCATE.] (a) "Relocate" means that a trade or
36 business:

1 (1) ceases one or more operations or functions at another
2 location in Minnesota and begins performing substantially the
3 same operations or functions at a location in an international
4 economic development zone; or

5 (2) reduces employment at another location in Minnesota
6 during a period starting one year before and ending one year
7 after it begins operations in an international economic
8 development zone and its employees in the international economic
9 development zone are engaged in the same line of business as the
10 employees at the location where it reduced employment.

11 (b) "Relocate" does not include an expansion by a business
12 that establishes a new facility that does not replace or
13 supplant an existing operation or employment, in whole or in
14 part.

15 (c) "Trade or business" includes any business entity that
16 is substantially similar in operation or ownership to the
17 business entity seeking to be a qualified business under this
18 section.

19 Subd. 9. [FREIGHT FORWARDER.] "Freight forwarder" is a
20 business that, for compensation, ensures that goods produced or
21 sold by another business move from point of origin to point of
22 destination.

23 [EFFECTIVE DATE.] This section is effective the day
24 following final enactment.

25 Sec. 6. [469.322] [DESIGNATION OF INTERNATIONAL ECONOMIC
26 DEVELOPMENT ZONE.]

27 (a) An area designated as a foreign trade zone may be
28 designated by the foreign trade zone authority as an
29 international economic development zone if within the zone a
30 regional distribution center is being developed pursuant to
31 section 469.323. The zone must be not less than 500 acres and
32 not more than 1,000 acres in size.

33 (b) In making the designation, the foreign trade zone
34 authority, in consultation with the Minnesota Department of
35 Transportation and the Metropolitan Council, shall consider
36 access to major transportation routes, consistency with current

1 state transportation and air cargo planning, adequacy of the
2 size of the site, access to airport facilities, present and
3 future capacity at the designated airport, the capability to
4 meet integrated present and future air cargo, security, and
5 inspection services, and access to other infrastructure and
6 financial incentives. The border of the international economic
7 development zone must be no more than 60 miles distant or 90
8 minutes drive time from the border of the Minneapolis-St. Paul
9 International Airport. The county in which the zone is located
10 must be a member of the foreign trade zone authority.

11 [EFFECTIVE DATE.] This section is effective the day
12 following final enactment.

13 Sec. 7. [469.323] [FOREIGN TRADE ZONE AUTHORITY POWERS.]

14 Subdivision 1. [DEVELOPMENT OF REGIONAL DISTRIBUTION
15 CENTER.] The foreign trade zone authority is responsible for
16 creating a development plan for the regional distribution
17 center. The regional distribution center must be developed with
18 the purpose of expanding, on a regional basis, international
19 distribution capacity and capability. The foreign trade zone
20 authority shall consult with municipalities that have indicated
21 to the authority an interest in locating the international
22 economic development zone within their boundaries and a
23 willingness to establish a tax increment financing district
24 coterminous with the boundaries of the zone, as well as
25 interested businesses, potential financiers, and appropriate
26 state and federal agencies.

27 Subd. 2. [BUSINESS PLAN.] Before designation of an
28 international economic development zone under section 469.322,
29 the governing body of the foreign trade zone authority shall
30 prepare a business plan. The plan must include an analysis of
31 the economic feasibility of the regional distribution center
32 once it becomes operational and of the operations of freight
33 forwarders and other businesses that choose to locate within the
34 boundaries of the zone. The analysis must provide profitability
35 models that:

36 (1) include the benefits of the incentives;

1 (2) estimate the amount of time needed to achieve
2 profitability; and

3 (3) analyze the length of time incentives will be necessary
4 to the economic viability of the regional distribution center.

5 If the governing body of the foreign trade authority
6 determines that the models do not establish the economic
7 feasibility of the project, the regional distribution center
8 does not meet the development requirements of this section and
9 section 469.322.

10 Subd. 3. [PORT AUTHORITY POWERS.] The governing body of
11 the foreign trade zone authority may establish a port authority
12 that has the same powers as a port authority established under
13 section 469.049. If the foreign trade zone authority
14 establishes a port authority, the governing body of the foreign
15 trade zone authority may exercise all powers granted to a city
16 by sections 469.048 to 469.068 within the area of the
17 international economic development zone, except it may not
18 impose or request imposition of a property tax levy under
19 section 469.053 by any city.

20 Subd. 4. [BUSINESS SUBSIDY LAW.] Tax exemptions, job
21 credits, and tax increment financing provided under this section
22 are business subsidies for the purpose of sections 116J.993 to
23 116J.995.

24 [EFFECTIVE DATE.] This section is effective the day
25 following final enactment.

26 Sec. 8. [469.324] [TAX INCENTIVES IN INTERNATIONAL
27 ECONOMIC DEVELOPMENT ZONE.]

28 Subdivision 1. [AVAILABILITY.] Qualified businesses that
29 operate in an international economic development zone,
30 individuals who invest in a regional distribution center, or
31 qualified businesses that operate in an international economic
32 development zone qualify for:

33 (1) investment tax credits as provided under section
34 290.0681;

35 (2) special apportionment formula for corporate franchise
36 taxes as provided under section 290.191, subdivision 4a;

1 (3) exemption from the state sales and use tax and any
2 local sales and use taxes on qualifying purchases as provided in
3 section 297A.68, subdivision 40;

4 (4) the jobs credit allowed under section 469.327; and

5 (5) tax increment financing as provided in this chapter.

6 Subd. 2. [DURATION.] (a) Except as provided in paragraph
7 (b), the tax incentives described in subdivision 1, clauses (1),
8 (2), and (4), are available for no more than 12 consecutive
9 taxable years for any taxpayer that claims them. The tax
10 incentives described in subdivision 1, clause (3), are available
11 for each taxpayer that claims them for taxes otherwise payable
12 on transactions during a period of 12 years from the date when
13 the first exemption is claimed by that taxpayer under each
14 exemption. No exemptions described in subdivision 1, clauses
15 (1) to (4), are available after December 31, 2020.

16 (b) For taxpayers that are freight forwarders, the
17 durations provided under paragraph (a) are reduced to six years.

18 Subd. 3. [QUALIFICATION.] To receive the tax incentives
19 under this section, a qualified business must, by December 31 of
20 each year, certify to the commissioner of revenue the percentage
21 of its business activity within the zone that constitutes
22 international business activity for the year, measured by value
23 or volume of activity. If the percentage is less than 100
24 percent, the amount of the tax benefits provided under sections
25 290.06, subdivision 32, 290.0681, and 469.327 are reduced in
26 proportion to the percentage of business activity that is not
27 international business activity. The commissioner of revenue
28 may audit the business activities of a qualifying business to
29 determine its eligibility for tax benefits under this section.

30 Sec. 9. [469.327] [JOBS CREDIT.]

31 Subdivision 1. [CREDIT ALLOWED.] A qualified business is
32 allowed a credit against the taxes imposed under chapter 290.
33 The credit equals seven percent of the:

34 (1) lesser of:

35 (i) zone payroll for the taxable year, less the zone
36 payroll for the base year; or

1 (ii) total Minnesota payroll for the taxable year, less
2 total Minnesota payroll for the base year; minus
3 (2) \$30,000 multiplied by the number of full-time
4 equivalent employees that the qualified business employs in the
5 international economic development zone for the taxable year,
6 minus the number of full-time equivalent employees the business
7 employed in the zone in the base year, but not less than zero.

8 Subd. 2. [DEFINITIONS.] (a) For purposes of this section,
9 the following terms have the meanings given.

10 (b) "Base year" means the taxable year beginning during the
11 calendar year prior to the calendar year in which the zone
12 designation took effect.

13 (c) "Full-time equivalent employees" means the equivalent
14 of annualized expected hours of work equal to 2,080 hours.

15 (d) "Minnesota payroll" means the wages or salaries
16 attributed to Minnesota under section 290.191, subdivision 12,
17 for the qualified business or the unitary business of which the
18 qualified business is a part, whichever is greater.

19 (e) "Zone payroll" means wages or salaries used to
20 determine the zone payroll factor for the qualified business,
21 less the amount of compensation attributable to any employee
22 that exceeds \$70,000.

23 Subd. 3. [INFLATION ADJUSTMENT.] For taxable years
24 beginning after December 31, 2006, the dollar amounts in
25 subdivision 1, clause (2), and subdivision 2, paragraph (e), are
26 annually adjusted for inflation. The commissioner of revenue
27 shall adjust the amounts by the percentage determined under
28 section 290.06, subdivision 2d, for the taxable year.

29 Subd. 4. [REFUNDABLE.] If the amount of the credit exceeds
30 the liability for tax under chapter 290, the commissioner of
31 revenue shall refund the excess to the qualified business.

32 Subd. 5. [APPROPRIATION.] An amount sufficient to pay the
33 refunds authorized by this section is appropriated to the
34 commissioner of revenue from the general fund.

35 [EFFECTIVE DATE.] This section is effective for taxable
36 years beginning after December 31, 2005.

1 Sec. 10. [469.328] [REPAYMENT OF TAX BENEFITS.]

2 Subdivision 1. [REPAYMENT OBLIGATION.] A person must repay
3 the amount of the tax reduction received under section 469.324,
4 subdivision 1, clauses (1) to (4), and refund received under
5 section 469.327, during the two years immediately before it
6 ceased to operate in the zone, if the person ceased to operate
7 its facility located within the zone or otherwise ceases to be
8 or is not a qualified business.

9 Subd. 2. [DISPOSITION OF REPAYMENT.] The repayment must be
10 paid to the state to the extent it represents a state tax
11 reduction. Any amount repaid to the state must be deposited in
12 the general fund. Any repayment of local sales or use taxes
13 must be repaid to the jurisdiction imposing the local sales or
14 use tax.

15 Subd. 3. [REPAYMENT PROCEDURES.] (a) For the repayment of
16 taxes imposed under chapter 290 or 297A or local taxes collected
17 pursuant to section 297A.99, a person must file an amended
18 return with the commissioner of revenue and pay any taxes
19 required to be repaid within 30 days after ceasing to be a
20 qualified business. The amount required to be repaid is
21 determined by calculating the tax for the period for which
22 repayment is required without regard to the tax reductions
23 allowed under section 469.324.

24 (b) The provisions of chapters 270 and 289A relating to the
25 commissioner of revenue's authority to audit, assess, and
26 collect the tax and to hear appeals are applicable to the
27 repayment required under paragraph (a). The commissioner may
28 impose civil penalties as provided in chapter 289A, and the
29 additional tax and penalties are subject to interest at the rate
30 provided in section 270.75, from 30 days after ceasing to do
31 business in the zone until the date the tax is paid.

32 (c) For determining the tax required to be repaid, a tax
33 reduction is deemed to have been received on the date that the
34 tax would have been due if the person had not been entitled to
35 the tax reduction.

36 (d) The commissioner of revenue may assess the repayment of

1 taxes under paragraph (b) at any time within two years after the
2 person ceases to be a qualified business, or within any period
3 of limitations for the assessment of tax under section 289A.38,
4 whichever is later.

5 [EFFECTIVE DATE.] This section is effective the day
6 following final enactment.

7 Sec. 11. [DEPARTMENT OF EMPLOYMENT AND ECONOMIC
8 DEVELOPMENT STUDY; INTERNATIONAL AIR FREIGHT.]

9 The commissioner of employment and economic development
10 must study and analyze the issue of whether the state would
11 benefit from more than one international economic development
12 zone as defined in Minnesota Statutes, section 469.321. The
13 commissioner shall solicit input on the issue from businesses,
14 communities, and economic development organizations. The
15 commissioner must report the results of the study and analysis
16 to the committees of the legislature having jurisdiction over
17 economic development issues by December 1, 2005, along with any
18 legislative recommendations.

19 ARTICLE 6

20 MISCELLANEOUS

21 Section 1. Minnesota Statutes 2004, section 272.02,
22 subdivision 64, is amended to read:

23 Subd. 64. [JOB OPPORTUNITY BUILDING ZONE PROPERTY.] (a)
24 Improvements to real property, and personal property, classified
25 under section 273.13, subdivision 24, and located within a job
26 opportunity building zone, designated under section 469.314, are
27 exempt from ad valorem taxes levied under chapter 275.

28 (b) Improvements to real property, and tangible personal
29 property, of an agricultural production facility located within
30 an agricultural processing facility zone, designated under
31 section 469.314, is exempt from ad valorem taxes levied under
32 chapter 275.

33 (c) For property to qualify for exemption under paragraph
34 (a), the occupant must be a qualified business, as defined in
35 section 469.310.

36 (d) The exemption applies beginning for the first

1 assessment year after designation of the job opportunity
2 building zone by the commissioner of employment and economic
3 development. The exemption applies to each assessment year that
4 begins during the duration of the job opportunity building zone
5 and to property occupied by July 1 of the assessment year by a
6 qualified business. This exemption does not apply to:

7 (1) the levy under section 475.61 or similar levy
8 provisions under any other law to pay general obligation bonds;
9 or

10 (2) a levy under section 126C.17, if the levy was approved
11 by the voters before the designation of the job opportunity
12 building zone.

13 (e) This subdivision does not apply to captured net tax
14 capacity in a tax increment financing district to the extent
15 necessary to meet the debt repayment obligations of the
16 authority if the property is also located within an agricultural
17 processing zone.

18 **[EFFECTIVE DATE.]** This section is effective for taxes
19 payable in 2005 and thereafter.

20 Sec. 2. [CITY OF ROSEMOUNT; TAX INCREMENT FINANCING.]

21 The city of Rosemount or a development authority of the
22 city may spend increment from its Downtown - Brockway Tax
23 Increment Financing (TIF) District to acquire parcels of
24 property that the Department of Transportation or Dakota County
25 acquired in connection with the realignment of marked Trunk
26 Highway 3, notwithstanding the limits under Minnesota Statutes,
27 section 469.1763, on the amount of increments that may be spent
28 outside of the district or Minnesota Statutes, section 469.176,
29 subdivision 4j, on the purposes for which increments may be
30 spent.

31 **[EFFECTIVE DATE.]** This section is effective upon local
32 approval by the governing body of the city of Rosemount under
33 Minnesota Statutes, section 645.021.

34 Sec. 3. [APPROPRIATION.]

35 (a) \$125,000 in fiscal year 2006, \$125,000 in fiscal year
36 2007, and \$200,000 in each fiscal year thereafter, are

1 appropriated from the general fund to the commissioner of
2 revenue to make grants to one or more nonprofit organizations,
3 qualifying under section 501(c)(3) of the Internal Revenue Code
4 of 1986, to coordinate, facilitate, encourage, and aid in the
5 provision of taxpayer assistance services.

6 (b) "Taxpayer assistance services" mean accounting and tax
7 preparation services provided by volunteers to low-income and
8 disadvantaged Minnesota residents to help them file federal and
9 state income tax returns and Minnesota property tax refund
10 claims and to provide personal representation before the
11 Department of Revenue and Internal Revenue Service.



1 Senator moves to amend S.F. No. (Tax111) as
2 follows:

3 Page 28, after line 30, insert:

4 "Sec. 7. Minnesota Statutes 2004, section 473.446,
5 subdivision 3, is amended to read:

6 Subd. 3. [CERTIFICATION AND COLLECTION.] Each county
7 treasurer shall collect and make settlement of the taxes levied
8 under subdivisions 1 and 1a and section 473.4461, subdivision 2,
9 with the treasurer of the council. The levy of transit taxes
10 pursuant to this section shall not affect the amount or rate of
11 taxes which may be levied by any county or municipality or by
12 the council for other purposes authorized by law and shall be in
13 addition to any other property tax authorized by law.

14 [EFFECTIVE DATE.] This section is effective for taxes
15 payable in 2006 and thereafter.

16 Sec. 8. Minnesota Statutes 2004, section 473.4461, is
17 amended to read:

18 473.4461 [ADDITIONS TO TRANSIT TAXING DISTRICT.]

19 Subdivision 1. [SERVICE EXPANSION PLAN REQUIRED.]

20 Notwithstanding any provision of section 473.446 or any other
21 law, the Metropolitan Council may not levy a tax under section
22 473.446, subdivision 1, in any city or town not included in the
23 transit taxing district as it existed on January 1, 2001, unless
24 the council and the governing body of that city or town have
25 agreed on a service expansion plan.

26 Subd. 2. [CONTRACTUAL AGREEMENT; PROPERTY TAX LEVY.]

27 Notwithstanding section 473.446, subdivision 2, the Metropolitan
28 Council may enter into an agreement with a city or a town to
29 join the transit taxing district. The agreement shall describe
30 the types and levels of transit services to be provided within
31 the area comprising the city or town. The agreement must
32 provide that the area comprising the city or town shall be
33 subject to the levy under section 473.446, subdivision 1. If a
34 city or town enters into an agreement to join the transit taxing
35 district, a copy of that portion of the agreement must be filed
36 with the auditor or auditors of the county or counties

1 containing the city or town.

2 Subd. 3. [PROPERTY TAX LEVY ALLOWED FOR OPERATIONS.] A tax
3 levied in a city or town pursuant to an agreement under
4 subdivision 2 may be used to fund transit operations or to pay
5 the costs of principal and interest for transit-related bonded
6 debt for a period of time not to exceed four years. After the
7 four-year period, the tax levied in the city or town may be used
8 only as provided under section 473.446, subdivision 1.

9 [EFFECTIVE DATE.] This section is effective the day
10 following final enactment, for taxes payable in 2006 and
11 thereafter."

12 Renumber the sections in sequence and correct the internal
13 references

14 Amend the title accordingly

maia *Set aside*
9/29

1 Senator moves to amend S.F. No. as follows:

2 Page ..., after line ..., insert:

3 "Sec. ... Laws 1993, chapter 375, article 9, section 46,
4 subdivision 2, as amended by Laws 1997, chapter 231, article 7,
5 section 40, and Laws 1998, chapter 389, article 8, section 30,
6 and Laws 2003 First Special Session chapter 21, article 8,
7 section 13, is amended to read:

8 Subd. 2. [USE OF REVENUES.] Revenues received from the tax
9 authorized by subdivision 1 may only be used by the city to pay
10 the cost of collecting the tax, and to pay for the following
11 projects or to secure or pay any principal, premium, or interest
12 on bonds issued in accordance with subdivision 3 for the
13 following projects.

14 (a) To pay all or a portion of the capital expenses of
15 construction, equipment and acquisition costs for the expansion
16 and remodeling of the St. Paul Civic Center complex, including
17 the demolition of the existing arena and the construction and
18 equipping of a new arena.

19 (b) The remainder of the funds must be spent for:

20 (1) capital projects to further residential, cultural,
21 commercial, and economic development in both downtown St. Paul
22 and St. Paul neighborhoods ; and

23 (2) capital and operating expenses of cultural
24 organizations in the city, provided that the amount spent under
25 this clause must equal ten percent of the total amount spent
26 under this paragraph in any year.

27 (c) The amount apportioned under paragraph (b) shall be no
28 less than 60 percent of the revenues derived from the tax each
29 year, except to the extent that a portion of that amount is
30 required to pay debt service on (1) bonds issued for the
31 purposes of paragraph (a) prior to March 1, 1998; or (2) bonds
32 issued for the purposes of paragraph (a) after March 1, 1998,
33 but only if the city council determines that 40 percent of the
34 revenues derived from the tax together with other revenues
35 pledged to the payment of the bonds, including the proceeds of
36 definitive bonds, is expected to exceed the annual debt service

1 on the bonds.

2 (d) If in any year more than 40 percent of the revenue
3 derived from the tax authorized by subdivision 1 is used to pay
4 debt service on the bonds issued for the purposes of paragraph
5 (a) and to fund a reserve for the bonds, the amount of the debt
6 service payment that exceeds 40 percent of the revenue must be
7 determined for that year. In any year when 40 percent of the
8 revenue produced by the sales tax exceeds the amount required to
9 pay debt service on the bonds and to fund a reserve for the
10 bonds under paragraph (a), the amount of the excess must be made
11 available for capital projects to further residential, cultural,
12 commercial, and economic development in the neighborhoods and
13 downtown until the cumulative amounts determined for all years
14 under the preceding sentence have been made available under this
15 sentence. The amount made available as reimbursement in the
16 preceding sentence is not included in the 60 percent determined
17 under paragraph (c).

18 (e) No revenues from the tax authorized by subdivision 1
19 may be used to pay principal, premium, or interest on any bonds
20 or other obligations except the bonds issued under subdivision 3.

21 ~~(e)~~ (f) By January 15 of each odd-numbered year, the mayor
22 and the city council must report to the legislature on the use
23 of sales tax revenues during the preceding two-year period.

24 [EFFECTIVE DATE.] This section is effective the day
25 following final enactment."

1 Senator moves to amend S.F. No. as follows:

2 Page ..., after line ..., insert:

3 "Sec. [477A.0133] [COUNTY CRIMINAL JUSTICE AID.]

4 Subdivision 1. [PURPOSE.] County criminal justice aid is
5 intended to reduce the reliance of county criminal justice and
6 corrections programs and associated costs on local property
7 taxes.

8 County criminal justice aids must be used to pay expenses
9 associated with criminal justice activities, specifically
10 probation and supervised release caseload reductions, chemical
11 dependency treatment, and assistance to crime victims.

12 Subd. 2. [DEFINITIONS.] For the purposes of this section,
13 the following definitions apply:

14 (1) "population" means the population according to the most
15 recent federal census, or according to the state demographer's
16 most recent estimate if it has been issued subsequent to the
17 most recent federal census; and

18 (2) "Part I crimes" means the three-year average annual
19 number of Part I crimes reported for each county by the
20 Department of Public Safety for the most recent years
21 available. By July 1 of each year, the commissioner of public
22 safety shall certify to the commissioner of revenue the number
23 of Part I crimes reported for each county for the three most
24 recent calendar years available.

25 Subd. 3. [FORMULA.] Each calendar year, the commissioner
26 of revenue shall distribute county criminal justice aid to each
27 county in an amount determined according to the following
28 formula:

29 (1) one-half shall be distributed to each county in the
30 same proportion that the county's population is to the
31 population of all counties in the state; and

32 (2) one-half shall be distributed to each county in the
33 same proportion that the county's Part I crimes are to the total
34 Part I crimes for all counties in the state.

35 Subd. 4. [PAYMENT DATES.] The aid amounts for each
36 calendar year shall be paid as provided in section 477A.015.

1 Subd. 5. [REPORT.] By March 15 of each year following the
2 year in which criminal justice aids are received, each county
3 must file a report with the commissioner of revenue describing
4 how criminal justice aids were spent, and demonstrating that
5 they were used for criminal justice purposes.

6 Subd. 6. [ANNUAL APPROPRIATION.] Aid payments to counties
7 under this section are limited to \$..... in 2006 and
8 subsequent years."

9 Renumber the sections in sequence and correct the internal
10 references

11 Amend the title accordingly

(Sched)

Set Aside
9/29

1 Senator moves to amend S.F. No. as follows:

2 Page ..., after line ..., insert:

3 "Sec. ... Minnesota Statutes 2004, section 240.06,
4 subdivision 5a, is amended to read:

5 Subd. 5a. [ADDITIONAL LICENSE; METROPOLITAN AREA.] (a)
6 Notwithstanding subdivision 5, the commission may issue one
7 additional class A license within the seven-county metropolitan
8 area, provided that the additional license may only be issued
9 for a facility:

10 (1) located more than 20 miles from any other racetrack in
11 existence on January 1, 1987;

12 (2) containing a track no larger than five-eighths of a
13 mile in circumference;

14 (3) used exclusively for standardbred racing;

15 (4) not owned or operated by a governmental entity or a
16 nonprofit organization; and

17 (5) that has a current road or highway system adequate to
18 facilitate present and future vehicular traffic expeditiously to
19 and from the facility.

20 The consideration of clause (5) shall prevail when two
21 competing licensees are relatively equal regarding other
22 considerations mandated by law or rule.

23 (b) An application for an additional class A license within
24 the seven-county metropolitan area may not delay or adversely
25 affect an application for a class A license for a facility to be
26 located outside the seven-county metropolitan area.

27 (c) A class A licensee within the seven-county metropolitan
28 area may enter an agreement with a horsepersons' organization
29 under which the licensee agrees to pay a percentage of
30 simulcasting and card club revenues to the horse racing purse
31 fund of another class A racetrack within the seven-county
32 metropolitan area. The licensee may only enter such an
33 agreement with a horsepersons' organization that represents a
34 breed other than the breed racing at the licensee's racetrack.
35 All amounts contributed to a class A racetrack under such an
36 agreement must go to purses for races run at that racetrack.

1 Sec. ... Minnesota Statutes 2004, section 240.13,
2 subdivision 6, is amended to read:

3 Subd. 6. [SIMULCASTING.] (a) The commission may permit an
4 authorized licensee to conduct simulcasting at the licensee's
5 facility on any day authorized by the commission. All
6 simulcasts must comply with the Interstate Horse Racing Act of
7 1978, United States Code, title 15, sections 3001 to 3007.

8 (b) The commission may not authorize any day for
9 simulcasting at a class A facility during the racing season, and
10 a licensee may not be allowed to transmit out-of-state telecasts
11 of races the licensee conducts, unless the licensee has obtained
12 the approval of the horsepersons' organization representing the
13 majority of the horsepersons racing the breed involved at the
14 licensed racetrack during the preceding 12 months. In the case
15 of a class A facility licensed under section 240.06, subdivision
16 5a, the approval must be obtained from the horsepersons'
17 organization that represents the majority of the horsepersons
18 who are racing or who will race the breed at the facility.

19 (c) The licensee may pay fees and costs to an entity
20 transmitting a telecast of a race to the licensee for purposes
21 of conducting pari-mutuel wagering on the race. The licensee
22 may deduct fees and costs related to the receipt of televised
23 transmissions from a pari-mutuel pool on the televised race,
24 provided that one-half of any amount recouped in this manner
25 must be added to the amounts required to be set aside for purses.

26 (d) With the approval of the commission and subject to the
27 provisions of this subdivision, a licensee may transmit
28 telecasts of races it conducts, for wagering purposes, to
29 locations outside the state, and the commission may allow this
30 to be done on a commingled pool basis.

31 (e) Except as otherwise provided in this section,
32 simulcasting may be conducted on a separate pool basis or, with
33 the approval of the commission, on a commingled pool basis. All
34 provisions of law governing pari-mutuel betting apply to
35 simulcasting except as otherwise provided in this subdivision or
36 in the commission's rules. If pools are commingled, wagering at

1 the licensed facility must be on equipment electronically linked
2 with the equipment at the licensee's class A facility or with
3 the sending racetrack via the totalizator computer at the
4 licensee's class A facility. Subject to the approval of the
5 commission, the types of betting, takeout, and distribution of
6 winnings on commingled pari-mutuel pools are those in effect at
7 the sending racetrack. Breakage for pari-mutuel pools on a
8 televised race must be calculated in accordance with the law or
9 rules governing the sending racetrack for these pools, and must
10 be distributed in a manner agreed to between the licensee and
11 the sending racetrack. Notwithstanding subdivision 7 and
12 section 240.15, subdivision 5, the commission may approve
13 procedures governing the definition and disposition of unclaimed
14 tickets that are consistent with the law and rules governing
15 unclaimed tickets at the sending racetrack. For the purposes of
16 this section, "sending racetrack" is either the racetrack
17 outside of this state where the horse race is conducted or, with
18 the consent of the racetrack, an alternative facility that
19 serves as the racetrack for the purpose of commingling pools.

20 ~~(f) If there is more than one class B licensee conducting~~
21 ~~raeing within the seven county metropolitan area, simulcasting~~
22 ~~may be conducted only on races run by a breed that ran at the~~
23 ~~licensee's class A facility within the 12 months preceding the~~
24 ~~event.~~

25 Sec. ... Minnesota Statutes 2004, section 240.135, is
26 amended to read:

27 240.135 [CARD CLUB REVENUE.]

28 (a) From the amounts received from charges authorized under
29 section 240.30, subdivision 4, the licensee shall set aside the
30 amounts specified in this section to be used for purse payments.
31 These amounts are in addition to the breeders fund and purse
32 requirements set forth elsewhere in this chapter.

33 (1) For amounts between zero and \$6,000,000, the licensee
34 shall set aside ten percent to be used as purses.

35 (2) For amounts in excess of \$6,000,000, the licensee shall
36 set aside 14 percent to be used as purses.

1 (b) From all amounts set aside under paragraph (a), the
2 licensee shall set aside ten percent to be deposited in the
3 breeders fund.

4 (c) The licensee and the horseperson's organization
5 representing the majority of horsepersons who have raced at the
6 racetrack during the preceding 12 months, or, in the case of a
7 racetrack licensed under section 240.06, subdivision 5a, will
8 race at the racetrack during the first calendar year of the
9 racetrack's operation, may negotiate percentages different from
10 those stated in this section if the agreement is in writing and
11 filed with the Racing Commission.

12 ~~(e)~~ (d) It is the intent of the legislature that the
13 proceeds of the card playing activities authorized by this
14 chapter be used to improve the horse racing industry by
15 improving purses. The commission shall annually review the
16 financial details of card playing activities and determine if
17 the present use of card playing proceeds is consistent with the
18 policy established by this paragraph. If the commission
19 determines that the use of the proceeds does not comply with the
20 policy set forth herein, then the commission shall direct the
21 parties to make the changes necessary to ensure compliance. If
22 these changes require legislation, the commission shall make the
23 appropriate recommendations to the legislature.

24 Sec. ... Minnesota Statutes 2004, section 240.15,
25 subdivision 1, is amended to read:

26 Subdivision 1. [TAXES IMPOSED.] (a) There is imposed a tax
27 at the rate of six percent of the amount in excess of
28 \$12,000,000 annually withheld from all pari-mutuel pools by the
29 licensee, including breakage and amounts withheld under section
30 240.13, subdivision 4. For the purpose of this subdivision,
31 "annually" is the period from July 1 to June 30 of the next year.

32 In addition to the above tax, the licensee must designate
33 and pay to the commission a tax of one percent of the total
34 amount bet on each racing day, for deposit in the Minnesota
35 breeders fund.

36 The taxes imposed by this clause must be paid from the

1 amounts permitted to be withheld by a licensee under section
2 240.13, subdivision 4.

3 (b) The commission may impose an admissions tax of not more
4 than ten cents on each paid admission at a licensed racetrack on
5 a racing day if:

6 (1) the tax is requested by a local unit of government
7 within whose borders the track is located;

8 (2) a public hearing is held on the request; and

9 (3) the commission finds that the local unit of government
10 requesting the tax is in need of its revenue to meet
11 extraordinary expenses caused by the racetrack.

12 (c) There is imposed a tax at the rate of five percent on
13 amounts annually received from charges authorized under section
14 240.30, subdivision 4, less amounts set aside for purse payments
15 and the breeders fund, as required by section 240.135.

16 Sec. ... Minnesota Statutes 2004, section 240.30,
17 subdivision 5, is amended to read:

18 Subd. 5. [LIMITATION.] (a) Except as provided in paragraph
19 (b), the commission shall not authorize a licensee to operate a
20 card club unless the licensee has conducted at least 50 days of
21 live racing at a class A facility within the past 12 months or
22 during the preceding calendar year.

23 (b) In the case of a racetrack licensed under section
24 240.06, subdivision 5a, during the first calendar year of the
25 racetrack's operation, the commission may authorize the licensee
26 to operate a card club when the licensee has been assigned at
27 least 50 days of live racing by the commission for the calendar
28 year.

29 Sec. ... Minnesota Statutes 2004, section 240.30,
30 subdivision 8, is amended to read:

31 Subd. 8. [LIMITATIONS.] (a) The commission may not approve
32 any plan of operation under subdivision 6 that exceeds any of
33 the following limitations:

34 (1) the maximum number of tables used for card playing at
35 the card club at any one time, other than tables used for
36 instruction, demonstrations, or tournament play, may not exceed

1 50 90. The table limit exception for tournament play is allowed
2 for only ~~one-tournament~~ two tournaments per year that ~~lasts-for~~
3 ~~no-longer~~ total no more than ~~14~~ 21 days each;

4 (2) except as provided in clause (3), no wager may exceed
5 \$60;

6 (3) for games in which each player is allowed to make only
7 one wager or has a limited opportunity to change that wager, no
8 wager may exceed \$300.

9 (b) The commission may not approve any plan of operation
10 under subdivision 6 that does not provide for reasonable
11 accommodations for players with disabilities. Accommodations to
12 the table and the cards shall include, among other things, the
13 announcement of the cards visible to the entire table and the
14 use of Braille cards for players who are blind."

15 Renumber the sections in sequence and correct the internal
16 references

17 Amend the title accordingly

(Dibbie)
Set aside
9029

1 Senator moves to amend S.F. No. as follows:

2 Page ..., after line ..., insert:

3 "Sec. ... Laws 2003, chapter 128, article 1, section 172,
4 is amended to read:

5 Sec. 172. [TEMPORARY PETROFUND FEE EXEMPTION FOR MINNESOTA
6 COMMERCIAL AIRLINES.]

7 (a) A commercial airline providing regularly scheduled jet
8 service and with its corporate headquarters in Minnesota is
9 exempt from the fee established in Minnesota Statutes, section
10 115C.08, subdivision 3, until July 1, ~~2005~~ 2007, provided the
11 airline develops a plan approved by the commissioner of commerce
12 demonstrating that the savings from this exemption will go
13 towards minimizing job losses in Minnesota, and to support the
14 airline's efforts to avoid filing for federal bankruptcy
15 protections.

16 (b) A commercial airline exempted from the fee is
17 ineligible to receive reimbursement under Minnesota Statutes,
18 chapter 115C, until July 1, ~~2005~~ 2007. A commercial airline
19 that has a release during the fee exemption period is ineligible
20 to receive reimbursement under Minnesota Statutes, chapter 115C,
21 for the costs incurred in response to that release."

22 Renumber the sections in sequence and correct the internal
23 references

24 Amend the title accordingly

Page Miller

1 Senator moves to amend S.F. No. as follows:

2 Page ..., after line ..., insert:

3 "Sec. Minnesota Statutes 2004, section 297A.61, is
4 amended by adding a subdivision to read:

5 Subd. 37. [EVENT SOUVENIR CLOTHING.] "Event souvenir
6 clothing" is clothing that is sold at a state-subsidized
7 facility within 24 hours of a sporting or entertainment event
8 and that bears a name, image, or logo of the entertainer,
9 athlete, or team that performs at the event. As used in this
10 subdivision, a "state-subsidized facility" means the Metrodome
11 financed under section 473.581, the basketball arena that
12 receives payments from the Amateur Sports Commission under
13 section 473.556, subdivision 16, and the hockey arena that
14 received a loan of state funds under Laws 1998, chapter 404,
15 section 23, subdivision 6.

16 [EFFECTIVE DATE.] This section is effective for sales after
17 June 30, 2005.

18 Sec. Minnesota Statutes 2004, section 297A.67,
19 subdivision 8, is amended to read:

20 Subd. 8. [CLOTHING.] (a) Clothing is exempt. For purposes
21 of this subdivision, "clothing" means all human wearing apparel
22 suitable for general use.

23 (b) Clothing includes, but is not limited to, aprons,
24 household and shop; athletic supporters; baby receiving
25 blankets; bathing suits and caps; beach capes and coats; belts
26 and suspenders; boots; coats and jackets; costumes; children and
27 adult diapers, including disposable; ear muffs; footlets; formal
28 wear; garters and garter belts; girdles; gloves and mittens for
29 general use; hats and caps; hosiery; insoles for shoes; lab
30 coats; neckties; overshoes; pantyhose; rainwear; rubber pants;
31 sandals; scarves; shoes and shoe laces; slippers; sneakers;
32 socks and stockings; steel-toed boots; underwear; uniforms,
33 athletic and nonathletic; and wedding apparel.

34 (c) Clothing does not include the following:

- 35 (1) belt buckles sold separately;
- 36 (2) costume masks sold separately;

- 1 (3) patches and emblems sold separately;
- 2 (4) sewing equipment and supplies, including but not
- 3 limited to, knitting needles, patterns, pins, scissors, sewing
- 4 machines, sewing needles, tape measures, and thimbles;
- 5 (5) sewing materials that become part of clothing,
- 6 including but not limited to, buttons, fabric, lace, thread,
- 7 yarn, and zippers;
- 8 (6) clothing accessories or equipment;
- 9 (7) sports or recreational equipment; and
- 10 (8) protective equipment; and
- 11 (9) event souvenir clothing.

12 Clothing also does not include apparel made from fur if a
13 uniform definition of "apparel made from fur" is developed by
14 the member states of the Streamlined Sales and Use Tax Agreement.

15 For purposes of this subdivision, "clothing accessories or
16 equipment" means incidental items worn on the person or in
17 conjunction with clothing. Clothing accessories and equipment
18 include, but are not limited to, briefcases; cosmetics; hair
19 notions, including barrettes, hair bows, and hairnets; handbags;
20 handkerchiefs; jewelry; nonprescription sunglasses; umbrellas;
21 wallets; watches; and wigs and hairpieces. "Sports or
22 recreational equipment" means items designed for human use and
23 worn in conjunction with an athletic or recreational activity
24 that are not suitable for general use. Sports and recreational
25 equipment includes, but is not limited to, ballet and tap shoes;
26 cleated or spiked athletic shoes; gloves, including, but not
27 limited to, baseball, bowling, boxing, hockey, and golf gloves;
28 goggles; hand and elbow guards; life preservers and vests; mouth
29 guards; roller and ice skates; shin guards; shoulder pads; ski
30 boots; waders; and wetsuits and fins. "Protective equipment"
31 means items for human wear and designed as protection of the
32 wearer against injury or disease or as protection against damage
33 or injury of other persons or property but not suitable for
34 general use. Protective equipment includes, but is not limited
35 to, breathing masks; clean room apparel and equipment; ear and
36 hearing protectors; face shields; finger guards; hard hats;

1 helmets; paint or dust respirators; protective gloves; safety
2 glasses and goggles; safety belts; tool belts; and welders
3 gloves and masks.

4 [EFFECTIVE DATE.] This section is effective for sales after
5 June 30, 2005."

6 Renumber the sections in sequence and correct the internal
7 references

8 Amend the title accordingly

Tax 3 Omnibus Bill--April 29, 2005

<i>Item</i>	<i>Fund</i>	<i>Bill</i>	<i>Author</i>	FY 2006	FY 2007	FY 06-07	FY 2008	FY 2009	FY 08-09
<u>A List</u>									
Crow Wing County Sewer Pilot	GF	1214	Ruud	0	0	0	0	0	0
Bloomington Fiscal Disparities Repayment	GF	1880	Belanger	0	0	0	0	0	0
Electric Generating Facility Property Tax Exemption	GF	2091	Day	0	0	0	0	0	0
Lakeview Cemetary Levy Increase	GF	2092	Saxhaug	0	Negl.	0	Negl.	Negl.	0
Rosemount TIF Expenditures	GF	2113	Gerlach	0	0	0	0	0	0
Utility Property Tax Modification	GF	2166	Anderson	0	Negl.	0	Negl.	Negl.	0
<u>B List</u>									
Worthington Sales Tax	GF	481	Vickerman	0	0	0	0	0	0
Mower County Sales Tax	GF	1832	Sparks	0	0	0	0	0	0
Nobles County: JOBZ/TIF	GF	1907	Vickerman	0	0	0	0	0	0
<u>C List</u>									
Expanded Education Credit	GF	558	Ortman	(9,030)	(9,480)	(18,510)	(9,500)	(9,500)	(19,000)
White Bear Lake LGA	GF	782	Reiter	(105)	0	(105)	0	0	0
Part of LGA Package:									
Hutchinson LGA Base Increase	GF	936	Dille	0	0	0	0	0	0
Regional Center LGA Base	GF	1011	Fischbach	0	0	0	0	0	0
Mayors Falls LGA Increase	GF	1097	Nienow	0	0	0	0	0	0
Appropriation for Taxpayer Assistance Services	GF	1216	Rest	(125)	(125)	(250)	(200)	(200)	(400)
Dairy Investment Credit	GF		Ortman Sams	0	(2,900)	(2,900)	(3,500)	(4,000)	(7,500)
Wells LGA Fix	GF	1312	Rosen	0	0	0	0	0	0
Solar Energy Exemption	GF	1601	Moua	(40)	(50)	(90)	(40)	(25)	(65)
Judicial Employees Post Retirement Benefit/Aid Adjustment	GF	1962	Betzold	(66)	0	(66)	0	0	0
Modify Definition of Year in Debt and Levy Limitations/HRAs	GF	2158	McGinn	0	Unknown	Unknown	Unknown	Unknown	Unknown
Crown Hydro	GF	2163	Pogemiller	(145)	(20)	(165)	Negl.	Negl.	0
Catholic Charities Food Service Exemption			Marty	(58)	(9)	(67)	(9)	(9)	(18)
Cargo Bill				0	(10,600)	(10,600)	(11,400)	(12,500)	(23,900)
Summary: GF Tax Expenditures				(9,569)	(23,184)	(32,753)	(24,649)	(26,234)	(50,883)
Finance Expenditures: Omnibus Bills				(450,000)	(450,000)	(900,000)	(450,000)	(450,000)	(900,000)
Total: Tax & Finance Expenditures				(459,569)	(473,184)	(932,753)	(474,649)	(476,234)	(950,883)

Tax 3 Omnibus Bill--April 29, 2005

<i>Item</i>	<i>Fund</i>	<i>Bill</i>	<i>Author</i>	FY 2006	FY 2007	FY 06-07	FY 2008	FY 2009	FY 08-09
Property Tax Relief									
LGA				0	(85,000)	(85,000)	(91,000)	(97,000)	(188,000)
Pensions				(35,000)	(35,000)	(70,000)	(35,000)	(35,000)	(70,000)
Clean Water Legacy Aid				(11,400)	(75,500)	(86,900)	(80,000)	(80,000)	(160,000)
County Criminal Justice Aid				(25,000)	(25,000)	(50,000)	(25,000)	(25,000)	(50,000)
Property Tax Freeze	GF	318	Pogemiller	0	23,500	23,500	24,930	34,280	59,210
Total Property Tax Relief				(71,400)	(197,000)	(268,400)	(206,070)	(202,720)	(408,790)
Grand Total Expenditures + Property Tax Relief				(530,969)	(670,184)	(1,201,153)	(680,719)	(678,954)	(1,359,673)
Revenues									
Freeze Statewide C/I Tax at 2002	GF		Pogemiller	63,200	133,500	196,700	169,200	207,800	377,000
Tax Loopholes	GF	254	Berglin	134,000	100,500	234,500	100,800	103,100	203,900
Subtotal Revenues				197,200	234,000	431,200	270,000	310,900	580,900
Revenue Need Remaining				(333,769)	(436,184)	(769,953)	(410,719)	(368,054)	(778,773)

**Not Included in Bill
Tax Omnibus Bill--April 2005**

				FY 2006	FY 2007	FY 06-07	FY 2008	FY 2009	FY 08-09
<u>Item</u>	<u>Fund</u>	<u>Bill</u>	<u>Author</u>						
? List									
Centennial Lakes Police Facility:									
NO Sales Tax Exemption	GF	166	Reiter	(55)	0	(55)	0	0	0
NO Educator Expense Deduction	GF	397	Kelley	(2,460)	(500)	(2,960)	(500)	(500)	(1,000)
NO Education Expense Credit	GF	513	Hottinger	(9,900)	(10,100)	(20,000)	(10,300)	(10,600)	(20,900)
Tax Credit for Tuition Org.									
NO Donations	GF	584	Olson	0	(5,500)	(5,500)	(11,100)	(13,600)	(24,700)
Carver County Justice Center:									
NO Sales Tax Exemption	GF	799	Ortman	(100)	(200)	(300)	(200)	0	(200)
Non-Itemizer Charitable									
NO Subtraction	GF	1175	Moua	(8,300)	(8,800)	(17,100)	(9,500)	(10,300)	(19,800)
Income Tax Checkoff for									
NO Designated Purposes	GF	1195	Neuville	unknown	unknown	unknown	unknown	unknown	unknown
NO Income Tax Rate Increases	GF	1333	Hottinger	412,600	472,000	884,600	490,700	527,000	1,017,700
Employer Credit for Ed.									
NO Expenses	GF	1382	Pappas	(4,700)	(4,900)	(9,600)	(5,200)	(5,400)	(10,600)
NO Debt Service Levy on EMV	GF	1743	Wergin	0	Unknown	0	0	0	0
Credit for Post-Secondary Ed.									
NO Expenses	GF	1888	Pappas	(5,810)	(16,110)	(21,920)	(20,760)	(21,180)	(41,940)
Major League Sports Transfer									
NO Tax	GF	2001	Day	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Total General Fund				381,275	425,890	807,165	433,140	465,420	898,560
Special Revenue Funds									
Public Safety Survivor Checkoff	SRF	1236	Bachmann	280	310	590	330	360	690
Public Safety Survivor Checkoff	SRF	2228	Limmer	280	310	590	330	360	690
Checkoff for Guard and Reserve	SPF	946	Dille	280	310	590	330	360	690
Total Special Funds				840	930	1,770	990	1,080	2,070

Option for Temporary 4th Bracket Minnesota Income Tax Rates and Breakpoints

This table compares current law income tax brackets and rates for each filing status compared to an option to add a new top bracket beginning in tax year 2005. Income tax brackets are dollars of Minnesota taxable income (not adjusted gross income or family income).

Current Brackets & Rates, 2005:		Proposed Brackets & Rates, 2005:	
RATE:	MARRIED, JOINT FILERS:	RATE:	MARRIED, JOINT FILERS:
5.35%	\$0 - \$29,070	5.35%	\$0 - \$29,070
7.05%	> \$29,070 - \$115,510	7.05%	> \$29,070 - \$115,510
7.85%	> \$115,510	7.85%	> \$115,510 - \$250,000
		11.0%	> \$250,000
RATE:	MARRIED, SEPARATE FILERS:	RATE:	MARRIED, SEPARATE FILERS:
5.35%	\$0 - \$14,535	5.35%	\$0 - \$14,535
7.05%	> \$14,535 - \$57,755	7.05%	> \$14,535 - \$57,755
7.85%	> \$57,755	7.85%	> \$57,755 - \$125,000
		11.0%	> \$125,000
RATE:	SINGLE FILERS:	RATE:	SINGLE FILERS:
5.35%	\$0 - \$19,890	5.35%	\$0 - \$19,890
7.05%	> \$19,890 - \$65,330	7.05%	> \$19,890 - \$65,330
7.85%	> \$65,330	7.85%	> \$65,330 - \$166,665
		11.0%	> \$166,665
RATE:	HEAD OF HOUSEHOLD:	RATE:	HEAD OF HOUSEHOLD:
5.35%	\$0 - \$24,490	5.35%	\$0 - \$24,490
7.05%	> \$24,490 - \$98,390	7.05%	> \$24,490 - \$98,390
7.85%	> \$98,390	7.85%	> \$98,390 - \$208,330
		11.0%	> \$208,330

AMT RATE: 6.4%

AMT RATE: 6.4%

Option: Temporary 4th Bracket, 11% rate on Married Joint Taxable Income >\$250,000, Single >\$166,665

INCREASES AND DECREASES BY INCOME LEVEL

MN Tax after all credits

Both Filing Statuses

(No Change: 2372683 or 98.

Tax Year 2005	INCREASES					DECREASES				
	Tax Returns		Amount of Increase			Tax Returns		Amount of Decrease		
<i>Income category (FAGI)</i>	Number	Percent	\$1000's	Avg Increase	Percent	Number	Percent	In \$000s	Avg Increase	Percent
9999 Or Less	3	0	\$2	\$667	0	0	0	4	\$0	0
10000 19999	0	0	\$0	\$0	0	0	0	0	\$0	0
20000 29999	0	0	\$0	\$0	0	0	0	0	\$0	0
30000 49999	0	0	\$0	\$0	0	0	0	0	\$0	0
50000 74999	0	0	\$0	\$0	0	0	0	0	\$0	0
75000 99999	0	0	\$0	\$0	0	0	0	0	\$0	0
100000 124999	0	0	\$0	\$0	0	0	0	0	\$0	0
125000 149999	28	0	\$4	\$143	0	0	0	0	\$0	0
150000 249999	3,270	0.1	\$2,528	\$773	0.6	0	0	0	\$0	0
250000 499999	21,414	0.9	\$50,472	\$2,357	12.1	254	0	139	\$547	100
500000 Or More	17,733	0.7	\$363,160	\$20,479	87.3	0	0	0	\$0	0
All Incomes	42,449	1.8	\$416,166	\$9,804	100	254	0	139	\$547	100

Data from House Income Tax Simulation Model HITS53 (sim ntr505)

M.J. Hedstrom, Fiscal Analyst Senate Taxes Committee 28-Apr-05

Effective Tax Rate Comparison TY 2007					
<i>Tax Incidence Study vs. Temporary 4th Income Tax Bracket Option</i>					
Income Decile	Income Range*	TIS Income Tax	Proposed Income Tax**	TIS State & Local ETR	Proposed State-Local ETR***
1st	\$32,471 & under	0.50%	0.88%	11.30%	11.68%
2nd	\$32,472 - \$49,814	3.00%	3.02%	11.70%	11.72%
3rd	\$49,815 - \$66,035	3.50%	3.54%	11.80%	11.84%
4th	\$66,036 - \$82,369	3.90%	4.00%	11.90%	12.00%
5th	\$82,370 - \$100,042	4.10%	4.30%	11.70%	11.90%
6th	100,043 - \$123,955	4.40%	4.64%	11.30%	11.54%
7th	123,956 - \$165,492	4.80%	4.97%	11.10%	11.27%
8th	165,493 - \$269,845	5.10%	5.63%	12.10%	12.63%
9th	269,846 - \$700,500	5.50%	7.07%	10.10%	11.67%
10th	700,501 & over	6.30%	8.53%	7.90%	10.13%

Notes:

* "Income Range" in the Tax Incidence Study (TIS) may include more than one return for a household. The income tax simulation model (HITS), used for the "proposed" columns, is one return. Household "income" in the "proposed columns is adjusted gross income plus certain nontaxable income such as federal and Minnesota tax-exempt bond interest, and nontaxable retirement income.

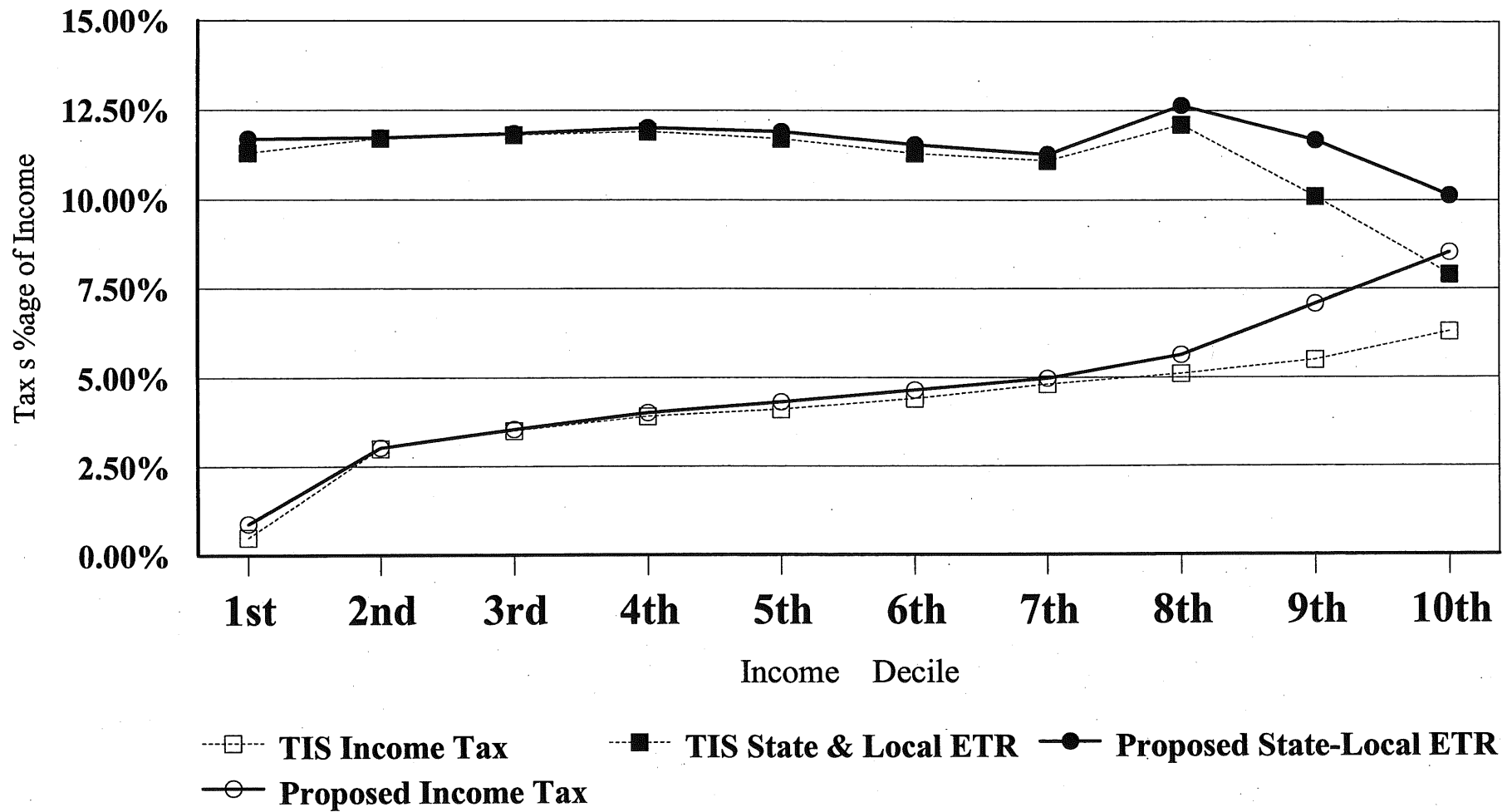
** "Proposed Income Tax" is the new 4th tax bracket and rate only. The TIS estimates for 2007 tax incidence are based on the Nov. 2004 Revenue Forecast. The HITS simulation is based on the Feb. 2005 Revenue Forecast. TIS estimates of 2007 effective tax rates for the individual income tax are slightly lower than the baseline estimates in the simulation model. The "difference" in deciles 1-7 only reflect that baseline difference.

*** "Proposal State-Local ETR" uses the TIS effective tax rates 2007 estimates for all other state and local taxes, and the simulation model effective tax rates after the proposed income tax change.

#1

Effective Tax Rate Comparison TY 2007

Tax Incidence Study vs. Proposed Income Tax Top Bracket & Rate



P 9 in tax 3 draft #2

Married standard deduction conformity					
Tax Year 2005					
Married Taxpayers					
DECREASES					
Income Category	Tax Returns		Amount of Decrease		
	Number	Percent	Change In \$1000's	Percent Change	Average Decrease
9999 Or less	0	0	0	0	\$0
10000 19999	0	0	0	0	\$0
20000 29999	2,182	0.1	\$99	0.4	\$45
30000 49999	20,428	0.8	\$1,463	6.5	\$72
50000 74999	134,380	5.6	\$11,899	52.5	\$89
75000 99999	72,378	3	\$6,199	27.4	\$86
100000 124999	32,407	1.3	\$2,641	11.7	\$81
125000 149999	4,702	0.2	\$339	1.5	\$72
150000 249999	194	0	\$11	0	\$57
250000 499999	21	0	\$1	0	\$48
500000 Or More	10	0	0	0	\$0
All Returns, All Incomes	266,702	11.0	\$22,652	100.0	
Of Married Filers' returns, 25% have tax reduction. No Change: 798,522 or 75.0%					
Of total tax returns: No Change: 2,148,706 or 89.0%.					

Married Filers	Effective Tax Rates			
	Baseline	Alternative	Change	Pct Chg
9999 Or Less	0	0	0	0
10000 19999	-1.18	-1.27	-0.09	7.33
20000 29999	0.15	-0.03	-0.18	-118.78
30000 49999	2.5	2.38	-0.12	-4.88
50000 74999	3.64	3.56	-0.07	-2
75000 99999	4.27	4.24	-0.03	-0.78
100000 124999	4.75	4.73	-0.02	-0.44
125000 149999	4.98	4.97	-0.01	-0.19
150000 249999	5.62	5.61	-0.01	-0.15
250000 499999	6.5	6.5	-0.01	-0.1
500000 Or More	6.9	6.9	0	-0.04
All Incomes	4.83	4	-0.04	-0.76

Data from House Income Tax Simulation Model HITSS53 (msd05)

28-Apr-05

M.J. Hedstrom, Fiscal Analyst, Senate Taxes Committee

Proposal for Tax Rate Partial Rollback (S.F. 1333)

Minnesota Income Tax Rates and Breakpoints

This table compares current law income tax brackets and rates and the proposed changes for tax year 2005 for each filing status. Income tax brackets are dollars of Minnesota taxable income (not adjusted gross income or family income). Proposed permanent rates of 5.4%, 7.7% and 8.7% would be effective in 2006 and after. (Permanent rates are used in the table on the opposite side as if effective in tax year 2005, for comparability with the temporary 4th bracket option table.)

Current Brackets & Rates, 2005:		Proposed Brackets & Rates, 2005:	
RATE:	MARRIED, JOINT FILERS:	RATE:	MARRIED, JOINT FILERS:
5.35%	\$0 - \$29,070	5.38%	\$0 - \$29,070
7.05%	> \$29,070 - \$115,510	7.38%	> \$29,070 - \$115,510
7.85%	> \$115,510	8.28%	> \$115,510
RATE:	MARRIED, SEPARATE FILERS:	RATE:	MARRIED, SEPARATE FILERS:
5.35%	\$0 - \$14,535	5.38%	\$0 - \$14,535
7.05%	> \$14,535 - \$57,755	7.38%	> \$14,535 - \$57,755
7.85%	> \$57,755	8.28%	> \$57,755
RATE:	SINGLE FILERS:	RATE:	SINGLE FILERS:
5.35%	\$0 - \$19,890	5.38%	\$0 - \$19,890
7.05%	> \$19,890 - \$65,330	7.38%	> \$19,890 - \$65,330
7.85%	> \$65,330	8.28%	> \$65,330
RATE:	HEADS OF HOUSEHOLDS:	RATE:	HEADS OF HOUSEHOLDS:
5.35%	\$0 - \$24,490	5.38%	\$0 - \$24,490
7.05%	> \$24,490 - \$98,390	7.38%	> \$24,490 - \$98,390
7.85%	> \$98,390	8.28%	> \$98,390

AMT RATE: 6.4%

AMT RATE: 6.4%

#3

S.F. 1333, with permanent rates (as if in effect for TY 2005)										
INCREASES AND DECREASES BY INCOME LEVEL										
MN Tax after all credits										
Both Filing Statuses										
No Change: 524,445 (21.7%)	INCREASES					DECREASES				
Tax Year 2005	Tax Returns		Amount of Increase			Tax Returns		Amount of Decrease		
Income category (FAGI)	Number	Percent	\$1000's	Avg Increase	Percent	Number	Percent	In \$000s	Avg Increase Decrease	Percent
9999 Or Less	44,872	1.9	\$83	\$2	0	0	0	\$0	\$0	0
10000 19999	178,200	7.4	\$608	\$3	0.1	0	0	\$0	\$0	0
20000 29999	241,639	10	\$1,755	\$7	0.4	0	0	\$0	\$0	0
30000 49999	463,014	19.2	\$17,996	\$39	4.4	0	0	\$0	\$0	0
50000 74999	412,206	17.1	\$39,548	\$96	9.7	697	0	\$8	\$11	5.9
75000 99999	239,232	9.9	\$47,200	\$197	11.6	3,156	0.1	\$95	\$30	69.9
100000 124999	122,290	5.1	\$40,198	\$329	9.9	1,352	0.1	\$29	\$21	21.3
125000 149999	58,132	2.4	\$26,250	\$452	6.4	237	0	\$3	\$13	2.2
150000 249999	76,263	3.2	\$59,237	\$777	14.5	53	0	\$1	\$19	0.7
250000 499999	31,442	1.3	\$56,056	\$1,783	13.7	0	0	\$0	\$0	0
500000 Or More	18,224	0.8	\$118,957	\$6,527	29.2	0	0	\$0	\$0	0
All Incomes	1,885,514	78.1	\$407,888	\$216	100	5,495	0.2	\$136	\$25	100

Data from House Income Tax Simulation Model HITS53 (sim 133305)
 M.J. Hedstrom, Fiscal Analyst Senate Taxes Committee 28-Apr-05

PROJECTED 2006 COUNTY CRIMINAL JUSTICE AID
 BASED ON \$25 MILLION APPROPRIATION

Preliminary

	2003 POPULATION	PERCENT OF TOTAL POPULATION	AID BASED ON POPULATION	3 YEAR ANNUAL AVG PART I CRIMES	PERCENT OF TOTAL PART I CRIMES	AID BASED ON CRIMES	PROJECTED TOTAL 2006 CCJA
AITKIN	15,810	0.31073101%	38,841	513	0.29232602%	36,541	75,382
ANOKA	313,197	6.15559900%	769,450	12,482	7.11269652%	889,087	1,658,537
BECKER	31,159	0.61240149%	76,550	760	0.43307558%	54,134	130,684
BELTRAMI	41,607	0.81774732%	102,218	1,527	0.87014001%	108,768	210,986
BENTON	36,970	0.72661135%	90,826	612	0.34873981%	43,592	134,418
BIG STONE	5,648	0.11100625%	13,876	103	0.05869314%	7,337	21,213
BLUE EARTH	57,435	1.12883210%	141,104	2,181	1.24281294%	155,352	296,456
BROWN	26,832	0.52735828%	65,920	440	0.25072797%	31,341	97,261
CARLTON	33,154	0.65161138%	81,451	859	0.48948937%	61,186	142,637
CARVER	78,444	1.54174468%	192,718	1,269	0.72312225%	90,390	283,108
CASS	28,191	0.55406818%	69,259	1,348	0.76813931%	96,017	165,276
CHIPPEWA	12,827	0.25210289%	31,513	195	0.11111808%	13,890	45,403
CHISAGO	46,472	0.91336442%	114,171	1,257	0.71628421%	89,536	203,707
CLAY	51,934	1.02071501%	127,589	1,435	0.81771507%	102,214	229,803
CLEARWATER	8,390	0.16489773%	20,612	213	0.12137513%	15,172	35,784
COOK	5,280	0.10377354%	12,972	158	0.09003413%	11,254	24,226
COTTONWOOD	11,999	0.23582931%	29,479	337	0.19203483%	24,004	53,483
CROW WING	58,391	1.14762140%	143,453	1,861	1.06046533%	132,558	276,011
DAKOTA	375,642	7.38289804%	922,862	10,463	5.96219706%	745,275	1,668,137
DODGE	19,015	0.37372234%	46,715	283	0.16126367%	20,158	66,873
DOUGLAS	34,112	0.67043999%	83,805	772	0.43991361%	54,989	138,794
FARIBAULT	15,723	0.30902111%	38,628	274	0.15613514%	19,517	58,145
FILLMORE	21,294	0.41851399%	52,314	106	0.06040265%	7,550	59,864
FREEBORN	32,035	0.62961846%	78,702	654	0.37267293%	46,584	125,286
GOODHUE	45,183	0.88803031%	111,004	1,524	0.86843050%	108,554	219,558
GRANT	6,241	0.12266112%	15,333	123	0.07008986%	8,761	24,094
HENNEPIN	1,139,833	22.40236934%	2,800,295	52,556	29.94831585%	3,743,540	6,543,835
HOUSTON	19,965	0.39239371%	49,049	273	0.15556531%	19,446	68,495
HUBBARD	18,635	0.36625379%	45,782	642	0.36583490%	45,729	91,511
ISANTI	35,321	0.69420177%	86,775	705	0.40173458%	50,217	136,992
ITASCA	44,198	0.86867104%	108,584	576	0.32822570%	41,028	149,612
JACKSON	11,168	0.21949677%	27,437	236	0.13448136%	16,810	44,247

PROJECTED 2006 COUNTY CRIMINAL JUSTICE AID
 BASED ON \$25 MILLION APPROPRIATION

Preliminary

	2003 POPULATION	PERCENT OF TOTAL POPULATION	AID BASED ON POPULATION	3 YEAR ANNUAL AVG PART I CRIMES	PERCENT OF TOTAL PART I CRIMES	AID BASED ON CRIMES	PROJECTED TOTAL 2006 CCJA
KANABEC	15,831	0.31114375%	38,893	447	0.25471682%	31,840	70,733
KANDIYOHI	41,288	0.81147767%	101,435	1,213	0.69121142%	86,401	187,836
KITTSOON	4,958	0.09744493%	12,181	77	0.04387739%	5,485	17,666
KOOCHICHING	13,986	0.27488197%	34,360	378	0.21539812%	26,925	61,285
LAC QUI PARLE	7,879	0.15485450%	19,357	100	0.05698363%	7,123	26,480
LAKE	11,160	0.21933954%	27,417	153	0.08718495%	10,898	38,315
LAKE OF THE WOODS	4,387	0.08622245%	10,778	95	0.05413445%	6,767	17,545
LE SUEUR	26,664	0.52405640%	65,507	200	0.11396726%	14,246	79,753
LINCOLN	6,171	0.12128533%	15,161	50	0.02849181%	3,561	18,722
LYON	25,000	0.49135201%	61,419	509	0.29004667%	36,256	97,675
MCLEOD	35,872	0.70503117%	88,129	1,003	0.57154580%	71,443	159,572
MAHNOMEN	5,108	0.10039304%	12,549	244	0.13904005%	17,380	29,929
MARSHALL	9,979	0.19612807%	24,516	122	0.06952003%	8,690	33,206
MARTIN	21,228	0.41721682%	52,152	618	0.35215883%	44,020	96,172
MEEKER	23,182	0.45562089%	56,953	616	0.35101915%	43,877	100,830
MILLE LACS	24,254	0.47669006%	59,586	941	0.53621595%	67,027	126,613
MORRISON	32,618	0.64107679%	80,135	855	0.48721003%	60,901	141,036
MOWER	38,909	0.76472061%	95,590	1,440	0.82056425%	102,571	198,161
MURRAY	8,995	0.17678845%	22,099	128	0.07293905%	9,117	31,216
NICOLLET	30,881	0.60693766%	75,867	738	0.42053918%	52,567	128,434
NOBLES	20,646	0.40577814%	50,722	445	0.25357715%	31,697	82,419
NORMAN	7,223	0.14196142%	17,745	86	0.04900592%	6,126	23,871
OLMSTED	132,013	2.59459411%	324,324	3,750	2.13688607%	267,111	591,435
OTTER TAIL	58,785	1.15536511%	144,421	1,173	0.66841796%	83,552	227,973
PENNINGTON	13,654	0.26835681%	33,545	400	0.22793451%	28,492	62,037
PINE	27,734	0.54508626%	68,136	968	0.55160153%	68,950	137,086
PIPESTONE	9,675	0.19015323%	23,769	101	0.05755347%	7,194	30,963
POLK	31,025	0.60976784%	76,221	849	0.48379101%	60,474	136,695
POPE	11,246	0.22102979%	27,629	160	0.09117381%	11,397	39,026
RAMSEY	515,274	10.12723659%	1,265,904	26,931	15.34626102%	1,918,283	3,184,187
RED LAKE	4,317	0.08484667%	10,606	40	0.02279345%	2,849	13,455
REDWOOD	16,317	0.32069563%	40,087	390	0.22223615%	27,780	67,867

**PROJECTED 2006 COUNTY CRIMINAL JUSTICE AID
BASED ON \$25 MILLION APPROPRIATION**

Preliminary

	2003 POPULATION	PERCENT OF TOTAL POPULATION	AID BASED ON POPULATION	3 YEAR ANNUAL AVG PART I CRIMES	PERCENT OF TOTAL PART I CRIMES	AID BASED ON CRIMES	PROJECTED TOTAL 2006 CCJA
RENVILLE	16,864	0.33144641%	41,431	335	0.19089516%	23,862	65,293
RICE	59,749	1.17431165%	146,789	1,909	1.08781747%	135,977	282,766
ROCK	9,651	0.18968153%	23,710	124	0.07065970%	8,832	32,542
ROSEAU	16,323	0.32081355%	40,102	332	0.18918565%	23,648	63,750
ST LOUIS	198,721	3.90567850%	488,210	8,249	4.70057952%	587,573	1,075,783
SCOTT	105,196	2.06753063%	258,441	2,640	1.50436780%	188,046	446,487
SHERBURNE	74,763	1.46939801%	183,675	1,528	0.87070985%	108,839	292,514
SIBLEY	15,366	0.30200460%	37,751	82	0.04672658%	5,841	43,592
STEARNS	137,777	2.70788023%	338,485	4,712	2.68506858%	335,634	674,119
STEELE	34,691	0.68181970%	85,227	1,012	0.57667432%	72,084	157,311
STEVENS	9,957	0.19569568%	24,462	175	0.09972135%	12,465	36,927
SWIFT	11,698	0.22991343%	28,739	211	0.12023546%	15,029	43,768
TODD	24,315	0.47788896%	59,736	605	0.34475095%	43,094	102,830
TRAVERSE	3,912	0.07688676%	9,611	21	0.01196656%	1,496	11,107
WABASHA	22,108	0.43451241%	54,314	382	0.21767746%	27,210	81,524
WADENA	13,619	0.26766892%	33,459	302	0.17209056%	21,511	54,970
WASECA	19,451	0.38229152%	47,786	422	0.24047091%	30,059	77,845
WASHINGTON	213,395	4.19408247%	524,260	6,170	3.51588989%	439,486	963,746
WATONWAN	11,683	0.22961862%	28,702	290	0.16525252%	20,657	49,359
WILKIN	6,951	0.13661551%	17,077	196	0.11168791%	13,961	31,038
WINONA	49,674	0.97629679%	122,037	1,095	0.62397073%	77,996	200,033
WRIGHT	103,010	2.02456681%	253,071	2,635	1.50151861%	187,690	440,761
YELLOW MEDICINE	10,764	0.21155652%	26,445	105	0.05983281%	7,479	33,924
TOTALS	5,088,002	100.00000000%	12,500,000	175,489	100.00000000%	12,500,000	25,000,000

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
A CITY OF	NORMAN	539,615	595,270	55,655	9.3%
ADAMS CITY OF	MOWER	166,336	186,872	20,536	11.0%
ADRIAN CITY OF	NOBLES	367,347	406,964	39,617	9.7%
AFTON	WASHINGTON	0	0	-	0.0%
AITKIN CITY OF	AITKIN	522,959	776,219	253,260	32.6%
AKELEY CITY OF	HUBBARD	61,817	61,817	-	0.0%
ALBANY CITY OF	STEARNS	462,048	602,120	140,072	23.3%
ALBERT LEA CITY OF	FREEBORN	5,449,680	6,024,570	574,890	9.5%
ALBERTA CITY OF	STEVENS	22,299	25,344	3,045	12.0%
ALBERTVILLE CITY OF	WRIGHT	0	0	-	0.0%
ALDEN CITY OF	FREEBORN	127,962	143,910	15,948	11.1%
ALDRICH CITY OF	WADENA	3,547	4,747	1,200	25.3%
ALEXANDRIA CITY OF	DOUGLAS	1,610,876	2,269,838	658,962	29.0%
ALPHA CITY OF	JACKSON	31,554	34,679	3,125	9.0%
ALTURA CITY OF	WINONA	38,665	38,893	228	0.6%
ALVARADO CITY OF	MARSHALL	32,529	41,729	9,200	22.0%
AMBOY CITY OF	BLUE EARTH	105,534	114,066	8,532	7.5%
ANDOVER	ANOKA	0	0	-	0.0%
ANNANDALE CITY OF	WRIGHT	279,663	338,783	59,120	17.5%
ANOKA	ANOKA	1,309,373	1,731,787	422,414	24.4%
APPLE VALLEY CITY OF	DAKOTA	0	0	-	0.0%
APPLETON CITY OF	SWIFT	849,142	1,112,079	262,937	23.6%
ARCO CITY OF	LINCOLN	21,655	23,848	2,193	9.2%
ARDEN HILLS	RAMSEY	0	0	-	0.0%
ARGYLE CITY OF	MARSHALL	167,001	185,656	18,655	10.0%
ARLINGTON CITY OF	SIBLEY	606,667	678,557	71,890	10.6%
ASHBY CITY OF	GRANT	98,208	109,948	11,740	10.7%
ASKOV CITY OF	PINE	52,240	59,134	6,894	11.7%
ATWATER CITY OF	KANDIYOHI	242,092	272,451	30,359	11.1%
AUDUBON CITY OF	BECKER	74,403	119,830	45,427	37.9%
AURORA CITY OF	ST LOUIS	601,107	672,031	70,924	10.6%
AUSTIN CITY OF	MOWER	6,826,286	7,564,485	738,199	9.8%
AVOCA CITY OF	MURRAY	27,202	30,169	2,967	9.8%
AVON CITY OF	STEARNS	223,131	260,070	36,939	14.2%
BABBITT CITY OF	ST LOUIS	185,422	395,826	210,404	53.2%
BACKUS CITY OF	CASS	25,300	31,010	5,710	18.4%
BADGER CITY OF	ROSEAU	88,457	98,584	10,127	10.3%
BAGLEY CITY OF	CLEARWATER	389,477	434,051	44,574	10.3%
BALATON CITY OF	LYON	164,625	182,088	17,463	9.6%
BARNESVILLE CITY OF	CLAY	426,066	540,205	114,139	21.1%
BARNUM CITY OF	CARLTON	108,450	122,783	14,333	11.7%
BARRETT CITY OF	GRANT	54,726	61,769	7,043	11.4%
BARRY CITY OF	BIG STONE	2,382	2,874	492	17.1%
BATTLE LAKE CITY OF	OTTERTAIL	96,485	105,735	9,250	8.7%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
BAUDETTE CITY OF	LAKE OF THE WOODS	278,632	315,238	36,606	11.6%
BAXTER CITY OF	CROW WING	0	0	-	0.0%
BAYPORT	WASHINGTON	329,896	652,131	322,235	49.4%
BEARDSLEY CITY OF	BIG STONE	65,700	72,381	6,681	9.2%
BEAVER BAY CITY OF	LAKE	26,981	26,981	-	0.0%
BEAVER CREEK CITY OF	ROCK	47,273	47,273	-	0.0%
BECKER CITY OF	SHERBURNE	0	0	-	0.0%
BEJOU CITY OF	MAHNOMEN	17,457	19,148	1,691	8.8%
BELGRADE CITY OF	STEARNS	141,411	160,020	18,609	11.6%
BELLE PLAINE	SCOTT	345,982	474,916	128,934	27.1%
BELLECHESTER CITY OF	GOODHUE	16,752	19,943	3,191	16.0%
BELLINGHAM CITY OF	LAC QUI PARLE	64,750	66,076	1,326	2.0%
BELTRAMI CITY OF	POLK	22,382	24,754	2,372	9.6%
BELVIEW CITY OF	REDWOOD	94,921	98,898	3,977	4.0%
BEMIDJI CITY OF	BELTRAMI	3,303,950	3,768,275	464,325	12.3%
BENA CITY OF	CASS	22,407	24,671	2,264	9.2%
BENSON CITY OF	SWIFT	829,741	919,009	89,268	9.7%
BERTHA CITY OF	TODD	132,887	132,887	-	0.0%
BETHEL	ANOKA	23,051	23,947	896	3.7%
BIG FALLS CITY OF	KOOCHICHING	62,729	62,729	-	0.0%
BIG LAKE CITY OF	SHERBURNE	454,851	611,608	156,757	25.6%
BIGELOW CITY OF	NOBLES	42,145	52,062	9,917	19.0%
BIGFORK CITY OF	ITASCA	90,064	90,064	-	0.0%
BINGHAM LAKE CITY OF	COTTONWOOD	30,501	34,869	4,368	12.5%
BIRCHWOOD	WASHINGTON	0	0	-	0.0%
BIRD ISLAND CITY OF	RENVILLE	358,406	397,255	38,849	9.8%
BISCAY CITY OF	MCLEOD	7,222	12,490	5,268	42.2%
BIWABIK CITY OF	ST LOUIS	360,169	360,169	-	0.0%
BLACKDUCK CITY OF	BELTRAMI	169,607	190,907	21,300	11.2%
BLAINE (JT)	ANOKA	0	0	-	0.0%
BLOMKEST CITY OF	KANDIYOHI	17,626	19,548	1,922	9.8%
BLOOMING PRAIRIE CITY	STEELE	612,984	723,758	110,774	15.3%
BLOOMINGTON	HENNEPIN	0	0	-	0.0%
BLUE EARTH CITY OF	FARIBAULT	1,182,380	1,509,435	327,055	21.7%
BLUFFTON CITY OF	OTTERTAIL	17,577	29,891	12,314	41.2%
BOCK CITY OF	MILLE LACS	9,377	13,621	4,244	31.2%
BORUP CITY OF	NORMAN	12,809	15,209	2,400	15.8%
BOVEY CITY OF	ITASCA	296,892	296,892	-	0.0%
BOWLUS CITY OF	MORRISON	27,230	32,639	5,409	16.6%
BOY RIVER CITY OF	CASS	2,358	3,558	1,200	33.7%
BOYD CITY OF	LAC QUI PARLE	77,530	77,530	-	0.0%
BRAHAM CITY OF	ISANTI	353,075	420,222	67,147	16.0%
BRAINERD CITY OF	CROW WING	3,854,275	4,355,858	501,583	11.5%
BRANDON CITY OF	DOUGLAS	86,059	97,356	11,297	11.6%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
ECKENRIDGE CITY OF	WILKIN	1,144,623	1,266,716	122,093	9.6%
BREEZY POINT CITY OF	CROW WING	0	0	-	0.0%
BREWSTER CITY OF	NOBLES	100,846	146,997	46,151	31.4%
BRICELYN CITY OF	FARIBAULT	113,790	125,398	11,608	9.3%
BROOK PARK CITY OF	PINE	20,710	20,710	-	0.0%
BROOKLYN CENTER	HENNEPIN	582,375	1,136,848	554,473	48.8%
BROOKLYN PARK	HENNEPIN	0	0	-	0.0%
BROOKS CITY OF	RED LAKE	18,795	26,132	7,337	28.1%
BROOKSTON CITY OF	ST LOUIS	7,492	7,948	456	5.7%
BROOTEN CITY OF	STEARNS	144,667	158,373	13,706	8.7%
BROWERVILLE CITY OF	TODD	172,369	203,865	31,496	15.4%
BROWNS VALLEY CITY OF	TRAVERSE	289,140	289,140	-	0.0%
BROWNSDALE CITY OF	MOWER	134,214	163,455	29,241	17.9%
BROWNSVILLE CITY OF	HOUSTON	62,136	72,736	10,600	14.6%
BROWNTON CITY OF	MCLEOD	187,923	210,496	22,573	10.7%
BRUNO CITY OF	PINE	20,791	20,791	-	0.0%
BUCKMAN CITY OF	MORRISON	13,759	17,796	4,037	22.7%
BUFFALO CITY OF	WRIGHT	1,217,098	1,666,819	449,721	27.0%
BUFFALO LAKE CITY OF	RENVILLE	187,711	209,469	21,758	10.4%
BUHL CITY OF	ST LOUIS	391,845	391,845	-	0.0%
BURNSVILLE CITY OF	DAKOTA	0	0	-	0.0%
BURTRUM CITY OF	TODD	21,500	24,610	3,110	12.6%
BUTTERFIELD CITY OF	WATONWAN	134,395	148,740	14,345	9.6%
BYRON CITY OF	OLMSTED	188,433	264,486	76,053	28.8%
CALEDONIA CITY OF	HOUSTON	730,144	858,347	128,203	14.9%
CALLAWAY CITY OF	BECKER	33,981	38,205	4,224	11.1%
CALUMET CITY OF	ITASCA	141,079	141,079	-	0.0%
CAMBRIDGE CITY OF	ISANTI	533,150	710,738	177,588	25.0%
CAMPBELL CITY OF	WILKIN	45,951	50,959	5,008	9.8%
CANBY CITY OF	YELLOW MEDICINE	634,868	699,986	65,118	9.3%
CANNON FALLS CITY OF	GOODHUE	548,264	662,254	113,990	17.2%
CANTON CITY OF	FILLMORE	80,602	80,815	213	0.3%
CARLOS CITY OF	DOUGLAS	40,704	40,704	-	0.0%
CARLTON CITY OF	CARLTON	206,812	232,330	25,518	11.0%
CARVER CITY OF	CARVER	124,971	188,729	63,758	33.8%
CASS LAKE CITY OF	CASS	338,580	338,580	-	0.0%
CEDAR MILLS CITY OF	MEEKER	4,056	7,014	2,958	42.2%
CENTER CITY CITY OF	CHISAGO	48,930	48,930	-	0.0%
CENTERVILLE	ANOKA	0	0	-	0.0%
CEYLON CITY OF	MARTIN	122,364	126,343	3,979	3.1%
CIAMPLIN	HENNEPIN	0	25,000	25,000	100.0%
CHANDLER CITY OF	MURRAY	55,589	62,810	7,221	11.5%
CHANHASSEN (JT) CITY OF	CARVER	0	0	-	0.0%
CHASKA CITY OF	CARVER	50,000	50,000	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
CHATFIELD CITY OF	FILLMORE	666,773	781,142	114,369	14.6%
CHICKAMAW BEACH CITY OF	CASS	0	0	-	0.0%
CHISAGO CITY OF	CHISAGO	259,592	334,607	75,015	22.4%
CHISHOLM CITY OF	ST LOUIS	2,228,172	2,701,162	472,990	17.5%
CHOKIO CITY OF	STEVENS	121,551	121,551	-	0.0%
CIRCLE PINES	ANOKA	0	0	-	0.0%
CLARA CITY OF	CHIPPEWA	371,476	413,100	41,624	10.1%
CLAREMONT CITY OF	DODGE	144,319	161,033	16,714	10.4%
CLARISSA CITY OF	TODD	185,179	185,179	-	0.0%
CLARKFIELD CITY OF	YELLOW MEDICINE	314,440	320,182	5,742	1.8%
CLARKS GROVE CITY OF	FREEBORN	117,034	141,034	24,000	17.0%
CLEAR LAKE CITY OF	SHERBURNE	40,705	40,705	-	0.0%
CLEARBROOK CITY OF	CLEARWATER	129,966	143,983	14,017	9.7%
CLEARWATER CITY OF	WRIGHT	111,271	143,604	32,333	22.5%
CLEMENTS CITY OF	REDWOOD	32,926	36,562	3,636	9.9%
CLEVELAND CITY OF	LESUEUR	105,888	122,924	17,036	13.9%
CLIMAX CITY OF	POLK	46,094	46,094	-	0.0%
CLINTON CITY OF	BIG STONE	162,802	162,802	-	0.0%
CLITHERALL CITY OF	OTTERTAIL	13,148	14,108	960	6.8%
CLONTARF CITY OF	SWIFT	12,838	19,438	6,600	34.0%
CLOQUET CITY OF	CARLTON	2,212,877	2,422,451	209,574	8.7%
COATES CITY OF	DAKOTA	0	0	-	0.0%
COBDEN CITY OF	BROWN	2,380	2,880	500	17.4%
COHASSET CITY OF	ITASCA	0	0	-	0.0%
COKATO CITY OF	WRIGHT	434,068	505,849	71,781	14.2%
COLD SPRING CITY OF	STEARNS	510,319	600,729	90,410	15.1%
COLERAINE CITY OF	ITASCA	378,103	378,103	-	0.0%
COLOGNE CITY OF	CARVER	82,397	107,840	25,443	23.6%
COLUMBIA HEIGHTS	ANOKA	792,393	1,205,361	412,968	34.3%
COMFREY CITY OF	BROWN	110,990	110,990	-	0.0%
COMSTOCK CITY OF	CLAY	13,962	16,762	2,800	16.7%
CONGER CITY OF	FREEBORN	25,109	25,109	-	0.0%
COOK CITY OF	ST LOUIS	138,969	156,458	17,489	11.2%
COON RAPIDS	ANOKA	450,000	450,000	-	0.0%
CORCORAN	HENNEPIN	0	0	-	0.0%
CORRELL CITY OF	BIG STONE	8,784	9,760	976	10.0%
COSMOS CITY OF	MEEKER	125,327	137,055	11,728	8.6%
COTTAGE GROVE	WASHINGTON	0	0	-	0.0%
COTTONWOOD CITY OF	LYON	245,777	279,209	33,432	12.0%
COURTLAND CITY OF	NICOLLET	54,375	75,662	21,287	28.1%
CROMWELL CITY OF	CARLTON	21,841	26,366	4,525	17.2%
CROOKSTON CITY OF	POLK	2,792,733	3,074,879	282,146	9.2%
CROSBY CITY OF	CROW WING	679,608	849,242	169,634	20.0%
CROSSLAKE CITY OF	CROW WING	0	0	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
CRYSTAL	HENNEPIN	285,850	753,271	467,421	62.1%
CURRIE CITY OF	MURRAY	59,255	65,301	6,046	9.3%
CUYUNA CITY OF	CROW WING	13,071	13,071	-	0.0%
CYRUS CITY OF	POPE	62,846	70,109	7,263	10.4%
DAKOTA CITY OF	WINONA	27,498	34,040	6,542	19.2%
DALTON CITY OF	OTTERTAIL	40,717	45,932	5,215	11.4%
DANUBE CITY OF	RENVILLE	114,122	126,474	12,352	9.8%
DANVERS CITY OF	SWIFT	7,458	8,400	942	11.2%
DARFUR CITY OF	WATONWAN	24,191	34,191	10,000	29.2%
DARWIN CITY OF	MEEKER	15,792	25,792	10,000	38.8%
DASSEL CITY OF	MEEKER	314,913	356,647	41,734	11.7%
DAWSON CITY OF	LAC QUI PARLE	530,785	586,180	55,395	9.5%
DAYTON (JT)	HENNEPIN	0	0	-	0.0%
DEEPHAVEN	HENNEPIN	0	0	-	0.0%
DEER CREEK CITY OF	OTTERTAIL	52,629	60,930	8,301	13.6%
DEER RIVER CITY OF	ITASCA	250,271	277,971	27,700	10.0%
DEERWOOD CITY OF	CROW WING	41,492	41,492	-	0.0%
DEGRAFF CITY OF	SWIFT	14,903	20,322	5,419	26.7%
DELANO CITY OF	WRIGHT	154,340	252,778	98,438	38.9%
DELAVAN CITY OF	FARIBAULT	48,812	51,229	2,417	4.7%
DELI CITY OF	REDWOOD	14,566	16,304	1,738	10.7%
DELLWOOD	WASHINGTON	0	0	-	0.0%
DENHAM CITY OF	PINE	0	0	-	0.0%
DENNISON CITY OF	GOODHUE	16,712	18,488	1,776	9.6%
DENT CITY OF	OTTERTAIL	24,695	36,695	12,000	32.7%
DETROIT LAKES CITY OF	BECKER	936,170	1,150,289	214,119	18.6%
DEXTER CITY OF	MOWER	64,799	72,961	8,162	11.2%
DILWORTH CITY OF	CLAY	470,278	541,040	70,762	13.1%
DODGE CENTER CITY OF	DODGE	727,205	833,537	106,332	12.8%
DONALDSON CITY OF	KITTSO	4,558	5,348	790	14.8%
DONNELLY CITY OF	STEVENS	40,656	47,560	6,904	14.5%
DORAN CITY OF	WILKIN	11,406	12,881	1,475	11.5%
DOVER CITY OF	OLMSTED	84,634	116,437	31,803	27.3%
DOVRAY CITY OF	MURRAY	10,567	11,992	1,425	11.9%
DULUTH CITY OF	ST LOUIS	25,265,714	28,380,071	3,114,357	11.0%
DUMONT CITY OF	TRAVERSE	22,223	22,223	-	0.0%
DUNDAS CITY OF	RICE	74,692	96,175	21,483	22.3%
DUNDEE CITY OF	NOBLES	17,839	20,583	2,744	13.3%
DUNNELL CITY OF	MARTIN	54,098	59,497	5,399	9.1%
EAGAN CITY OF	DAKOTA	0	0	-	0.0%
EAGLE BEND CITY OF	TODD	163,031	163,031	-	0.0%
EAGLE LAKE CITY OF	BLUE EARTH	310,349	438,380	128,031	29.2%
EAST BETHEL	ANOKA	0	0	-	0.0%
EAST GRAND FORKS CITY OF	POLK	2,456,817	3,127,183	670,366	21.4%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
EAST GULL LAKE CITY OF	CASS	0	0	-	0.0%
EASTON CITY OF	FARIBAULT	38,470	38,470	-	0.0%
ECHO CITY OF	YELLOW MEDICINE	83,347	83,347	-	0.0%
EDEN PRAIRIE	HENNEPIN	0	0	-	0.0%
EDEN VALLEY CITY OF	MEEKER	204,770	231,566	26,796	11.6%
EDGERTON CITY OF	PIPESTONE	264,986	296,348	31,362	10.6%
EDINA	HENNEPIN	0	0	-	0.0%
EFFIE CITY OF	ITASCA	3,753	9,753	6,000	61.5%
EITZEN CITY OF	HOUSTON	26,514	31,269	4,755	15.2%
ELBA CITY OF	WINONA	11,892	19,366	7,474	38.6%
ELBOW LAKE CITY OF	GRANT	374,487	414,856	40,369	9.7%
ELGIN CITY OF	WABASHA	179,143	236,422	57,279	24.2%
ELIZABETH CITY OF	OTTERTAIL	25,839	29,031	3,192	11.0%
ELK RIVER CITY OF	SHERBURNE	686,820	867,540	180,720	20.8%
ELKO	SCOTT	0	0	-	0.0%
ELKTON CITY OF	MOWER	13,804	13,804	-	0.0%
ELLEDALE CITY OF	STEELE	99,162	113,562	14,400	12.7%
ELLSWORTH CITY OF	NOBLES	142,365	156,688	14,323	9.1%
ELMDALE CITY OF	MORRISON	5,751	6,758	1,007	14.9%
ELMORE CITY OF	FARIBAULT	194,581	214,626	20,045	9.3%
ELROSA CITY OF	STEARNS	18,162	21,780	3,618	16.6%
ELY CITY OF	ST LOUIS	1,487,847	1,791,961	304,114	17.0%
ELYSIAN CITY OF	LESUEUR	63,984	63,984	-	0.0%
EMILY CITY OF	CROW WING	0	0	-	0.0%
EMMONS CITY OF	FREEBORN	75,416	76,348	932	1.2%
ERHARD CITY OF	OTTERTAIL	19,567	23,567	4,000	17.0%
ERSKINE CITY OF	POLK	83,909	93,809	9,900	10.6%
EVAN CITY OF	BROWN	9,354	13,093	3,739	28.6%
EVANSVILLE CITY OF	DOUGLAS	102,701	116,117	13,416	11.6%
EVELETH CITY OF	ST LOUIS	1,759,239	2,161,111	401,872	18.6%
EXCELSIOR	HENNEPIN	117,145	151,416	34,271	22.6%
EYOTA CITY OF	OLMSTED	313,870	454,951	141,081	31.0%
FAIRFAX CITY OF	RENVILLE	388,885	430,014	41,129	9.6%
FAIRMONT CITY OF	MARTIN	3,594,250	4,302,668	708,418	16.5%
FALCON HEIGHTS	RAMSEY	170,270	289,705	119,435	41.2%
FARIBAULT CITY OF	RICE	6,040,145	6,848,330	808,185	11.8%
FARMINGTON CITY OF	DAKOTA	0	0	-	0.0%
FARWELL CITY OF	POPE	16,806	16,806	-	0.0%
FEDERAL DAM CITY OF	CASS	1,710	1,710	-	0.0%
FELTON CITY OF	CLAY	31,963	31,963	-	0.0%
FERGUS FALLS CITY OF	OTTERTAIL	3,799,430	4,266,049	466,619	10.9%
FERTILE CITY OF	POLK	216,637	240,309	23,672	9.9%
FIFTY LAKES CITY OF	CROW WING	0	0	-	0.0%
FINLAYSON CITY OF	PINE	32,097	39,228	7,131	18.2%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
AMHERST CITY OF	POLK	59,254	78,564	19,310	24.6%
FLENSBURG CITY OF	MORRISON	20,801	21,599	798	3.7%
FLOODWOOD CITY OF	ST LOUIS	144,844	144,844	-	0.0%
FLORENCE CITY OF	LYON	10,560	10,560	-	0.0%
FOLEY CITY OF	BENTON	603,806	811,212	207,406	25.6%
FORADA CITY OF	DOUGLAS	0	0	-	0.0%
FOREST LAKE	WASHINGTON	0	0	-	0.0%
FORESTON CITY OF	MILLE LACS	54,798	78,914	24,116	30.6%
FORT RIPLEY CITY OF	CROW WING	0	0	-	0.0%
FOSSTON CITY OF	POLK	471,854	555,822	83,968	15.1%
FOUNTAIN CITY OF	FILLMORE	46,333	55,271	8,938	16.2%
FOXHOME CITY OF	WILKIN	22,650	25,229	2,579	10.2%
FRANKLIN CITY OF	RENVILLE	138,378	138,378	-	0.0%
FRAZEE CITY OF	BECKER	309,018	403,164	94,146	23.4%
FREEBORN CITY OF	FREEBORN	46,063	52,070	6,007	11.5%
FREEPORT CITY OF	STEARNS	77,525	77,525	-	0.0%
FRIDLEY	ANOKA	0	0	-	0.0%
FROST CITY OF	FARIBAULT	49,260	51,161	1,901	3.7%
FULDA CITY OF	MURRAY	392,527	433,290	40,763	9.4%
FUNKLEY CITY OF	BELTRAMI	41	41	-	0.0%
HARFIELD CITY OF	DOUGLAS	26,186	37,431	11,245	30.0%
GARRISON CITY OF	CROW WING	0	0	-	0.0%
GARVIN CITY OF	LYON	42,957	42,957	-	0.0%
GARY CITY OF	NORMAN	59,095	59,095	-	0.0%
GAYLORD CITY OF	SIBLEY	682,962	808,138	125,176	15.5%
GEM LAKE	RAMSEY	0	0	-	0.0%
GENEVA CITY OF	FREEBORN	61,206	71,170	9,964	14.0%
GENOLA CITY OF	MORRISON	1,053	2,731	1,678	61.4%
GEORGETOWN CITY OF	CLAY	9,135	10,706	1,571	14.7%
GHENT CITY OF	LYON	54,684	61,355	6,671	10.9%
GIBBON CITY OF	SIBLEY	196,203	217,900	21,697	10.0%
GILBERT CITY OF	ST LOUIS	693,196	742,777	49,581	6.7%
GILMAN CITY OF	BENTON	1,938	5,216	3,278	62.8%
GLENCOE CITY OF	MCLEOD	1,080,707	1,235,701	154,994	12.5%
GLENVILLE CITY OF	FREEBORN	142,114	172,881	30,767	17.8%
GLENWOOD CITY OF	POPE	694,971	785,224	90,253	11.5%
GLYNDON CITY OF	CLAY	218,993	281,302	62,309	22.2%
GOLDEN VALLEY	HENNEPIN	0	0	-	0.0%
GONVICK CITY OF	CLEARWATER	65,933	65,933	-	0.0%
GOOD THUNDER CITY OF	BLUE EARTH	118,220	132,588	14,368	10.8%
GOODHUE CITY OF	GOODHUE	166,849	195,336	28,487	14.6%
GOODRIDGE CITY OF	PENNINGTON	23,259	23,259	-	0.0%
GOODVIEW CITY OF	WINONA	86,182	148,983	62,801	42.2%
GRACEVILLE CITY OF	BIG STONE	185,443	185,443	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
GRANADA CITY OF	MARTIN	78,465	88,442	9,977	11.3%
GRAND MARAIS CITY OF	COOK	204,709	204,709	-	0.0%
GRAND MEADOW CITY OF	MOWER	224,512	252,560	28,048	11.1%
GRAND RAPIDS CITY OF	ITASCA	1,255,606	1,501,847	246,241	16.4%
GRANITE FALLS CITY OF	YELLOW MEDICINE	639,966	724,613	84,647	11.7%
GRANT	WASHINGTON	0	0	-	0.0%
GRASSTON CITY OF	KANABEC	18,260	18,260	-	0.0%
GREEN ISLE CITY OF	SIBLEY	38,366	38,366	-	0.0%
GREENBUSH CITY OF	ROSEAU	174,655	190,983	16,328	8.5%
GREENFIELD	HENNEPIN	0	0	-	0.0%
GREENWALD CITY OF	STEARNS	14,976	24,976	10,000	40.0%
GREENWOOD	HENNEPIN	0	0	-	0.0%
GREY EAGLE CITY OF	TODD	72,940	72,940	-	0.0%
GROVE CITY CITY OF	MEEKER	144,947	158,340	13,393	8.5%
GRYGLA CITY OF	MARSHALL	37,107	37,107	-	0.0%
GULLY CITY OF	POLK	11,636	14,247	2,611	18.3%
HACKENSACK CITY OF	CASS	6,454	6,454	-	0.0%
HADLEY CITY OF	MURRAY	11,696	13,199	1,503	11.4%
HALLOCK CITY OF	KITTSOON	379,536	417,463	37,927	9.1%
HALMA CITY OF	KITTSOON	8,124	8,989	865	9.6%
HALSTAD CITY OF	NORMAN	144,671	160,059	15,388	9.6%
HAM LAKE	ANOKA	0	0	-	0.0%
HAMBURG CITY OF	CARVER	39,752	51,677	11,925	23.1%
HAMMOND CITY OF	WABASHA	25,438	34,758	9,320	26.8%
HAMPTON CITY OF	DAKOTA	36,750	63,082	26,332	41.7%
HANCOCK CITY OF	STEVENS	186,188	205,714	19,526	9.5%
HANLEY FALLS CITY OF	YELLOW MEDICINE	65,035	71,484	6,449	9.0%
HANOVER (JT)	WRIGHT	187,245	329,267	142,022	43.1%
HANSKA CITY OF	BROWN	96,748	107,958	11,210	10.4%
HARDING CITY OF	MORRISON	656	1,498	842	56.2%
HARDWICK CITY OF	ROCK	42,307	46,830	4,523	9.7%
HARMONY CITY OF	FILLMORE	321,309	358,361	37,052	10.3%
HARRIS CITY OF	CHISAGO	123,870	161,132	37,262	23.1%
HARTLAND CITY OF	FREEBORN	50,326	56,833	6,507	11.4%
HASTINGS (JT) CITY OF	DAKOTA	89,586	505,018	415,432	82.3%
HATFIELD CITY OF	PIPESTONE	3,481	4,432	951	21.5%
HAWLEY CITY OF	CLAY	363,117	487,109	123,992	25.5%
HAYFIELD CITY OF	DODGE	340,042	382,432	42,390	11.1%
HAYWARD CITY OF	FREEBORN	28,599	30,605	2,006	6.6%
HAZEL RUN CITY OF	YELLOW MEDICINE	13,362	14,869	1,507	10.1%
HECTOR CITY OF	RENVILLE	297,034	332,098	35,064	10.6%
HEIDELBERG CITY OF	LESUEUR	66	66	-	0.0%
HENDERSON CITY OF	SIBLEY	219,152	247,460	28,308	11.4%
HENDRICKS CITY OF	LINCOLN	171,473	190,159	18,686	9.8%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
NDRUM CITY OF	NORMAN	56,996	63,697	6,701	10.5%
HENNING CITY OF	OTTERTAIL	192,958	215,837	22,879	10.6%
HENRIETTE CITY OF	PINE	6,062	9,262	3,200	34.5%
HERMAN CITY OF	GRANT	129,787	129,787	-	0.0%
HERMANTOWN CITY OF	ST LOUIS	326,414	508,948	182,534	35.9%
HERON LAKE CITY OF	JACKSON	228,792	252,118	23,326	9.3%
HEWITT CITY OF	TODD	51,304	57,221	5,917	10.3%
HIBBING CITY OF	ST LOUIS	6,740,035	8,355,264	1,615,229	19.3%
HILL CITY CITY OF	AITKIN	51,960	60,058	8,098	13.5%
HILLMAN CITY OF	MORRISON	3,242	4,650	1,408	30.3%
HILLS CITY OF	ROCK	120,756	135,281	14,525	10.7%
HILLTOP	ANOKA	118,206	138,729	20,523	14.8%
HINCKLEY CITY OF	PINE	225,390	275,057	49,667	18.1%
HITTERDAL CITY OF	CLAY	43,990	43,990	-	0.0%
HOFFMAN CITY OF	GRANT	141,765	160,678	18,913	11.8%
HOKAH CITY OF	HOUSTON	174,052	174,052	-	0.0%
HOLDINGFORD CITY OF	STEARNS	117,720	128,488	10,768	8.4%
HOLLAND CITY OF	PIPESTONE	41,908	46,460	4,552	9.8%
HOLLANDALE CITY OF	FREEBORN	35,863	41,640	5,777	13.9%
HOLLOWAY CITY OF	SWIFT	17,203	17,203	-	0.0%
LT CITY OF	MARSHALL	11,821	13,821	2,000	14.5%
HOPKINS	HENNEPIN	50,000	50,000	-	0.0%
HOUSTON CITY OF	HOUSTON	292,122	324,212	32,090	9.9%
HOWARD LAKE CITY OF	WRIGHT	417,925	517,396	99,471	19.2%
HOYT LAKES CITY OF	ST LOUIS	317,053	490,066	173,013	35.3%
HUGO	WASHINGTON	0	0	-	0.0%
HUMBOLDT CITY OF	KITTSOON	10,360	11,598	1,238	10.7%
HUTCHINSON CITY OF	MCLEOD	2,099,268	2,977,062	877,794	29.5%
IHLEN CITY OF	PIPESTONE	16,153	16,691	538	3.2%
INDEPENDENCE	HENNEPIN	0	0	-	0.0%
INTL FALLS CITY OF	KOOCHICHING	2,990,707	3,593,900	603,193	16.8%
INVER GROVE HEIGHTS CIT	DAKOTA	0	0	-	0.0%
IONA CITY OF	MURRAY	36,358	36,358	-	0.0%
IRON JUNCTION CITY OF	ST LOUIS	8,149	10,289	2,140	20.8%
IRONTON CITY OF	CROW WING	122,944	122,944	-	0.0%
ISANTI CITY OF	ISANTI	443,039	535,718	92,679	17.3%
ISLE CITY OF	MILLE LACS	65,647	85,427	19,780	23.2%
IVANHOE CITY OF	LINCOLN	182,881	182,881	-	0.0%
JACKSON CITY OF	JACKSON	1,019,265	1,130,966	111,701	9.9%
JANESVILLE CITY OF	WASECA	554,789	743,082	188,293	25.3%
SPER CITY OF	PIPESTONE	159,462	176,467	17,005	9.6%
JEFFERS CITY OF	COTTONWOOD	104,976	115,788	10,812	9.3%
JENKINS CITY OF	CROW WING	4,254	6,760	2,506	37.1%
JOHNSON CITY OF	BIG STONE	5,690	6,866	1,176	17.1%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
JORDAN	SCOTT	262,725	366,428	103,703	28.3%
KANDIYOHI CITY OF	KANDIYOHI	80,509	91,800	11,291	12.3%
KARLSTAD CITY OF	KITTSO	201,166	222,282	21,116	9.5%
KASOTA CITY OF	LESUEUR	99,939	118,207	18,268	15.5%
KASSON CITY OF	DODGE	820,854	969,757	148,903	15.4%
KEEWATIN CITY OF	ITASCA	417,141	417,141	-	0.0%
KELLIHER CITY OF	BELTRAMI	82,093	95,883	13,790	14.4%
KELLOGG CITY OF	WABASHA	69,537	80,067	10,530	13.2%
KENNEDY CITY OF	KITTSO	58,026	63,904	5,878	9.2%
KENNETH CITY OF	ROCK	12,520	12,520	-	0.0%
KENSINGTON CITY OF	DOUGLAS	48,941	55,140	6,199	11.2%
KENT CITY OF	WILKIN	18,467	20,131	1,664	8.3%
KENYON CITY OF	GOODHUE	449,116	519,068	69,952	13.5%
KERKHOVEN CITY OF	SWIFT	147,240	165,474	18,234	11.0%
KERRICK CITY OF	PINE	4,215	4,215	-	0.0%
KETTLE RIVER CITY OF	CARLTON	27,187	27,187	-	0.0%
KIESTER CITY OF	FARIBAULT	153,913	153,913	-	0.0%
KILKENNY CITY OF	LESUEUR	32,551	32,551	-	0.0%
KIMBALL CITY OF	STEARNS	119,458	137,376	17,918	13.0%
KINBRAE CITY OF	NOBLES	563	563	-	0.0%
KINGSTON CITY OF	MEEKER	8,732	8,732	-	0.0%
KINNEY CITY OF	ST LOUIS	71,575	71,575	-	0.0%
LACRESCENT CITY OF	HOUSTON	486,283	596,154	109,871	18.4%
LAFAYETTE CITY OF	NICOLLET	121,392	135,281	13,889	10.3%
LAKE BENTON CITY OF	LINCOLN	211,796	211,796	-	0.0%
LAKE BRONSON CITY OF	KITTSO	59,381	65,063	5,682	8.7%
LAKE CITY CITY OF	WABASHA	840,421	1,001,159	160,738	16.1%
LAKE CRYSTAL CITY OF	BLUE EARTH	584,078	804,948	220,870	27.4%
LAKE ELMO	WASHINGTON	0	0	-	0.0%
LAKE HENRY CITY OF	STEARNS	6,275	7,546	1,271	16.8%
LAKE LILLIAN CITY OF	KANDIYOHI	41,775	41,775	-	0.0%
LAKE PARK CITY OF	BECKER	171,530	204,470	32,940	16.1%
LAKE SAINT CROIX BEACH	WASHINGTON	30,419	52,053	21,634	41.6%
LAKE SHORE CITY OF	CASS	0	0	-	0.0%
LAKE WILSON CITY OF	MURRAY	61,780	68,443	6,663	9.7%
LAKEFIELD CITY OF	JACKSON	605,392	666,819	61,427	9.2%
LAKELAND	WASHINGTON	79,790	94,060	14,270	15.2%
LAKELAND SHORES	WASHINGTON	0	0	-	0.0%
LAKEVILLE CITY OF	DAKOTA	0	0	-	0.0%
LAMBERTON CITY OF	REDWOOD	255,492	282,434	26,942	9.5%
LANCASTER CITY OF	KITTSO	68,326	74,897	6,571	8.8%
LANDFALL	WASHINGTON	95,428	173,831	78,403	45.1%
LANESBORO CITY OF	FILLMORE	206,026	206,026	-	0.0%
LAPORTE CITY OF	HUBBARD	8,910	10,222	1,312	12.8%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
PRAIRIE CITY OF	ITASCA	62,970	77,399	14,429	18.6%
LASALLE CITY OF	WATONWAN	15,268	17,983	2,715	15.1%
LASTRUP CITY OF	MORRISON	2,554	2,554	-	0.0%
LAUDERDALE	RAMSEY	345,438	540,342	194,904	36.1%
LECENTER CITY OF	LESUEUR	530,356	669,096	138,740	20.7%
LENGBY CITY OF	POLK	25,020	25,020	-	0.0%
LEONARD CITY OF	CLEARWATER	2,786	3,606	820	22.7%
LEONIDAS CITY OF	ST LOUIS	40,294	40,294	-	0.0%
LEROY CITY OF	MOWER	232,169	260,158	27,989	10.8%
LESTER PRAIRIE CITY OF	MCLEOD	325,398	412,790	87,392	21.2%
LESUEUR CITY OF	LESUEUR	890,537	1,015,142	124,605	12.3%
LEWISTON CITY OF	WINONA	317,774	406,670	88,896	21.9%
LEWISVILLE CITY OF	WATONWAN	55,437	63,061	7,624	12.1%
LEXINGTON	ANOKA	413,035	483,303	70,268	14.5%
LILYDALE CITY OF	DAKOTA	0	0	-	0.0%
LINDSTROM CITY OF	CHISAGO	132,163	221,137	88,974	40.2%
LINO LAKES	ANOKA	0	0	-	0.0%
LISMORE CITY OF	NOBLES	62,028	63,451	1,423	2.2%
LITCHFIELD CITY OF	MEEKER	1,613,189	1,856,152	242,963	13.1%
LITTLE CANADA	RAMSEY	0	0	-	0.0%
LITTLE FALLS CITY OF	MORRISON	2,120,694	2,387,512	266,818	11.2%
LITTLEFORK CITY OF	KOOCHICHING	179,735	211,461	31,726	15.0%
LONG BEACH CITY OF	POPE	0	0	-	0.0%
LONG LAKE	HENNEPIN	145,369	167,473	22,104	13.2%
LONG PRAIRIE CITY OF	TODD	707,239	801,882	94,643	11.8%
LONGVILLE CITY OF	CASS	0	0	-	0.0%
LONSDALE CITY OF	RICE	277,373	342,016	64,643	18.9%
LORETTO	HENNEPIN	7,104	7,104	-	0.0%
LOUISBURG CITY OF	LAC QUI PARLE	6,668	10,074	3,406	33.8%
LOWRY CITY OF	POPE	49,767	49,767	-	0.0%
LUCAN CITY OF	REDWOOD	52,355	52,355	-	0.0%
LUVERNE CITY OF	ROCK	1,210,180	1,350,660	140,480	10.4%
LYLE CITY OF	MOWER	140,507	154,930	14,423	9.3%
LYND CITY OF	LYON	56,382	58,333	1,951	3.3%
MABEL CITY OF	FILLMORE	197,641	216,716	19,075	8.8%
MADELIA CITY OF	WATONWAN	647,531	809,736	162,205	20.0%
MADISON CITY OF	LAC QUI PARLE	715,089	782,861	67,772	8.7%
MADISON LAKE CITY OF	BLUE EARTH	117,636	122,085	4,449	3.6%
MAGNOLIA CITY OF	ROCK	27,173	36,695	9,522	25.9%
MAHNOMEN CITY OF	MAHNOMEN	311,326	356,792	45,466	12.7%
MANTOMEDI	WASHINGTON	0	0	-	0.0%
MANCHESTER CITY OF	FREEBORN	9,034	10,994	1,960	17.8%
MANHATTAN BEACH CITY OF	CROW WING	0	0	-	0.0%
MANKATO CITY OF	BLUE EARTH	6,864,092	8,018,996	1,154,904	14.4%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
MANTORVILLE CITY OF	DODGE	202,188	234,239	32,051	13.7%
MAPLE GROVE	HENNEPIN	0	0	-	0.0%
MAPLE LAKE CITY OF	WRIGHT	329,305	388,996	59,691	15.3%
MAPLE PLAIN	HENNEPIN	311,568	397,988	86,420	21.7%
MAPLETON CITY OF	BLUE EARTH	416,071	526,673	110,602	21.0%
MAPLEVIEW CITY OF	MOWER	59,661	59,661	-	0.0%
MAPLEWOOD	RAMSEY	0	0	-	0.0%
MARBLE CITY OF	ITASCA	262,714	262,714	-	0.0%
MARIETTA CITY OF	LAC QUI PARLE	60,089	60,089	-	0.0%
MARINE ON SAINT CROIX	WASHINGTON	0	0	-	0.0%
MARSHALL CITY OF	LYON	2,375,142	2,696,648	321,506	11.9%
MAYER CITY OF	CARVER	40,612	65,169	24,557	37.7%
MAYNARD CITY OF	CHIPPEWA	124,371	124,371	-	0.0%
MAZEPPA CITY OF	WABASHA	134,475	154,256	19,781	12.8%
MCGRATH CITY OF	AITKIN	3,096	3,989	893	22.4%
MCGREGOR CITY OF	AITKIN	84,273	94,833	10,560	11.1%
MCINTOSH CITY OF	POLK	172,259	189,899	17,640	9.3%
MCKINLEY CITY OF	ST LOUIS	59,976	59,976	-	0.0%
MEADOWLANDS CITY OF	ST LOUIS	10,795	11,135	340	3.1%
MEDFORD CITY OF	STEELE	172,561	205,488	32,927	16.0%
MEDICINE LAKE	HENNEPIN	0	0	-	0.0%
MEDINA	HENNEPIN	0	0	-	0.0%
MEIRE GROVE CITY OF	STEARNS	10,552	10,552	-	0.0%
MELROSE CITY OF	STEARNS	653,175	742,652	89,477	12.0%
MENAHGA CITY OF	WADENA	283,493	319,495	36,002	11.3%
MENDOTA CITY OF	DAKOTA	830	1,987	1,157	58.2%
MENDOTA HEIGHTS CITY OF	DAKOTA	0	0	-	0.0%
MENTOR CITY OF	POLK	19,450	30,525	11,075	36.3%
MIDDLE RIVER CITY OF	MARSHALL	56,629	73,021	16,392	22.4%
MIESVILLE CITY OF	DAKOTA	0	0	-	0.0%
MILACA CITY OF	MILLE LACS	599,435	703,577	104,142	14.8%
MILAN CITY OF	CHIPPEWA	94,384	94,384	-	0.0%
MILLERVILLE CITY OF	DOUGLAS	1,207	1,527	320	21.0%
MILLVILLE CITY OF	WABASHA	19,208	22,689	3,481	15.3%
MILROY CITY OF	REDWOOD	47,817	53,517	5,700	10.7%
MILTONA CITY OF	DOUGLAS	24,235	29,598	5,363	18.1%
MINNEAPOLIS	HENNEPIN	78,561,939	93,401,537	14,839,598	15.9%
MINNEISKA CITY OF	WABASHA	7,065	7,065	-	0.0%
MINNEOTA CITY OF	LYON	401,273	445,852	44,579	10.0%
MINNESOTA CITY CITY OF	WINONA	28,955	38,415	9,460	24.6%
MINNESOTA LAKE CITY OF	FARIBAULT	152,514	152,514	-	0.0%
MINNETONKA BEACH CITY	HENNEPIN	0	0	-	0.0%
MINNETONKA CITY OF	HENNEPIN	0	0	-	0.0%
MINNETRISTA	HENNEPIN	0	0	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
2PAH CITY OF	KOOCHICHING	4,171	4,971	800	16.1%
MONTEVIDEO CITY OF	CHIPPEWA	1,644,596	1,825,724	181,128	9.9%
MONTGOMERY CITY OF	LESUEUR	689,411	785,000	95,589	12.2%
MONTICELLO CITY OF	WRIGHT	0	348,720	348,720	100.0%
MONTROSE CITY OF	WRIGHT	237,255	424,056	186,801	44.1%
MOORHEAD CITY OF	CLAY	8,059,758	9,124,290	1,064,532	11.7%
MOOSE LAKE CITY OF	CARLTON	386,857	494,857	108,000	21.8%
MORA CITY OF	KANABEC	609,201	728,957	119,756	16.4%
MORGAN CITY OF	REDWOOD	274,453	279,086	4,633	1.7%
MORRIS CITY OF	STEVENS	1,738,170	2,080,840	342,670	16.5%
MORRISTOWN CITY OF	RICE	186,468	255,684	69,216	27.1%
MORTON CITY OF	RENVILLE	116,667	129,049	12,382	9.6%
MOTLEY CITY OF	MORRISON	117,888	145,082	27,194	18.7%
MOUND	HENNEPIN	0	0	-	0.0%
MOUNDS VIEW	RAMSEY	0	179,072	179,072	100.0%
MT IRON CITY OF	ST LOUIS	606,349	926,759	320,410	34.6%
MT LAKE CITY OF	COTTONWOOD	743,576	885,035	141,459	16.0%
MURDOCK CITY OF	SWIFT	57,140	60,838	3,698	6.1%
MYRTLE CITY OF	FREEBORN	9,662	11,356	1,694	14.9%
NASHUA CITY OF	WILKIN	43	964	921	95.5%
SHWAUK CITY OF	ITASCA	474,546	474,546	-	0.0%
NASSAU CITY OF	LAC QUI PARLE	12,461	17,478	5,017	28.7%
NELSON CITY OF	DOUGLAS	20,136	27,175	7,039	25.9%
NERSTRAND CITY OF	RICE	18,913	18,913	-	0.0%
NEVIS CITY OF	HUBBARD	53,847	53,847	-	0.0%
NEW AUBURN CITY OF	SIBLEY	86,657	103,069	16,412	15.9%
NEW BRIGHTON	RAMSEY	0	0	-	0.0%
NEW GERMANY CITY OF	CARVER	10,965	18,145	7,180	39.6%
NEW HOPE	HENNEPIN	323,157	752,689	429,532	57.1%
NEW LONDON CITY OF	KANDIYOHI	240,014	299,559	59,545	19.9%
NEW MARKET	SCOTT	2,867	31,868	29,001	91.0%
NEW MUNICH CITY OF	STEARNS	53,853	63,228	9,375	14.8%
NEW PRAGUE	SCOTT	638,707	788,470	149,763	19.0%
NEW RICHLAND CITY OF	WASECA	298,048	349,429	51,381	14.7%
NEW TRIER CITY OF	DAKOTA	419	419	-	0.0%
NEW ULM CITY OF	BROWN	3,890,338	4,356,541	466,203	10.7%
NEW YORK MILLS CITY OF	OTTERTAIL	328,743	366,412	37,669	10.3%
NEWFOLDEN CITY OF	MARSHALL	66,418	71,146	4,728	6.6%
NEWPORT	WASHINGTON	552,137	663,241	111,104	16.8%
NICOLLET CITY OF	NICOLLET	168,486	211,663	43,177	20.4%
ELSVILLE CITY OF	POLK	19,333	21,124	1,791	8.5%
NIMROD CITY OF	WADENA	2,216	3,073	857	27.9%
NISSWA CITY OF	CROW WING	0	0	-	0.0%
NORCROSS CITY OF	GRANT	19,711	19,711	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
NORTH BRANCH CITY OF	CHISAGO	252,441	451,067	198,626	44.0%
NORTH MANKATO CITY OF	NICOLLET	1,690,738	2,048,174	357,436	17.5%
NORTH OAKS	RAMSEY	0	0	-	0.0%
NORTH SAINT PAUL	RAMSEY	788,109	1,027,829	239,720	23.3%
NORTHFIELD CITY OF	RICE	2,877,257	3,421,636	544,379	15.9%
NORTHOME CITY OF	KOOCHICHING	56,739	62,607	5,868	9.4%
NORTHROP CITY OF	MARTIN	38,459	43,212	4,753	11.0%
NORWOOD YOUNG AMERIC	CARVER	170,124	247,212	77,088	31.2%
OAK GROVE	ANOKA	200,000	200,000	-	0.0%
OAK PARK HEIGHTS	WASHINGTON	0	0	-	0.0%
OAKDALE	WASHINGTON	0	0	-	0.0%
ODESSA CITY OF	BIG STONE	44,573	44,573	-	0.0%
ODIN CITY OF	WATONWAN	20,058	23,604	3,546	15.0%
OGEMA CITY OF	BECKER	29,488	29,488	-	0.0%
OGILVIE CITY OF	KANABEC	104,317	117,265	12,948	11.0%
OKABENA CITY OF	JACKSON	42,359	45,626	3,267	7.2%
OKLEE CITY OF	RED LAKE	106,130	106,130	-	0.0%
OLIVIA CITY OF	RENVILLE	824,817	1,065,437	240,620	22.6%
ONAMIA CITY OF	MILLE LACS	176,039	229,447	53,408	23.3%
ORMSBY CITY OF	WATONWAN	22,775	25,708	2,933	11.4%
ORONO	HENNEPIN	0	0	-	0.0%
ORONOCO CITY OF	OLMSTED	66,073	66,073	-	0.0%
ORR CITY OF	ST LOUIS	46,440	46,440	-	0.0%
ORTONVILLE CITY OF	BIG STONE	721,955	783,414	61,459	7.8%
OSAKIS CITY OF	DOUGLAS	409,206	461,595	52,389	11.3%
OSLO CITY OF	MARSHALL	77,944	77,944	-	0.0%
OSSEO	HENNEPIN	347,257	920,452	573,195	62.3%
OSTRANDER CITY OF	FILLMORE	32,904	37,918	5,014	13.2%
OTSEGO CITY OF	WRIGHT	0	339,720	339,720	100.0%
OTTERTAIL CITY OF	OTTERTAIL	0	0	-	0.0%
OWATONNA CITY OF	STEELE	4,521,729	5,229,607	707,878	13.5%
PALISADE CITY OF	AITKIN	16,499	21,816	5,317	24.4%
PARK RAPIDS CITY OF	HUBBARD	561,107	661,383	100,276	15.2%
PARKERS PRAIRIE CITY OF	OTTERTAIL	243,498	273,306	29,808	10.9%
PAYNESVILLE CITY OF	STEARNS	565,438	751,620	186,182	24.8%
PEASE CITY OF	MILLE LACS	13,410	16,622	3,212	19.3%
PELICAN RAPIDS CITY OF	OTTERTAIL	590,813	823,223	232,410	28.2%
PEMBERTON CITY OF	BLUE EARTH	22,711	27,216	4,505	16.6%
PENNOCK CITY OF	KANDIYOHI	93,178	110,963	17,785	16.0%
PEQUOT LAKES CITY OF	CROW WING	89,623	89,623	-	0.0%
PERHAM CITY OF	OTTERTAIL	492,773	567,397	74,624	13.2%
PERLEY CITY OF	NORMAN	18,652	20,968	2,316	11.0%
PETERSON CITY OF	FILLMORE	38,244	43,810	5,566	12.7%
PIERZ CITY OF	MORRISON	225,804	321,999	96,195	29.9%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
LAGER CITY OF	CASS	103,273	131,305	28,032	21.3%
PINE CITY CITY OF	PINE	469,975	561,774	91,799	16.3%
PINE ISLAND CITY OF	GOODHUE	569,508	668,692	99,184	14.8%
PINE RIVER CITY OF	CASS	218,942	247,656	28,714	11.6%
PINE SPRINGS	WASHINGTON	0	0	-	0.0%
PIPESTONE CITY OF	PIPESTONE	1,430,240	1,624,883	194,643	12.0%
PLAINVIEW CITY OF	WABASHA	545,172	629,819	84,647	13.4%
PLATO CITY OF	MCLEOD	26,648	26,648	-	0.0%
PLUMMER CITY OF	RED LAKE	44,945	44,945	-	0.0%
PLYMOUTH	HENNEPIN	0	0	-	0.0%
PORTER CITY OF	YELLOW MEDICINE	42,413	42,413	-	0.0%
PRESTON CITY OF	FILLMORE	445,449	496,923	51,474	10.4%
PRINCETON CITY OF	MILLE LACS	683,470	802,328	118,858	14.8%
PRINSBURG CITY OF	KANDIYOHI	83,810	83,810	-	0.0%
PRIOR LAKE	SCOTT	0	0	-	0.0%
PROCTOR CITY OF	ST LOUIS	804,565	1,077,303	272,738	25.3%
QUAMBA CITY OF	KANABEC	9,062	15,977	6,915	43.3%
RACINE CITY OF	MOWER	42,784	50,845	8,061	15.9%
RAMSEY	ANOKA	0	0	-	0.0%
RANDALL CITY OF	MORRISON	90,267	117,473	27,206	23.2%
RANDOLPH CITY OF	DAKOTA	4,752	6,378	1,626	25.5%
RANIER CITY OF	KOOCHICHING	20,200	23,825	3,625	15.2%
RAYMOND CITY OF	KANDIYOHI	177,485	197,985	20,500	10.4%
RED LAKE FALLS CITY OF	RED LAKE	522,121	574,452	52,331	9.1%
RED WING CITY OF	GOODHUE	1,422,974	1,915,159	492,185	25.7%
REDWOOD FALLS CITY OF	REDWOOD	1,048,654	1,188,328	139,674	11.8%
REGAL CITY OF	KANDIYOHI	882	1,441	559	38.8%
REMER CITY OF	CASS	46,721	46,868	147	0.3%
RENVILLE CITY OF	RENVILLE	411,695	454,739	43,044	9.5%
REVERE CITY OF	REDWOOD	22,621	22,621	-	0.0%
RICE CITY OF	BENTON	83,051	160,601	77,550	48.3%
RICHFIELD	HENNEPIN	1,035,146	1,865,385	830,239	44.5%
RICHMOND CITY OF	STEARNS	243,481	281,988	38,507	13.7%
RICHVILLE CITY OF	OTTERTAIL	9,083	14,259	5,176	36.3%
RIVERTON CITY OF	CROW WING	6,904	6,904	-	0.0%
ROBBINSDALE	HENNEPIN	1,031,015	1,227,070	196,055	16.0%
ROCHESTER CITY OF	OLMSTED	5,323,430	7,514,914	2,191,484	29.2%
ROCK CREEK CITY OF	PINE	110,615	159,337	48,722	30.6%
ROCKFORD (JT)	WRIGHT	275,064	349,522	74,458	21.3%
ROCKVILLE CITY OF	STEARNS	44,602	97,071	52,469	54.1%
RODGERS	HENNEPIN	0	0	-	0.0%
ROLLINGSTONE CITY OF	WINONA	102,369	122,339	19,970	16.3%
RONNEBY CITY OF	BENTON	2,974	3,792	818	21.6%
ROOSEVELT CITY OF	ROSEAU	9,147	13,147	4,000	30.4%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
ROSCOE CITY OF	STEARNS	17,621	23,487	5,866	25.0%
ROSE CREEK CITY OF	MOWER	62,720	62,720	-	0.0%
ROSEAU CITY OF	ROSEAU	546,883	622,486	75,603	12.1%
ROSEMOUNT CITY OF	DAKOTA	0	0	-	0.0%
ROSEVILLE	RAMSEY	0	0	-	0.0%
ROTHSAY CITY OF	WILKIN	104,841	124,210	19,369	15.6%
ROUND LAKE CITY OF	NOBLES	78,554	105,655	27,101	25.7%
ROYALTON CITY OF	MORRISON	122,108	185,550	63,442	34.2%
RUSH CITY CITY OF	CHISAGO	433,668	564,980	131,312	23.2%
RUSHFORD CITY OF	FILLMORE	452,543	578,074	125,531	21.7%
RUSHFORD VILLAGE CITY OF	FILLMORE	60,188	69,263	9,075	13.1%
RUSHMORE CITY OF	NOBLES	84,636	93,852	9,216	9.8%
RUSSELL CITY OF	LYON	86,523	86,523	-	0.0%
RUTHTON CITY OF	PIPESTONE	68,436	75,815	7,379	9.7%
RUTLEDGE CITY OF	PINE	2,275	2,275	-	0.0%
SABIN CITY OF	CLAY	66,382	76,488	10,106	13.2%
SACRED HEART CITY OF	RENVILLE	181,659	181,659	-	0.0%
SANBORN CITY OF	REDWOOD	110,786	122,905	12,119	9.9%
SANDSTONE CITY OF	PINE	624,110	819,519	195,409	23.8%
SARGEANT CITY OF	MOWER	7,784	13,784	6,000	43.5%
SARTELL CITY OF	STEARNS	39,438	674,667	635,229	94.2%
SAUK CENTRE CITY OF	STEARNS	1,021,105	1,148,899	127,794	11.1%
SAUK RAPIDS CITY OF	BENTON	1,811,273	2,183,548	372,275	17.0%
SAVAGE	SCOTT	0	0	-	0.0%
SCANLON CITY OF	CARLTON	212,457	212,457	-	0.0%
SEAFORTH CITY OF	REDWOOD	15,417	16,930	1,513	8.9%
SEBEKA CITY OF	WADENA	183,650	183,650	-	0.0%
SEDAN CITY OF	POPE	5,617	7,334	1,717	23.4%
SHAFFER CITY OF	CHISAGO	53,422	62,442	9,020	14.4%
SHAKOPEE	SCOTT	0	0	-	0.0%
SHELLY CITY OF	NORMAN	58,547	64,362	5,815	9.0%
SHERBURN CITY OF	MARTIN	292,315	322,943	30,628	9.5%
SHEVLIN CITY OF	CLEARWATER	15,599	20,959	5,360	25.6%
SHOREVIEW	RAMSEY	0	0	-	0.0%
SHOREWOOD	HENNEPIN	0	0	-	0.0%
SILVER BAY CITY OF	LAKE	395,268	543,321	148,053	27.2%
SILVER LAKE CITY OF	MCLEOD	155,837	177,128	21,291	12.0%
SKYLINE CITY OF	BLUE EARTH	3,222	3,222	-	0.0%
SLAYTON CITY OF	MURRAY	711,071	786,023	74,952	9.5%
SLEEPY EYE CITY OF	BROWN	1,090,595	1,206,935	116,340	9.6%
SOBIESKI CITY OF	MORRISON	6,104	12,937	6,833	52.8%
SOLWAY CITY OF	BELTRAMI	6,021	6,021	-	0.0%
SOUTH HAVEN CITY OF	WRIGHT	25,392	29,614	4,222	14.3%
SOUTH ST. PAUL CITY OF	DAKOTA	1,765,147	2,287,817	522,670	22.8%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
ICER CITY OF	KANDIYOHI	117,284	124,591	7,307	5.9%
SPRING GROVE CITY OF	HOUSTON	378,602	420,809	42,207	10.0%
SPRING HILL CITY OF	STEARNS	2,718	2,718	-	0.0%
SPRING LAKE PARK (JT)	ANOKA	0	0	-	0.0%
SPRING PARK	HENNEPIN	78,802	91,294	12,492	13.7%
SPRING VALLEY CITY OF	FILLMORE	768,300	857,391	89,091	10.4%
SPRINGFIELD CITY OF	BROWN	781,355	910,245	128,890	14.2%
SQUAW LAKE CITY OF	ITASCA	9,443	12,443	3,000	24.1%
ST ANTHONY (JT)	HENNEPIN	0	0	-	0.0%
ST ANTHONY CITY OF	STEARNS	5,199	6,444	1,245	19.3%
ST AUGUSTA CITY OF	STEARNS	213,580	347,466	133,886	38.5%
ST BONIFACIUS	HENNEPIN	228,723	457,915	229,192	50.1%
ST CHARLES CITY OF	WINONA	604,077	764,733	160,656	21.0%
ST CLAIR CITY OF	BLUE EARTH	146,237	165,488	19,251	11.6%
ST CLOUD CITY OF	STEARNS	10,837,532	12,477,664	1,640,132	13.1%
ST FRANCIS	ANOKA	200,000	200,000	-	0.0%
ST HILAIRE CITY OF	PENNINGTON	44,173	57,295	13,122	22.9%
ST JAMES CITY OF	WATONWAN	1,244,671	1,402,886	158,215	11.3%
ST JOSEPH CITY OF	STEARNS	668,673	778,522	109,849	14.1%
ST LEO CITY OF	YELLOW MEDICINE	13,311	16,511	3,200	19.4%
LOUIS PARK	HENNEPIN	0	0	-	0.0%
ST MARTIN CITY OF	STEARNS	19,636	25,061	5,425	21.6%
ST MARY'S POINT	WASHINGTON	0	0	-	0.0%
ST MICHAEL CITY OF	WRIGHT	0	516,360	516,360	100.0%
ST PAUL	RAMSEY	52,081,640	62,129,605	10,047,965	16.2%
ST PAUL PARK	WASHINGTON	195,337	294,625	99,288	33.7%
ST PETER CITY OF	NICOLLET	2,047,099	2,585,043	537,944	20.8%
ST ROSA CITY OF	STEARNS	1,192	1,192	-	0.0%
ST STEPHEN CITY OF	STEARNS	88,029	106,498	18,469	17.3%
ST VINCENT CITY OF	KITTSOON	13,962	16,201	2,239	13.8%
STACY CITY OF	CHISAGO	155,744	217,740	61,996	28.5%
STAPLES CITY OF	TODD	892,440	988,562	96,122	9.7%
STARBUCK CITY OF	POPE	306,401	347,186	40,785	11.7%
STEEN CITY OF	ROCK	19,675	26,675	7,000	26.2%
STEPHEN CITY OF	MARSHALL	149,640	167,557	17,917	10.7%
STEWART CITY OF	MCLEOD	156,814	156,814	-	0.0%
STEWARTVILLE CITY OF	OLMSTED	675,563	795,517	119,954	15.1%
STILLWATER	WASHINGTON	812,951	1,282,946	469,995	36.6%
STOCKTON CITY OF	WINONA	76,450	122,157	45,707	37.4%
STORDEN CITY OF	COTTONWOOD	69,591	70,927	1,336	1.9%
RANDQUIST CITY OF	MARSHALL	14,443	16,643	2,200	13.2%
STRATHCONA CITY OF	ROSEAU	3,103	3,103	-	0.0%
STURGEON LAKE CITY OF	PINE	24,751	34,136	9,385	27.5%
SUNBURG CITY OF	KANDIYOHI	24,261	27,223	2,962	10.9%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
SUNFISH LAKE CITY OF	DAKOTA	0	0	-	0.0%
SWANVILLE CITY OF	MORRISON	69,460	78,936	9,476	12.0%
TACONITE CITY OF	ITASCA	111,332	111,332	-	0.0%
TAMARACK CITY OF	AITKIN	3,167	3,167	-	0.0%
TAOPI CITY OF	MOWER	5,100	6,900	1,800	26.1%
TAUNTON CITY OF	LYON	22,807	33,727	10,920	32.4%
TAYLORS FALLS CITY OF	CHISAGO	146,120	174,347	28,227	16.2%
TENNEY CITY OF	WILKIN	1,266	1,266	-	0.0%
TENSTRIKE CITY OF	BELTRAMI	2,070	2,070	-	0.0%
THIEF RIVER FALLS CITY OF	PENNINGTON	2,168,816	2,456,726	287,910	11.7%
THOMSON CITY OF	CARLTON	11,334	11,334	-	0.0%
TINTAH CITY OF	TRAVERSE	9,906	11,069	1,163	10.5%
TONKA BAY	HENNEPIN	0	0	-	0.0%
TOWER CITY OF	ST LOUIS	102,002	102,002	-	0.0%
TRACY CITY OF	LYON	826,225	907,943	81,718	9.0%
TRAIL CITY OF	POLK	2,702	2,702	-	0.0%
TRIMONT CITY OF	MARTIN	192,052	202,261	10,209	5.0%
TROMMALD CITY OF	CROW WING	8,426	8,426	-	0.0%
TROSKY CITY OF	PIPESTONE	9,215	14,015	4,800	34.2%
TRUMAN CITY OF	MARTIN	364,672	404,516	39,844	9.8%
TURTLE RIVER CITY OF	BELTRAMI	0	0	-	0.0%
TWIN LAKES CITY OF	FREEBORN	32,117	32,117	-	0.0%
TWIN VALLEY CITY OF	NORMAN	240,337	264,033	23,696	9.0%
TWO HARBORS CITY OF	LAKE	1,066,840	1,204,988	138,148	11.5%
TYLER CITY OF	LINCOLN	330,904	382,071	51,167	13.4%
ULEN CITY OF	CLAY	131,879	148,179	16,300	11.0%
UNDERWOOD CITY OF	OTTERTAIL	67,578	74,019	6,441	8.7%
UPSALA CITY OF	MORRISON	56,353	65,249	8,896	13.6%
URBANK CITY OF	OTTERTAIL	4,616	5,685	1,069	18.8%
UTICA CITY OF	WINONA	23,608	26,886	3,278	12.2%
VADNAIS HEIGHTS	RAMSEY	0	0	-	0.0%
VERGAS CITY OF	OTTERTAIL	33,124	49,246	16,122	32.7%
VERMILLION CITY OF	DAKOTA	4,185	4,185	-	0.0%
VERNDALE CITY OF	WADENA	116,746	130,384	13,638	10.5%
VERNON CENTER CITY OF	BLUE EARTH	57,243	65,887	8,644	13.1%
VESTA CITY OF	REDWOOD	72,347	80,036	7,689	9.6%
VICTORIA CITY OF	CARVER	0	0	-	0.0%
VIKING CITY OF	MARSHALL	22,336	22,336	-	0.0%
VILLARD CITY OF	POPE	34,811	37,074	2,263	6.1%
VINING CITY OF	OTTERTAIL	9,842	11,077	1,235	11.1%
VIRGINIA CITY OF	ST LOUIS	3,187,988	4,113,239	925,251	22.5%
WABASHA CITY OF	WABASHA	608,922	699,146	90,224	12.9%
WABASSO CITY OF	REDWOOD	148,621	166,505	17,884	10.7%
WACONIA CITY OF	CARVER	0	0	-	0.0%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED	PROPOSED	INCREASE	PERCENT
		2006	2006	(DECREASE)	CHANGE
		LGA	LGA		
WADENA CITY OF	WADENA	1,060,865	1,264,842	203,977	16.1%
WAHKON CITY OF	MILLE LACS	11,538	11,538	-	0.0%
WAITE PARK CITY OF	STEARNS	73,949	235,583	161,634	68.6%
WALDORF CITY OF	WASECA	51,127	51,127	-	0.0%
WALKER CITY OF	CASS	113,446	130,702	17,256	13.2%
WALNUT GROVE CITY OF	REDWOOD	200,686	221,325	20,639	9.3%
WALTERS CITY OF	FARIBAULT	22,789	22,789	-	0.0%
WALTHAM CITY OF	MOWER	33,401	37,239	3,838	10.3%
WANAMINGO CITY OF	GOODHUE	200,303	229,476	29,173	12.7%
WANDA CITY OF	REDWOOD	18,645	20,647	2,002	9.7%
WARBA CITY OF	ITASCA	11,561	14,267	2,706	19.0%
WARREN CITY OF	MARSHALL	433,891	534,192	100,301	18.8%
WARROAD CITY OF	ROSEAU	488,586	721,686	233,100	32.3%
WASECA CITY OF	WASECA	2,172,172	2,454,398	282,226	11.5%
WATERTOWN CITY OF	CARVER	151,286	227,997	76,711	33.6%
WATERVILLE CITY OF	LESUEUR	480,262	545,384	65,122	11.9%
WATKINS CITY OF	MEEKER	174,387	213,197	38,810	18.2%
WATSON CITY OF	CHIPPEWA	50,123	55,091	4,968	9.0%
WAUBUN CITY OF	MAHNOMEN	70,052	83,901	13,849	16.5%
WAVERLY CITY OF	WRIGHT	67,454	67,454	-	0.0%
WAZATA	HENNEPIN	0	0	-	0.0%
WELCOME CITY OF	MARTIN	202,566	224,005	21,439	9.6%
WELLS CITY OF	FARIBAULT	812,522	1,026,325	213,803	20.8%
WENDELL CITY OF	GRANT	40,632	40,632	-	0.0%
WEST CONCORD CITY OF	DODGE	204,434	228,942	24,508	10.7%
WEST SAINT PAUL CITY OF	DAKOTA	240,436	667,865	427,429	64.0%
WEST UNION CITY OF	TODD	3,512	5,712	2,200	38.5%
WESTBROOK CITY OF	COTTONWOOD	238,243	242,208	3,965	1.6%
WESTPORT CITY OF	POPE	2,405	4,205	1,800	42.8%
WHALAN CITY OF	FILLMORE	10,081	10,081	-	0.0%
WHEATON CITY OF	TRAVERSE	533,372	588,380	55,008	9.3%
WHITE BEAR LAKE (JT)	RAMSEY	483,500	1,105,381	621,881	56.3%
WILDER CITY OF	JACKSON	13,854	15,483	1,629	10.5%
WILLERNIE	WASHINGTON	43,396	57,280	13,884	24.2%
WILLIAMS CITY OF	LAKE OF THE WOODS	32,438	36,609	4,171	11.4%
WILLMAR CITY OF	KANDIYOHI	4,251,631	4,780,651	529,020	11.1%
WILLOW RIVER CITY OF	PINE	34,622	34,622	-	0.0%
WILMONT CITY OF	NOBLES	74,482	82,622	8,140	9.9%
WILTON CITY OF	BELTRAMI	1,243	4,115	2,872	69.8%
WINDOM CITY OF	COTTONWOOD	1,064,362	1,189,759	125,397	10.5%
WINDYBUSH CITY OF	POLK	38,036	38,036	-	0.0%
WINNEBAGO CITY OF	FARIBAULT	510,798	564,569	53,771	9.5%
WINONA CITY OF	WINONA	8,950,746	9,972,646	1,021,900	10.2%
WINSTED CITY OF	MCLEOD	552,829	629,676	76,847	12.2%

Senate 2006 LGA Proposal Compared to Projected 2006 LGA Baseline

Preliminary		PROJECTED 2006 LGA	PROPOSED 2006 LGA	INCREASE (DECREASE)	PERCENT CHANGE
WINTHROP CITY OF	SIBLEY	376,390	421,535	45,145	10.7%
WINTON CITY OF	ST LOUIS	29,743	29,743	-	0.0%
WOLF LAKE CITY OF	BECKER	1,243	3,243	2,000	61.7%
WOLVERTON CITY OF	WILKIN	21,221	23,691	2,470	10.4%
WOOD LAKE CITY OF	YELLOW MEDICINE	103,924	104,124	200	0.2%
WOODBURY	WASHINGTON	0	0	-	0.0%
WOODLAND	HENNEPIN	0	0	-	0.0%
WOODSTOCK CITY OF	PIPESTONE	30,619	32,835	2,216	6.7%
WORTHINGTON CITY OF	NOBLES	2,740,209	3,040,425	300,216	9.9%
WRENSHALL CITY OF	CARLTON	53,215	53,215	-	0.0%
WRIGHT CITY OF	CARLTON	8,522	8,522	-	0.0%
WYKOFF CITY OF	FILLMORE	112,059	114,819	2,760	2.4%
WYOMING CITY OF	CHISAGO	0	0	-	0.0%
ZEMPLE CITY OF	ITASCA	532	532	-	0.0%
ZIMMERMAN CITY OF	SHERBURNE	276,069	352,888	76,819	21.8%
ZUMBRO FALLS CITY OF	WABASHA	32,010	38,297	6,287	16.4%
ZUMBROTA CITY OF	GOODHUE	423,018	507,195	84,177	16.6%
		436,558,200	521,558,200	85,000,000	16.3%

Agenda #7

Senators Rest, Belanger, McGinn, Marty and Murphy introduced--
S.F. No. 2043: Referred to the Committee on Taxes.

A bill for an act

relating to property taxation; providing that market value credit reductions be reflected in the credit amount shown on each property tax statement; amending Minnesota Statutes 2004, section 273.1384, by adding a subdivision.

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

Section 1. Minnesota Statutes 2004, section 273.1384, is amended by adding a subdivision to read:

Subd. 3a. [CREDIT REIMBURSEMENT REDUCTIONS.] If legislation has been enacted providing that credit reimbursements under this section shall not be paid in full for some taxing jurisdictions, in any year, the county auditor must take the reduced reimbursements into account in determining the credit to each taxpayer, after first performing the calculations provided in subdivisions 1, 2, and 3. For each affected jurisdiction, the county auditor must determine the percentage that the credit reduction is relative to the total reimbursement that the jurisdiction would be entitled to under subdivisions 1, 2, and 3. The auditor must then reduce the credit applied to the relevant jurisdiction's tax by the percentage determined under this subdivision for each qualifying property owner in the jurisdiction.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2006 and thereafter.

Agenda #8

1 A bill for an act

2 relating to economic development; providing for an
3 international economic development zone; providing tax
4 incentives; requiring a report; appropriating money;
5 amending Minnesota Statutes 2004, sections 272.02, by
6 adding a subdivision; 290.01, subdivisions 19b, 29;
7 290.06, subdivision 2c, by adding a subdivision;
8 290.067, subdivision 1; 290.0671, subdivision 1;
9 290.091, subdivision 2; 290.0921, subdivision 3;
10 290.0922, subdivisions 2, 3; 297A.68, by adding a
11 subdivision; proposing coding for new law in Minnesota
12 Statutes, chapter 469.

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

14 Section 1. Minnesota Statutes 2004, section 272.02, is
15 amended by adding a subdivision to read:

16 Subd. 68. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE
17 PROPERTY.] (a) Improvements to real property, and personal
18 property, classified under section 273.13, subdivision 24, and
19 located within an international economic development zone
20 designated under section 469.322, are exempt from ad valorem
21 taxes levied under chapter 275, if the occupant of the property
22 is a qualified business, as defined in section 469.321.

23 (b) The exemption applies beginning for the first
24 assessment year after designation of the international economic
25 development zone. The exemption applies to each assessment year
26 that begins during the duration of the international economic
27 development zone and to property occupied by July 1 of the
28 assessment year by a qualified business. This exemption does
29 not apply to:

1 (1) the levy under section 475.61 or similar levy
2 provisions under any other law to pay general obligation bonds;
3 or

4 (2) a levy under section 126C.17, if the levy was approved
5 by the voters before the designation of the zone.

6 [EFFECTIVE DATE.] This section is effective beginning for
7 property taxes assessed in 2006, payable in 2007.

8 Sec. 2. Minnesota Statutes 2004, section 290.01,
9 subdivision 19b, is amended to read:

10 Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For
11 individuals, estates, and trusts, there shall be subtracted from
12 federal taxable income:

13 (1) interest income on obligations of any authority,
14 commission, or instrumentality of the United States to the
15 extent includable in taxable income for federal income tax
16 purposes but exempt from state income tax under the laws of the
17 United States;

18 (2) if included in federal taxable income, the amount of
19 any overpayment of income tax to Minnesota or to any other
20 state, for any previous taxable year, whether the amount is
21 received as a refund or as a credit to another taxable year's
22 income tax liability;

23 (3) the amount paid to others, less the amount used to
24 claim the credit allowed under section 290.0674, not to exceed
25 \$1,625 for each qualifying child in grades kindergarten to 6 and
26 \$2,500 for each qualifying child in grades 7 to 12, for tuition,
27 textbooks, and transportation of each qualifying child in
28 attending an elementary or secondary school situated in
29 Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin,
30 wherein a resident of this state may legally fulfill the state's
31 compulsory attendance laws, which is not operated for profit,
32 and which adheres to the provisions of the Civil Rights Act of
33 1964 and chapter 363A. For the purposes of this clause,
34 "tuition" includes fees or tuition as defined in section
35 290.0674, subdivision 1, clause (1). As used in this clause,
36 "textbooks" includes books and other instructional materials and

1 equipment purchased or leased for use in elementary and
2 secondary schools in teaching only those subjects legally and
3 commonly taught in public elementary and secondary schools in
4 this state. Equipment expenses qualifying for deduction
5 includes expenses as defined and limited in section 290.0674,
6 subdivision 1, clause (3). "Textbooks" does not include
7 instructional books and materials used in the teaching of
8 religious tenets, doctrines, or worship, the purpose of which is
9 to instill such tenets, doctrines, or worship, nor does it
10 include books or materials for, or transportation to,
11 extracurricular activities including sporting events, musical or
12 dramatic events, speech activities, driver's education, or
13 similar programs. For purposes of the subtraction provided by
14 this clause, "qualifying child" has the meaning given in section
15 32(c)(3) of the Internal Revenue Code;

16 (4) income as provided under section 290.0802;

17 (5) to the extent included in federal adjusted gross
18 income, income realized on disposition of property exempt from
19 tax under section 290.491;

20 (6) to the extent included in federal taxable income,
21 postservice benefits for youth community service under section
22 124D.42 for volunteer service under United States Code, title
23 42, sections 12601 to 12604;

24 (7) to the extent not deducted in determining federal
25 taxable income by an individual who does not itemize deductions
26 for federal income tax purposes for the taxable year, an amount
27 equal to 50 percent of the excess of charitable contributions
28 allowable as a deduction for the taxable year under section
29 170(a) of the Internal Revenue Code over \$500;

30 (8) for taxable years beginning before January 1, 2008, the
31 amount of the federal small ethanol producer credit allowed
32 under section 40(a)(3) of the Internal Revenue Code which is
33 included in gross income under section 87 of the Internal
34 Revenue Code;

35 (9) for individuals who are allowed a federal foreign tax
36 credit for taxes that do not qualify for a credit under section

1 290.06, subdivision 22, an amount equal to the carryover of
2 subnational foreign taxes for the taxable year, but not to
3 exceed the total subnational foreign taxes reported in claiming
4 the foreign tax credit. For purposes of this clause, "federal
5 foreign tax credit" means the credit allowed under section 27 of
6 the Internal Revenue Code, and "carryover of subnational foreign
7 taxes" equals the carryover allowed under section 904(c) of the
8 Internal Revenue Code minus national level foreign taxes to the
9 extent they exceed the federal foreign tax credit;

10 (10) in each of the five tax years immediately following
11 the tax year in which an addition is required under subdivision
12 19a, clause (7), an amount equal to one-fifth of the delayed
13 depreciation. For purposes of this clause, "delayed
14 depreciation" means the amount of the addition made by the
15 taxpayer under subdivision 19a, clause (7), minus the positive
16 value of any net operating loss under section 172 of the
17 Internal Revenue Code generated for the tax year of the
18 addition. The resulting delayed depreciation cannot be less
19 than zero; and

20 (11) job opportunity building zone income as provided under
21 section 469.316; and

22 (12) international economic development zone income as
23 provided under section 469.325.

24 [EFFECTIVE DATE.] This section is effective for taxable
25 years beginning after December 31, 2005.

26 Sec. 3. Minnesota Statutes 2004, section 290.01,
27 subdivision 29, is amended to read:

28 Subd. 29. [TAXABLE INCOME.] The term "taxable income"
29 means:

30 (1) for individuals, estates, and trusts, the same as
31 taxable net income;

32 (2) for corporations, the taxable net income less

33 (i) the net operating loss deduction under section 290.095;

34 (ii) the dividends received deduction under section 290.21,
35 subdivision 4;

36 (iii) the exemption for operating in a job opportunity

1 building zone under section 469.317; and

2 (iv) the exemption for operating in a biotechnology and
3 health sciences industry zone under section 469.337; and

4 (v) the exemption for operating in an international
5 economic development zone under section 469.326.

6 [EFFECTIVE DATE.] This section is effective for taxable
7 years beginning after December 31, 2005.

8 Sec. 4. Minnesota Statutes 2004, section 290.06,
9 subdivision 2c, is amended to read:

10 Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES,
11 AND TRUSTS.] (a) The income taxes imposed by this chapter upon
12 married individuals filing joint returns and surviving spouses
13 as defined in section 2(a) of the Internal Revenue Code must be
14 computed by applying to their taxable net income the following
15 schedule of rates:

16 (1) On the first \$25,680, 5.35 percent;

17 (2) On all over \$25,680, but not over \$102,030, 7.05
18 percent;

19 (3) On all over \$102,030, 7.85 percent.

20 Married individuals filing separate returns, estates, and
21 trusts must compute their income tax by applying the above rates
22 to their taxable income, except that the income brackets will be
23 one-half of the above amounts.

24 (b) The income taxes imposed by this chapter upon unmarried
25 individuals must be computed by applying to taxable net income
26 the following schedule of rates:

27 (1) On the first \$17,570, 5.35 percent;

28 (2) On all over \$17,570, but not over \$57,710, 7.05
29 percent;

30 (3) On all over \$57,710, 7.85 percent.

31 (c) The income taxes imposed by this chapter upon unmarried
32 individuals qualifying as a head of household as defined in
33 section 2(b) of the Internal Revenue Code must be computed by
34 applying to taxable net income the following schedule of rates:

35 (1) On the first \$21,630, 5.35 percent;

36 (2) On all over \$21,630, but not over \$86,910, 7.05

1 percent;

2 (3) On all over \$86,910, 7.85 percent.

3 (d) In lieu of a tax computed according to the rates set
4 forth in this subdivision, the tax of any individual taxpayer
5 whose taxable net income for the taxable year is less than an
6 amount determined by the commissioner must be computed in
7 accordance with tables prepared and issued by the commissioner
8 of revenue based on income brackets of not more than \$100. The
9 amount of tax for each bracket shall be computed at the rates
10 set forth in this subdivision, provided that the commissioner
11 may disregard a fractional part of a dollar unless it amounts to
12 50 cents or more, in which case it may be increased to \$1.

13 (e) An individual who is not a Minnesota resident for the
14 entire year must compute the individual's Minnesota income tax
15 as provided in this subdivision. After the application of the
16 nonrefundable credits provided in this chapter, the tax
17 liability must then be multiplied by a fraction in which:

18 (1) the numerator is the individual's Minnesota source
19 federal adjusted gross income as defined in section 62 of the
20 Internal Revenue Code and increased by the additions required
21 under section 290.01, subdivision 19a, clauses (1), (5), and
22 (6), and reduced by the subtraction under section 290.01,
23 subdivision 19b, clause clauses (11) and (12), and the Minnesota
24 assignable portion of the subtraction for United States
25 government interest under section 290.01, subdivision 19b,
26 clause (1), after applying the allocation and assignability
27 provisions of section 290.081, clause (a), or 290.17; and

28 (2) the denominator is the individual's federal adjusted
29 gross income as defined in section 62 of the Internal Revenue
30 Code of 1986, increased by the amounts specified in section
31 290.01, subdivision 19a, clauses (1), (5), and (6), and reduced
32 by the amounts specified in section 290.01, subdivision 19b,
33 clauses (1) and, (11), and (12).

34 [EFFECTIVE DATE.] This section is effective for taxable
35 years beginning after December 31, 2005.

36 Sec. 5. Minnesota Statutes 2004, section 290.06, is

1 amended by adding a subdivision to read:

2 Subd. 32. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE JOB
3 CREDIT.] A taxpayer that is a qualified business, as defined in
4 section 469.321, subdivision 6, is allowed a credit as
5 determined under section 469.327 against the tax imposed by this
6 chapter.

7 [EFFECTIVE DATE.] This section is effective the day
8 following final enactment.

9 Sec. 6. Minnesota Statutes 2004, section 290.067,
10 subdivision 1, is amended to read:

11 Subdivision 1. [AMOUNT OF CREDIT.] (a) A taxpayer may take
12 as a credit against the tax due from the taxpayer and a spouse,
13 if any, under this chapter an amount equal to the dependent care
14 credit for which the taxpayer is eligible pursuant to the
15 provisions of section 21 of the Internal Revenue Code subject to
16 the limitations provided in subdivision 2 except that in
17 determining whether the child qualified as a dependent, income
18 received as a Minnesota family investment program grant or
19 allowance to or on behalf of the child must not be taken into
20 account in determining whether the child received more than half
21 of the child's support from the taxpayer, and the provisions of
22 section 32(b)(1)(D) of the Internal Revenue Code do not apply.

23 (b) If a child who has not attained the age of six years at
24 the close of the taxable year is cared for at a licensed family
25 day care home operated by the child's parent, the taxpayer is
26 deemed to have paid employment-related expenses. If the child
27 is 16 months old or younger at the close of the taxable year,
28 the amount of expenses deemed to have been paid equals the
29 maximum limit for one qualified individual under section 21(c)
30 and (d) of the Internal Revenue Code. If the child is older
31 than 16 months of age but has not attained the age of six years
32 at the close of the taxable year, the amount of expenses deemed
33 to have been paid equals the amount the licensee would charge
34 for the care of a child of the same age for the same number of
35 hours of care.

36 (c) If a married couple:

1 (1) has a child who has not attained the age of one year at
2 the close of the taxable year;

3 (2) files a joint tax return for the taxable year; and

4 (3) does not participate in a dependent care assistance
5 program as defined in section 129 of the Internal Revenue Code,
6 in lieu of the actual employment related expenses paid for that
7 child under paragraph (a) or the deemed amount under paragraph
8 (b), the lesser of (i) the combined earned income of the couple
9 or (ii) the amount of the maximum limit for one qualified
10 individual under section 21(c) and (d) of the Internal Revenue
11 Code will be deemed to be the employment related expense paid
12 for that child. The earned income limitation of section 21(d)
13 of the Internal Revenue Code shall not apply to this deemed
14 amount. These deemed amounts apply regardless of whether any
15 employment-related expenses have been paid.

16 (d) If the taxpayer is not required and does not file a
17 federal individual income tax return for the tax year, no credit
18 is allowed for any amount paid to any person unless:

19 (1) the name, address, and taxpayer identification number
20 of the person are included on the return claiming the credit; or

21 (2) if the person is an organization described in section
22 501(c)(3) of the Internal Revenue Code and exempt from tax under
23 section 501(a) of the Internal Revenue Code, the name and
24 address of the person are included on the return claiming the
25 credit.

26 In the case of a failure to provide the information required
27 under the preceding sentence, the preceding sentence does not
28 apply if it is shown that the taxpayer exercised due diligence
29 in attempting to provide the information required.

30 In the case of a nonresident, part-year resident, or a
31 person who has earned income not subject to tax under this
32 chapter including earned income excluded pursuant to section
33 290.01, subdivision 19b, ~~clause~~ clauses (11) and (12), the
34 credit determined under section 21 of the Internal Revenue Code
35 must be allocated based on the ratio by which the earned income
36 of the claimant and the claimant's spouse from Minnesota sources

1 bears to the total earned income of the claimant and the
2 claimant's spouse.

3 [EFFECTIVE DATE.] This section is effective for taxable
4 years beginning after December 31, 2005.

5 Sec. 7. Minnesota Statutes 2004, section 290.0671,
6 subdivision 1, is amended to read:

7 Subdivision 1. [CREDIT ALLOWED.] (a) An individual is
8 allowed a credit against the tax imposed by this chapter equal
9 to a percentage of earned income. To receive a credit, a
10 taxpayer must be eligible for a credit under section 32 of the
11 Internal Revenue Code.

12 (b) For individuals with no qualifying children, the credit
13 equals 1.9125 percent of the first \$4,620 of earned income. The
14 credit is reduced by 1.9125 percent of earned income or modified
15 adjusted gross income, whichever is greater, in excess of
16 \$5,770, but in no case is the credit less than zero.

17 (c) For individuals with one qualifying child, the credit
18 equals 8.5 percent of the first \$6,920 of earned income and 8.5
19 percent of earned income over \$12,080 but less than \$13,450.
20 The credit is reduced by 5.73 percent of earned income or
21 modified adjusted gross income, whichever is greater, in excess
22 of \$15,080, but in no case is the credit less than zero.

23 (d) For individuals with two or more qualifying children,
24 the credit equals ten percent of the first \$9,720 of earned
25 income and 20 percent of earned income over \$14,860 but less
26 than \$16,800. The credit is reduced by 10.3 percent of earned
27 income or modified adjusted gross income, whichever is greater,
28 in excess of \$17,890, but in no case is the credit less than
29 zero.

30 (e) For a nonresident or part-year resident, the credit
31 must be allocated based on the percentage calculated under
32 section 290.06, subdivision 2c, paragraph (e).

33 (f) For a person who was a resident for the entire tax year
34 and has earned income not subject to tax under this chapter,
35 including income excluded under section 290.01, subdivision 19b,
36 clause (11) or (12), the credit must be allocated based on the

1 ratio of federal adjusted gross income reduced by the earned
2 income not subject to tax under this chapter over federal
3 adjusted gross income.

4 (g) For tax years beginning after December 31, 2001, and
5 before December 31, 2004, the \$5,770 in paragraph (b), the
6 \$15,080 in paragraph (c), and the \$17,890 in paragraph (d),
7 after being adjusted for inflation under subdivision 7, are each
8 increased by \$1,000 for married taxpayers filing joint returns.

9 (h) For tax years beginning after December 31, 2004, and
10 before December 31, 2007, the \$5,770 in paragraph (b), the
11 \$15,080 in paragraph (c), and the \$17,890 in paragraph (d),
12 after being adjusted for inflation under subdivision 7, are each
13 increased by \$2,000 for married taxpayers filing joint returns.

14 (i) For tax years beginning after December 31, 2007, and
15 before December 31, 2010, the \$5,770 in paragraph (b), the
16 \$15,080 in paragraph (c), and the \$17,890 in paragraph (d),
17 after being adjusted for inflation under subdivision 7, are each
18 increased by \$3,000 for married taxpayers filing joint returns.
19 For tax years beginning after December 31, 2008, the \$3,000 is
20 adjusted annually for inflation under subdivision 7.

21 (j) The commissioner shall construct tables showing the
22 amount of the credit at various income levels and make them
23 available to taxpayers. The tables shall follow the schedule
24 contained in this subdivision, except that the commissioner may
25 graduate the transition between income brackets.

26 [EFFECTIVE DATE.] This section is effective for taxable
27 years beginning after December 31, 2005.

28 Sec. 8. Minnesota Statutes 2004, section 290.091,
29 subdivision 2, is amended to read:

30 Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by
31 this section, the following terms have the meanings given:

32 (a) "Alternative minimum taxable income" means the sum of
33 the following for the taxable year:

34 (1) the taxpayer's federal alternative minimum taxable
35 income as defined in section 55(b)(2) of the Internal Revenue
36 Code;

1 (2) the taxpayer's itemized deductions allowed in computing
2 federal alternative minimum taxable income, but excluding:

3 (i) the charitable contribution deduction under section 170
4 of the Internal Revenue Code to the extent that the deduction
5 exceeds 1.0 percent of adjusted gross income, as defined in
6 section 62 of the Internal Revenue Code;

7 (ii) the medical expense deduction;

8 (iii) the casualty, theft, and disaster loss deduction; and

9 (iv) the impairment-related work expenses of a disabled
10 person;

11 (3) for depletion allowances computed under section 613A(c)
12 of the Internal Revenue Code, with respect to each property (as
13 defined in section 614 of the Internal Revenue Code), to the
14 extent not included in federal alternative minimum taxable
15 income, the excess of the deduction for depletion allowable
16 under section 611 of the Internal Revenue Code for the taxable
17 year over the adjusted basis of the property at the end of the
18 taxable year (determined without regard to the depletion
19 deduction for the taxable year);

20 (4) to the extent not included in federal alternative
21 minimum taxable income, the amount of the tax preference for
22 intangible drilling cost under section 57(a)(2) of the Internal
23 Revenue Code determined without regard to subparagraph (E);

24 (5) to the extent not included in federal alternative
25 minimum taxable income, the amount of interest income as
26 provided by section 290.01, subdivision 19a, clause (1); and

27 (6) the amount of addition required by section 290.01,
28 subdivision 19a, clause (7);

29 less the sum of the amounts determined under the following:

30 (1) interest income as defined in section 290.01,
31 subdivision 19b, clause (1);

32 (2) an overpayment of state income tax as provided by
33 section 290.01, subdivision 19b, clause (2), to the extent
34 included in federal alternative minimum taxable income;

35 (3) the amount of investment interest paid or accrued
36 within the taxable year on indebtedness to the extent that the

1 amount does not exceed net investment income, as defined in
2 section 163(d)(4) of the Internal Revenue Code. Interest does
3 not include amounts deducted in computing federal adjusted gross
4 income; and

5 (4) amounts subtracted from federal taxable income as
6 provided by section 290.01, subdivision 19b, clauses (10) and,
7 (11), and (12).

8 In the case of an estate or trust, alternative minimum
9 taxable income must be computed as provided in section 59(c) of
10 the Internal Revenue Code.

11 (b) "Investment interest" means investment interest as
12 defined in section 163(d)(3) of the Internal Revenue Code.

13 (c) "Tentative minimum tax" equals 6.4 percent of
14 alternative minimum taxable income after subtracting the
15 exemption amount determined under subdivision 3.

16 (d) "Regular tax" means the tax that would be imposed under
17 this chapter (without regard to this section and section
18 290.032), reduced by the sum of the nonrefundable credits
19 allowed under this chapter.

20 (e) "Net minimum tax" means the minimum tax imposed by this
21 section.

22 [EFFECTIVE DATE.] This section is effective for taxable
23 years beginning after December 31, 2005.

24 Sec. 9. Minnesota Statutes 2004, section 290.0921,
25 subdivision 3, is amended to read:

26 Subd. 3. [ALTERNATIVE MINIMUM TAXABLE INCOME.]

27 "Alternative minimum taxable income" is Minnesota net income as
28 defined in section 290.01, subdivision 19, and includes the
29 adjustments and tax preference items in sections 56, 57, 58, and
30 59(d), (e), (f), and (h) of the Internal Revenue Code. If a
31 corporation files a separate company Minnesota tax return, the
32 minimum tax must be computed on a separate company basis. If a
33 corporation is part of a tax group filing a unitary return, the
34 minimum tax must be computed on a unitary basis. The following
35 adjustments must be made.

36 (1) For purposes of the depreciation adjustments under

1 section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code,
2 the basis for depreciable property placed in service in a
3 taxable year beginning before January 1, 1990, is the adjusted
4 basis for federal income tax purposes, including any
5 modification made in a taxable year under section 290.01,
6 subdivision 19e, or Minnesota Statutes 1986, section 290.09,
7 subdivision 7, paragraph (c).

8 For taxable years beginning after December 31, 2000, the
9 amount of any remaining modification made under section 290.01,
10 subdivision 19e, or Minnesota Statutes 1986, section 290.09,
11 subdivision 7, paragraph (c), not previously deducted is a
12 depreciation allowance in the first taxable year after December
13 31, 2000.

14 (2) The portion of the depreciation deduction allowed for
15 federal income tax purposes under section 168(k) of the Internal
16 Revenue Code that is required as an addition under section
17 290.01, subdivision 19c, clause (16), is disallowed in
18 determining alternative minimum taxable income.

19 (3) The subtraction for depreciation allowed under section
20 290.01, subdivision 19d, clause (19), is allowed as a
21 depreciation deduction in determining alternative minimum
22 taxable income.

23 (4) The alternative tax net operating loss deduction under
24 sections 56(a)(4) and 56(d) of the Internal Revenue Code does
25 not apply.

26 (5) The special rule for certain dividends under section
27 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

28 (6) The special rule for dividends from section 936
29 companies under section 56(g)(4)(C)(iii) does not apply.

30 (7) The tax preference for depletion under section 57(a)(1)
31 of the Internal Revenue Code does not apply.

32 (8) The tax preference for intangible drilling costs under
33 section 57(a)(2) of the Internal Revenue Code must be calculated
34 without regard to subparagraph (E) and the subtraction under
35 section 290.01, subdivision 19d, clause (4).

36 (9) The tax preference for tax exempt interest under

1 section 57(a)(5) of the Internal Revenue Code does not apply.

2 (10) The tax preference for charitable contributions of
3 appreciated property under section 57(a)(6) of the Internal
4 Revenue Code does not apply.

5 (11) For purposes of calculating the tax preference for
6 accelerated depreciation or amortization on certain property
7 placed in service before January 1, 1987, under section 57(a)(7)
8 of the Internal Revenue Code, the deduction allowable for the
9 taxable year is the deduction allowed under section 290.01,
10 subdivision 19e.

11 For taxable years beginning after December 31, 2000, the
12 amount of any remaining modification made under section 290.01,
13 subdivision 19e, not previously deducted is a depreciation or
14 amortization allowance in the first taxable year after December
15 31, 2004.

16 (12) For purposes of calculating the adjustment for
17 adjusted current earnings in section 56(g) of the Internal
18 Revenue Code, the term "alternative minimum taxable income" as
19 it is used in section 56(g) of the Internal Revenue Code, means
20 alternative minimum taxable income as defined in this
21 subdivision, determined without regard to the adjustment for
22 adjusted current earnings in section 56(g) of the Internal
23 Revenue Code.

24 (13) For purposes of determining the amount of adjusted
25 current earnings under section 56(g)(3) of the Internal Revenue
26 Code, no adjustment shall be made under section 56(g)(4) of the
27 Internal Revenue Code with respect to (i) the amount of foreign
28 dividend gross-up subtracted as provided in section 290.01,
29 subdivision 19d, clause (1), (ii) the amount of refunds of
30 income, excise, or franchise taxes subtracted as provided in
31 section 290.01, subdivision 19d, clause (10), or (iii) the
32 amount of royalties, fees or other like income subtracted as
33 provided in section 290.01, subdivision 19d, clause (11).

34 (14) Alternative minimum taxable income excludes the income
35 from operating in a job opportunity building zone as provided
36 under section 469.317.

1 (15) Alternative minimum taxable income excludes the income
2 from operating in a biotechnology and health sciences industry
3 zone as provided under section 469.337.

4 (16) Alternative minimum taxable income excludes the income
5 from operating in an international economic development zone as
6 provided under section 469.326.

7 Items of tax preference must not be reduced below zero as a
8 result of the modifications in this subdivision.

9 [EFFECTIVE DATE.] This section is effective for taxable
10 years beginning after December 31, 2005.

11 Sec. 10. Minnesota Statutes 2004, section 290.0922,
12 subdivision 2, is amended to read:

13 Subd. 2. [EXEMPTIONS.] The following entities are exempt
14 from the tax imposed by this section:

- 15 (1) corporations exempt from tax under section 290.05;
16 (2) real estate investment trusts;
17 (3) regulated investment companies or a fund thereof; and
18 (4) entities having a valid election in effect under
19 section 860D(b) of the Internal Revenue Code;
20 (5) town and farmers' mutual insurance companies;
21 (6) cooperatives organized under chapter 308A that provide
22 housing exclusively to persons age 55 and over and are
23 classified as homesteads under section 273.124, subdivision 3;
24 and

25 (7) an entity, if for the taxable year all of its property
26 is located in a job opportunity building zone designated under
27 section 469.314 and all of its payroll is a job opportunity
28 building zone payroll under section 469.310; and

29 (8) an entity, if for the taxable year all of its property
30 is located in an international economic development zone
31 designated under section 469.322, and all of its payroll is an
32 international economic development zone payroll under section
33 469.321.

34 Entities not specifically exempted by this subdivision are
35 subject to tax under this section, notwithstanding section
36 290.05.

1 [EFFECTIVE DATE.] This section is effective for taxable
2 years beginning after December 31, 2005.

3 Sec. 11. Minnesota Statutes 2004, section 290.0922,
4 subdivision 3, is amended to read:

5 Subd. 3. [DEFINITIONS.] (a) "Minnesota sales or receipts"
6 means the total sales apportioned to Minnesota pursuant to
7 section 290.191, subdivision 5, the total receipts attributed to
8 Minnesota pursuant to section 290.191, subdivisions 6 to 8,
9 and/or the total sales or receipts apportioned or attributed to
10 Minnesota pursuant to any other apportionment formula applicable
11 to the taxpayer.

12 (b) "Minnesota property" means total Minnesota tangible
13 property as provided in section 290.191, subdivisions 9 to 11,
14 any other tangible property located in Minnesota, but does not
15 include property located in a job opportunity building zone
16 designated under section 469.314, or property of a qualified
17 business located in a biotechnology and health sciences industry
18 zone designated under section 469.334, or property located in an
19 international economic development zone designated under section
20 469.322. Intangible property shall not be included in Minnesota
21 property for purposes of this section. Taxpayers who do not
22 utilize tangible property to apportion income shall nevertheless
23 include Minnesota property for purposes of this section. On a
24 return for a short taxable year, the amount of Minnesota
25 property owned, as determined under section 290.191, shall be
26 included in Minnesota property based on a fraction in which the
27 numerator is the number of days in the short taxable year and
28 the denominator is 365.

29 (c) "Minnesota payrolls" means total Minnesota payrolls as
30 provided in section 290.191, subdivision 12, but does not
31 include job opportunity building zone payrolls under section
32 469.310, subdivision 8, or biotechnology and health sciences
33 industry zone ~~payroll~~ payrolls under section 469.330,
34 subdivision 8, or international economic development zone
35 payrolls under section 469.321, subdivision 10. Taxpayers who
36 do not utilize payrolls to apportion income shall nevertheless

1 include Minnesota payrolls for purposes of this section.

2 [EFFECTIVE DATE.] This section is effective for taxable
3 years beginning after December 31, 2005.

4 Sec. 12. Minnesota Statutes 2004, section 297A.68, is
5 amended by adding a subdivision to read:

6 Subd. 40. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONES.] (a)
7 Purchases of tangible personal property or taxable services by a
8 qualified business, as defined in section 469.321, are exempt if
9 the property or services are primarily used or consumed in an
10 international economic development zone designated under section
11 469.322.

12 (b) Purchase and use of construction materials and supplies
13 for construction of improvements to real property in an
14 international economic development zone are exempt if the
15 improvements after completion of construction are to be used in
16 the conduct of a qualified business, as defined in section
17 469.321. This exemption applies regardless of whether the
18 purchases are made by the business or a contractor.

19 (c) The exemptions under this subdivision apply to a local
20 sales and use tax, regardless of whether the local tax is
21 imposed on sales taxable under this chapter or in another law,
22 ordinance, or charter provision.

23 (d) This subdivision applies to sales, if the purchase was
24 made and delivery received during the duration of the zone.

25 [EFFECTIVE DATE.] This section is effective for sales made
26 on or after the day following final enactment.

27 Sec. 13. [469.321] [DEFINITIONS.]

28 Subdivision 1. [SCOPE.] For purposes of sections 469.321
29 to 469.328, the following terms have the meanings given.

30 Subd. 2. [FOREIGN TRADE ZONE.] "Foreign trade zone" means
31 a foreign trade zone designated pursuant to United States Code,
32 title 19, section 81a, for the right to use the powers provided
33 in United States Code, title 19, sections 81a to 81u, or a
34 subzone authorized by the foreign trade zone.

35 Subd. 3. [FOREIGN TRADE ZONE AUTHORITY.] "Foreign trade
36 zone authority" means the Greater Metropolitan Area Foreign

1 Trade Zone Commission number 119, a joint powers authority
2 created by the county of Hennepin, the cities of Minneapolis,
3 Bloomington, Rosemount, and the Metropolitan Airports
4 Commission, under the authority of section 469.059, 469.101, or
5 471.59, and which may, notwithstanding section 471.59, include
6 as members any political subdivisions of public corporations
7 that are or become members of the Greater Metropolitan Area
8 Foreign Trade Zone Commission, regardless of whether the
9 subdivisions or corporations have the power or authority
10 individually to establish or operate a foreign trade zone.

11 Subd. 4. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE.] An
12 "international economic development zone" or "zone" is a zone so
13 designated under section 469.322.

14 Subd. 5. [PERSON.] "Person" includes an individual,
15 corporation, partnership, limited liability company,
16 association, or any other entity.

17 Subd. 6. [QUALIFIED BUSINESS.] (a) "Qualified business"
18 means a person carrying on a trade or business at a place of
19 business located within an international economic development
20 zone that is:

21 (1) engaged in the furtherance of international export or
22 import of goods; and

23 (2) certified by the foreign trade zone authority as a
24 trade or business that furthers the purpose of developing
25 international distribution capacity and capability.

26 (b) A person that relocates a trade or business from within
27 Minnesota but outside an international economic development zone
28 into an international economic development zone is not a
29 qualified business, unless the business:

30 (1)(i) increases full-time employment in the first full
31 year of operation within the international economic development
32 zone by at least 20 percent measured relative to the operations
33 that were relocated; or

34 (ii) makes a capital investment in the property located
35 within a zone equal to at least ten percent of the gross
36 revenues of the operations that were relocated in the

1 immediately preceding taxable year; and

2 (2) enters a binding written agreement with the foreign
3 trade zone authority that:

4 (i) pledges that the business will meet the requirements of
5 clause (1);

6 (ii) provides for repayment of all tax benefits enumerated
7 under section 469.324 to the business under the procedures in
8 section 469.328, if the requirements of clause (1) are not met;
9 and

10 (iii) contains any other terms the foreign trade zone
11 authority determines appropriate.

12 Clause (1) of this paragraph does not apply to a freight
13 forwarder.

14 (c) A qualified business must pay each employee total
15 compensation, including benefits not mandated by law, that on an
16 annualized basis is equal to at least 110 percent of the federal
17 poverty guidelines for a family of four.

18 (d) A qualified business must enter into an agreement with
19 the authority that provides that, as a condition of qualifying
20 for the tax incentives described in section 469.324, the
21 business will, at the site of its operation within the zone,
22 remain neutral to labor union organizing activity, provide union
23 representatives access to employees during nonwork hours, and
24 recognize a labor union as a bargaining agent under the National
25 Labor Relations Act upon presentation of representation cards
26 signed by a majority of the employees of the qualified business
27 within the zone.

28 Subd. 7. [REGIONAL DISTRIBUTION CENTER.] A "regional
29 distribution center" is a distribution center developed within a
30 foreign trade zone. The regional distribution center must have
31 as its primary purpose to facilitate gathering of freight for
32 the purpose of centralizing the functions necessary for the
33 shipment of freight in international commerce, including, but
34 not limited to, security and customs functions.

35 Subd. 8. [RELOCATE.] (a) "Relocate" means that a trade or
36 business:

1 (1) ceases one or more operations or functions at another
2 location in an international economic development zone; or

3 (2) reduces employment at another location in Minnesota
4 during a period starting one year before and ending one year
5 after it begins operations in an international economic
6 development zone and its employees in the international economic
7 development zone are engaged in the same line of business as the
8 employees at the location where it reduced employment.

9 (b) "Relocate" does not include an expansion by a business
10 that establishes a new facility that does not replace or
11 supplant an existing operation or employment, in whole or in
12 part.

13 Subd. 9. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE
14 PERCENTAGE OR ZONE PERCENTAGE.] "International economic
15 development zone percentage" or "zone percentage" means the
16 following fraction reduced to a percentage:

17 (1) the numerator of the fraction is:

18 (i) the ratio of the taxpayer's property factor under
19 section 290.191 located in the zone for the taxable year over
20 the property factor numerator determined under section 290.191,
21 plus

22 (ii) the ratio of the taxpayer's international economic
23 development zone payroll factor under subdivision 10 over the
24 payroll factor numerator determined under section 290.191; and

25 (2) the denominator of the fraction is two.

26 When calculating the zone percentage for a business that is
27 part of a unitary business as defined under section 290.17,
28 subdivision 4, the denominator of the payroll and property
29 factors is the Minnesota payroll and property of the unitary
30 business as reported on the combined report under section
31 290.17, subdivision 4, paragraph (j).

32 Subd. 10. [INTERNATIONAL ECONOMIC DEVELOPMENT ZONE PAYROLL
33 FACTOR.] "International economic development zone payroll
34 factor" or "international economic development zone payroll" is
35 that portion of the payroll factor under section 290.191 that
36 represents:

1 (1) wages or salaries paid to an individual for services
2 performed in an international economic development zone; or
3 (2) wages or salaries paid to individuals working from
4 offices within an international economic development zone, if
5 their employment requires them to work outside the zone and the
6 work is incidental to the work performed by the individual
7 within the zone.

8 Subd. 11. [FREIGHT FORWARDER.] "Freight forwarder" is a
9 business that, for compensation, ensures that goods produced or
10 sold by another business move from point of origin to point of
11 destination.

12 [EFFECTIVE DATE.] This section is effective the day
13 following final enactment.

14 Sec. 14. [469.322] [DESIGNATION OF INTERNATIONAL ECONOMIC
15 DEVELOPMENT ZONE.]

16 (a) An area designated as a foreign trade zone may be
17 designated by the foreign trade zone authority as an
18 international economic development zone if within the zone a
19 regional distribution center is being developed pursuant to
20 section 469.323. The zone must be not less than 500 acres and
21 not more than 1,000 acres in size.

22 (b) In making the designation, the foreign trade zone
23 authority, in consultation with the Minnesota Department of
24 Transportation and the Metropolitan Council, shall consider
25 access to major transportation routes, consistency with current
26 state transportation and air cargo planning, adequacy of the
27 size of the site, access to airport facilities, present and
28 future capacity at the designated airport, the capability to
29 meet integrated present and future air cargo, security, and
30 inspection services, and access to other infrastructure and
31 financial incentives. The border of the international economic
32 development zone must be no more than 60 miles distant or 90
33 minutes drive time from the border of the Minneapolis-St. Paul
34 International Airport.

35 (c) Prior to a final site designation, the foreign trade
36 zone authority, in consultation with the applicant, must conduct

1 a transportation impact study based on the regional model and
2 utilizing traffic forecasting and assignments. The results must
3 be used to evaluate the effects of the proposed use on the
4 transportation system and identify any needed improvements. If
5 the site is in the metropolitan area the study must also
6 evaluate the effect of the transportation impacts on the
7 Metropolitan Transportation System plan as well as the
8 comprehensive plans of the municipalities that would be
9 affected. The cost of the study must be paid by the applicant.

10 (d) Final zone designation must be made by January 1, 2007.

11 (e) Duration of the zone is a 12-year period beginning on
12 June 30, 2007.

13 [EFFECTIVE DATE.] This section is effective the day
14 following final enactment.

15 Sec. 15. [469.323] [FOREIGN TRADE ZONE AUTHORITY POWERS.]

16 Subdivision 1. [DEVELOPMENT OF REGIONAL DISTRIBUTION
17 CENTER.] The foreign trade zone authority shall be responsible
18 for creating a development plan for the regional distribution
19 center. The regional distribution center must be developed with
20 the purpose of expanding, on a regional basis, international
21 distribution capacity and capability. The foreign trade zone
22 authority shall consult with municipalities that have indicated
23 to the authority an interest in locating the international
24 economic development zone within their boundaries and a
25 willingness to establish a tax increment financing district
26 coterminous with the boundaries of the zone, as well as
27 interested businesses, potential financiers, and appropriate
28 state and federal agencies.

29 Subd. 2. [BUSINESS PLAN.] Before designation of an
30 international economic development zone under section 469.322,
31 the governing body of the foreign trade zone authority shall
32 prepare a business plan. The plan must include an analysis of
33 the economic feasibility of the regional distribution center
34 once it becomes operational and of the operations of freight
35 forwarders and other businesses that choose to locate within the
36 boundaries of the zone. The analysis must provide profitability

1 models that:

2 (1) include the benefits of the incentives;

3 (2) estimate the amount of time needed to achieve
4 profitability; and

5 (3) analyze the length of time incentives will be necessary
6 to the economic viability of the regional distribution center.

7 If the governing body of the foreign trade authority
8 determines that the models do not establish the economic
9 feasibility of the project, the regional distribution center
10 does not meet the development requirements of this section and
11 section 469.322.

12 Subd. 3. [PORT AUTHORITY POWERS.] The governing body of
13 the foreign trade zone authority may establish a port authority
14 that has the same powers as a port authority established under
15 section 469.049. If the foreign trade zone authority
16 establishes a port authority, the governing body of the foreign
17 trade zone authority shall exercise all powers granted to a city
18 by sections 469.048 to 469.068 or other law.

19 Subd. 4. [BUSINESS SUBSIDY LAW.] Tax exemptions, job
20 credits, and tax increment financing provided under this section
21 are business subsidies for the purpose of sections 116J.993 to
22 116J.995.

23 [EFFECTIVE DATE.] This section is effective the day
24 following final enactment.

25 Sec. 16. [469.324] [TAX INCENTIVES IN INTERNATIONAL
26 ECONOMIC DEVELOPMENT ZONE.]

27 Subdivision 1. [AVAILABILITY.] Qualified businesses that
28 operate in an international economic development zone,
29 individuals who invest in a regional distribution center or
30 qualified businesses that operate in an international economic
31 development zone, and property located in an international
32 economic development zone qualify for:

33 (1) exemption from individual income taxes as provided
34 under section 469.325;

35 (2) exemption from corporate franchise taxes as provided
36 under section 469.326;

1 (3) exemption from the state sales and use tax and any
2 local sales and use taxes on qualifying purchases as provided in
3 section 297A.68, subdivision 40;

4 (4) exemption from the property tax as provided in section
5 272.02, subdivision 68;

6 (5) the jobs credit allowed under section 469.327; and

7 (6) tax increment financing as provided in this chapter.

8 Subd. 2. [DURATION.] (a) Except as provided in paragraph
9 (b), the tax incentives described in subdivision 1, clauses (1),
10 (2), and (5), are available for no more than 12 consecutive
11 taxable years for any taxpayer that claims them. The tax
12 incentives described in subdivision 1, clause (3), are available
13 for each taxpayer that claims them for taxes otherwise payable
14 on transactions during a period of 12 years from the date when
15 the first exemption is claimed by that taxpayer under each
16 exemption. The property tax exemption described under
17 subdivision 1, clause (4), is available for any parcel of
18 property for 12 consecutive taxes payable years. No exemptions
19 described in subdivision 1, clauses (1) to (5), are available
20 after December 31, 2021.

21 (b) For taxpayers that are freight forwarders, the
22 durations provided under paragraph (a) are reduced to six years.

23 Sec. 17. [469.325] [INDIVIDUAL INCOME TAX EXEMPTION.]

24 Subdivision 1. [APPLICATION.] An individual operating a
25 trade or business in an international economic development zone,
26 and an individual making a qualifying investment in a qualified
27 business operating in an international economic development zone
28 qualifies for the exemptions from taxes imposed under chapter
29 290, as provided in this section. The exemptions provided under
30 this section apply only to the extent that the income otherwise
31 would be taxable under chapter 290. Subtractions under this
32 section from federal taxable income, alternative minimum taxable
33 income, or any other base subject to tax are limited to the
34 amount that otherwise would be included in the tax base absent
35 the exemption under this section. This section applies only to
36 taxable years beginning during the duration of the zone.

1 Subd. 2. [RENTS.] An individual is exempt from the taxes
2 imposed under chapter 290 on net rents derived from real or
3 tangible personal property located in a zone for a taxable year
4 in which the zone was designated an international economic
5 development zone. If tangible personal property was used both
6 within and outside of the zone, the exemption amount for the net
7 rental income must be multiplied by a fraction, the numerator of
8 which is the number of days the property was used in the zone
9 and the denominator of which is the total days.

10 Subd. 3. [BUSINESS INCOME.] An individual is exempt from
11 the taxes imposed under chapter 290 on net income from the
12 operation of a qualified business in an international economic
13 development zone. If the trade or business is carried on within
14 and without the zone and the individual is not a resident of
15 Minnesota, the exemption must be apportioned based on the zone
16 percentage for the taxable year. If the trade or business is
17 carried on within and without the zone and the individual is a
18 resident of Minnesota, the exemption must be apportioned based
19 on the zone percentage for the taxable year, except the ratios
20 under section 469.321, subdivision 9, clause (1), items (i) and
21 (ii), must use the denominators of the property and payroll
22 factors determined under section 290.191. No subtraction is
23 allowed under this section in excess of 20 percent of the sum of
24 the international economic development zone payroll and the
25 adjusted basis of the property at the time that the property is
26 first used in the international economic development zone by the
27 business.

28 Subd. 4. [CAPITAL GAINS.] (a) An individual is exempt from
29 the taxes imposed under chapter 290 on:

30 (1) net gain derived on a sale or exchange of real property
31 located in the international economic development zone and used
32 by a qualified business. If the property was held by the
33 individual during a period when the zone was not designated, the
34 gain must be prorated based on the percentage of time, measured
35 in calendar days, that the real property was held by the
36 individual during the period the zone designation was in effect

1 to the total period of time the real property was held by the
2 individual;

3 (2) net gain derived on a sale or exchange of tangible
4 personal property used by a qualified business in the
5 international economic development zone. If the property was
6 held by the individual during a period when the zone was not
7 designated, the gain must be prorated based on the percentage of
8 time, measured in calendar days, that the property was held by
9 the individual during the period the zone designation was in
10 effect to the total period of time the property was held by the
11 individual. If the tangible personal property was used outside
12 of the zone during the period of the zone's designation, the
13 exemption must be multiplied by a fraction, the numerator of
14 which is the number of days the property was used in the zone
15 during the time of the designation and the denominator of which
16 is the total days the property was held during the time of the
17 designation; and

18 (3) net gain derived on a sale of an ownership interest in
19 a qualified business operating in the international economic
20 development zone, meeting the requirements of paragraph (b).
21 The exemption on the gain must be multiplied by the zone
22 percentage of the business for the taxable year prior to the
23 sale.

24 (b) A qualified business meets the requirements of
25 paragraph (a), clause (3), if it is a corporation, an S
26 corporation, or a partnership, and for the taxable year its
27 international economic development zone percentage exceeds 25
28 percent. For purposes of paragraph (a), clause (3), the zone
29 percentage must be calculated by modifying the ratios under
30 section 469.321, subdivision 9, clause (1), items (i) and (ii),
31 to use the denominators of the property and payroll factors
32 determined under section 290.191. Upon the request of an
33 individual holding an ownership interest in the entity, the
34 entity must certify to the owner, in writing, the international
35 economic development zone percentage needed to determine the
36 exemption.

1 [EFFECTIVE DATE.] This section is effective for taxable
2 years beginning after December 31, 2005.

3 Sec. 18. [469.326] [CORPORATE FRANCHISE TAX EXEMPTION.]

4 (a) A qualified business is exempt from taxation under
5 section 290.02, the alternative minimum tax under section
6 290.0921, and the minimum fee under section 290.0922, on the
7 portion of its income attributable to operations within the
8 international economic development zone. This exemption is
9 determined as follows:

10 (1) for purposes of the tax imposed under section 290.02,
11 by multiplying its taxable net income by its zone percentage and
12 subtracting the result in determining taxable income;

13 (2) for purposes of the alternative minimum tax under
14 section 290.0921, by multiplying its alternative minimum taxable
15 income by its zone percentage and reducing alternative minimum
16 taxable income by this amount; and

17 (3) for purposes of the minimum fee under section 290.0922,
18 by excluding property and payroll in the zone from the
19 computations of the fee or by exempting the entity under section
20 290.0922, subdivision 2, clause (8).

21 (b) No subtraction is allowed under this section in excess
22 of 20 percent of the sum of the corporation's international
23 economic development zone payroll and the adjusted basis of the
24 property at the time that the property is first used in the
25 international economic development zone by the corporation.

26 (c) This section applies only to taxable years beginning
27 during the duration of the international economic development
28 zone.

29 [EFFECTIVE DATE.] This section is effective for taxable
30 years beginning after December 31, 2005.

31 Sec. 19. [469.327] [JOBS CREDIT.]

32 Subdivision 1. [CREDIT ALLOWED.] A qualified business is
33 allowed a credit against the taxes imposed under chapter 290.
34 The credit equals seven percent of the:

35 (1) lesser of:

36 (i) zone payroll for the taxable year, less the zone

1 payroll for the base year; or

2 (ii) total Minnesota payroll for the taxable year, less
3 total Minnesota payroll for the base year; minus

4 (2) \$30,000 multiplied by the number of full-time
5 equivalent employees that the qualified business employs in the
6 international economic development zone for the taxable year,
7 minus the number of full-time equivalent employees the business
8 employed in the zone in the base year, but not less than zero.

9 Subd. 2. [DEFINITIONS.] (a) For purposes of this section,
10 the following terms have the meanings given.

11 (b) "Base year" means the taxable year beginning during the
12 calendar year prior to the calendar year in which the zone
13 designation took effect.

14 (c) "Full-time equivalent employees" means the equivalent
15 of annualized expected hours of work equal to 2,080 hours.

16 (d) "Minnesota payroll" means the wages or salaries
17 attributed to Minnesota under section 290.191, subdivision 12,
18 for the qualified business or the unitary business of which the
19 qualified business is a part, whichever is greater.

20 (e) "Zone payroll" means wages or salaries used to
21 determine the zone payroll factor for the qualified business,
22 less the amount of compensation attributable to any employee
23 that exceeds \$100,000.

24 Subd. 3. [INFLATION ADJUSTMENT.] For taxable years
25 beginning after December 31, 2006, the dollar amounts in
26 subdivision 1, clause (2), and subdivision 2, paragraph (e), are
27 annually adjusted for inflation. The commissioner of revenue
28 shall adjust the amounts by the percentage determined under
29 section 290.06, subdivision 2d, for the taxable year.

30 Subd. 4. [REFUNDABLE.] If the amount of the credit exceeds
31 the liability for tax under chapter 290, the commissioner of
32 revenue shall refund the excess to the qualified business.

33 Subd. 5. [APPROPRIATION.] An amount sufficient to pay the
34 refunds authorized by this section is appropriated to the
35 commissioner of revenue from the general fund.

36 [EFFECTIVE DATE.] This section is effective for taxable

1 years beginning after December 31, 2005.

2 Sec. 20. [469.328] [REPAYMENT OF TAX BENEFITS.]

3 Subdivision 1. [REPAYMENT OBLIGATION.] A person must repay
4 the amount of the tax reduction received under section 469.324,
5 subdivision 1, clauses (1) to (5), or refund received under
6 section 469.327, during the two years immediately before it
7 ceased to operate in the zone, if the person ceased to operate
8 its facility located within the zone or otherwise ceases to be
9 or is not a qualified business.

10 Subd. 2. [DISPOSITION OF REPAYMENT.] The repayment must be
11 paid to the state to the extent it represents a state tax
12 reduction and to the county to the extent it represents a
13 property tax reduction. Any amount repaid to the state must be
14 deposited in the general fund. Any amount repaid to the county
15 for the property tax exemption must be distributed to the local
16 governments with authority to levy taxes in the zone in the same
17 manner provided for distribution of payment of delinquent
18 property taxes. Any repayment of local sales or use taxes must
19 be repaid to the jurisdiction imposing the local sales or use
20 tax.

21 Subd. 3. [REPAYMENT PROCEDURES.] (a) For the repayment of
22 taxes imposed under chapter 290 or 297A or local taxes collected
23 pursuant to section 297A.99, a person must file an amended
24 return with the commissioner of revenue and pay any taxes
25 required to be repaid within 30 days after ceasing to be a
26 qualified business. The amount required to be repaid is
27 determined by calculating the tax for the period for which
28 repayment is required without regard to the tax reductions
29 allowed under section 469.324.

30 (b) For the repayment of property taxes, the county auditor
31 shall prepare a tax statement for the person, applying the
32 applicable tax extension rates for each payable year and provide
33 a copy to the business. The person must pay the taxes to the
34 county treasurer within 30 days after receipt of the tax
35 statement. The taxpayer may appeal the valuation and
36 determination of the property tax to the tax court within 30

1 days after receipt of the tax statement.

2 (c) The provisions of chapters 270 and 289A relating to the
3 commissioner of revenue's authority to audit, assess, and
4 collect the tax and to hear appeals are applicable to the
5 repayment required under paragraph (a). The commissioner may
6 impose civil penalties as provided in chapter 289A, and the
7 additional tax and penalties are subject to interest at the rate
8 provided in section 270.75, from 30 days after ceasing to do
9 business in the zone until the date the tax is paid.

10 (d) If a property tax is not repaid under paragraph (b),
11 the county treasurer shall add the amount required to be repaid
12 to the property taxes assessed against the property for payment
13 in the year following the year in which the treasurer discovers
14 that the person ceased to operate in the international economic
15 development zone.

16 (e) For determining the tax required to be repaid, a tax
17 reduction is deemed to have been received on the date that the
18 tax would have been due if the person had not been entitled to
19 the tax reduction.

20 (f) The commissioner of revenue may assess the repayment of
21 taxes under paragraph (c) at any time within two years after the
22 person ceases to be a qualified business, or within any period
23 of limitations for the assessment of tax under section 289A.38,
24 whichever is later.

25 [EFFECTIVE DATE.] This section is effective the day
26 following final enactment.

27 Sec. 21. [DEPARTMENT OF EMPLOYMENT AND ECONOMIC
28 DEVELOPMENT STUDY; INTERNATIONAL AIR FREIGHT.]

29 The commissioner of employment and economic development
30 must study and analyze the issue of whether the state would
31 benefit from more than one international economic development
32 zone as defined in Minnesota Statutes, section 469.321. The
33 commissioner shall solicit input on the issue from businesses,
34 communities, and economic development organizations. The
35 commissioner must report the results of the study and analysis
36 to the committees of the legislature having jurisdiction over

- 1 economic development issues by December 1, 2005, along with any
- 2 legislative recommendations.

MINNESOTA • REVENUE

PROPERTY TAX Reduce MV Credits to Taxpayers

April 25, 2005

Department of Revenue
Analysis of H.F. 2339 (Lenczewski) / S.F. 2043 (Rest)

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective for taxes payable in 2006 and thereafter.

EXPLANATION OF THE BILL

The bill requires county auditors to pass on market value credit reimbursement reductions, if enacted, to taxpayers. Cuts to the local jurisdictions will be apportioned to property owners. For taxes payable 2003 and 2004, market value credit reimbursement reductions were absorbed by local units of government.

REVENUE ANALYSIS DETAIL

- There are no reductions in market value credit reimbursements scheduled in current law for taxes payable in 2006 or thereafter.
- Any newly-enacted market value credit reimbursement reductions would result in an increase in homestead taxes and an increase in state paid property tax refunds.

Number of Taxpayers: None.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

hf2339(sf2043)_1 / LM