

Senators Ourada, Olson and Dille introduced--

S.F. No. 81: Referred to the Committee on Finance.

1 A bill for an act

2 relating to education finance; expanding the use of  
3 the building lease levy; amending Minnesota Statutes  
4 2004, section 126C.40, subdivision 1.

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

6 Section 1. Minnesota Statutes 2004, section 126C.40,  
7 subdivision 1, is amended to read:

8 Subdivision 1. [TO LEASE BUILDING OR LAND.] (a) When an  
9 independent or a special school district or a group of  
10 independent or special school districts finds it economically  
11 advantageous to rent or lease a building or land for any  
12 instructional purposes or for school storage or furniture  
13 repair, and it determines that the operating capital revenue  
14 authorized under section 126C.10, subdivision 13, is  
15 insufficient for this purpose, it may apply to the commissioner  
16 for permission to make an additional capital expenditure levy  
17 for this purpose. An application for permission to levy under  
18 this subdivision must contain financial justification for the  
19 proposed levy, the terms and conditions of the proposed lease,  
20 and a description of the space to be leased and its proposed use.

21 (b) The criteria for approval of applications to levy under  
22 this subdivision must include: the reasonableness of the price,  
23 the appropriateness of the space to the proposed activity, the  
24 feasibility of transporting pupils to the leased building or  
25 land, conformity of the lease to the laws and rules of the state

1 of Minnesota, and the appropriateness of the proposed lease to  
2 the space needs and the financial condition of the district.  
3 The commissioner must not authorize a levy under this  
4 subdivision in an amount greater than 90 percent of the cost to  
5 the district of renting or leasing a building or land for  
6 approved purposes. The proceeds of this levy must not be used  
7 for custodial or other maintenance services. A district may not  
8 levy under this subdivision for the purpose of leasing or  
9 renting a district-owned building or site to itself.

10 (c) For agreements finalized after July 1, 1997, a district  
11 may not levy under this subdivision for the purpose of leasing:

12 (1) a newly constructed building used primarily for regular  
13 kindergarten, elementary, or secondary instruction; or (2) a  
14 newly constructed building addition or additions used primarily  
15 for regular kindergarten, elementary, or secondary instruction  
16 that contains more than 20 percent of the square footage of the  
17 previously existing building.

18 (d) Notwithstanding paragraph (b), a district may levy  
19 under this subdivision for the purpose of leasing or renting a  
20 district-owned building or site to itself only if the amount is  
21 needed by the district to make payments required by a lease  
22 purchase agreement, installment purchase agreement, or other  
23 deferred payments agreement authorized by law, and the levy  
24 meets the requirements of paragraph (c). A levy authorized for  
25 a district by the commissioner under this paragraph may be in  
26 the amount needed by the district to make payments required by a  
27 lease purchase agreement, installment purchase agreement, or  
28 other deferred payments agreement authorized by law, provided  
29 that any agreement include a provision giving the school  
30 districts the right to terminate the agreement annually without  
31 penalty.

32 (e) The total levy under this subdivision for a district  
33 for any year must not exceed \$90 times the resident pupil units  
34 for the fiscal year to which the levy is attributable.

35 (f) For agreements for which a review and comment have been  
36 submitted to the Department of Education after April 1, 1998,

1 the term "instructional purpose" as used in this subdivision  
2 excludes expenditures on stadiums.

3 (g) The commissioner of education may authorize a school  
4 district to exceed the limit in paragraph (e) if the school  
5 district petitions the commissioner for approval. The  
6 commissioner shall grant approval to a school district to exceed  
7 the limit in paragraph (e) for not more than five years if the  
8 district meets the following criteria:

9 (1) the school district has been experiencing pupil  
10 enrollment growth in the preceding five years;

11 (2) the purpose of the increased levy is in the long-term  
12 public interest;

13 (3) the purpose of the increased levy promotes colocation  
14 of government services; and

15 (4) the purpose of the increased levy is in the long-term  
16 interest of the district by avoiding over construction of school  
17 facilities.

18 (h) A school district that is a member of an intermediate  
19 school district may include in its authority under this section  
20 90 percent of the costs associated with leases of administrative  
21 and classroom space for intermediate school district programs.  
22 This authority must not exceed \$22.50 times the adjusted  
23 marginal cost pupil units of the member districts. This  
24 authority is in addition to any other authority authorized under  
25 this section.

26 (i) In addition to the allowable capital levies in  
27 paragraph (a), a district that is a member of the "Technology  
28 and Information Education Systems" data processing joint board,  
29 that finds it economically advantageous to enter into a lease  
30 purchase agreement for a building for a group of school  
31 districts or special school districts for staff development  
32 purposes, may levy for its portion of lease costs attributed to  
33 the district within the total levy limit in paragraph (e).

34 (j) A school district that is a member of the Wright  
35 Technical Center may include in its authority under this section  
36 90 percent of the costs associated with leases of administrative

1 and classroom space at the Wright Technical Center. This  
2 authority must not exceed \$22.50 times the adjusted marginal  
3 cost pupil units of the member districts. This authority may be  
4 in addition to any other authority authorized under this section.

**Fiscal Note – 2005-06 Session**

**Bill #:** S0081-0 **Complete Date:** 02/18/05

**Chief Author:** OURADA, MARK

**Title:** WRIGHT TECH CTR SCHOOL LEVY AUTH

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
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)	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Expenditures</b>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalent</b>					
-- No Impact --					
<b>Total FTE</b>					

**Bill Description**

S.F. 81 authorizes the 10 component districts of the Wright Technical Cooperative to have an additional lease levy authority for 90% of the costs for administrative and classroom space, but limited to \$22.50 times each district's adjusted marginal cost pupil units.

**Assumptions**

This levy limitation is in addition to the regular lease levy limitation. The regular lease levy limitation has a limitation of \$90 per resident pupil unit. Some of the member districts would reach this limit in the near future with the additional leases proposed by the cooperative.

Current annual lease costs for the cooperative organization, Wright Technical Center, are \$337,632. This amount supports two facility leases that have about 4 years until expiration. The ten member districts levied \$303,868.80 in the pay 2005 levy cycle for these costs. It is assumed that the existing lease purchase costs for FY 07 and FY 08 would be the same as FY 06.

Based on a conversation in the past year with the director of the Wright County Tech. Coop., additional new lease purchase costs would be approximately \$300,000. This annual cost would support construction, renovations, and related costs totaling approximately \$3 million. Initial plans would use the additional levy authority provided in the payable 2006 levy cycle.

It is also assumed that the proportional allocation of lease costs to the member districts for FY 06 would continue in later years.

Levy changes 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.

**Expenditure and/or Revenue Formula**

Savings or costs due to the tax shift are dependent upon the year in which the cooperative and member districts enter a lease purchase agreement and the actual amount of the additional levy.

Tax Shift in thousands		Rate	0.486	
	Pay 2006	Pay 2007	Pay 2008	Pay 2009
Levy Amt	259.0	259.0	259.0	259.0
Early Levy Recognition	125.9	125.9	125.9	125.9
Aid Cost (Savings) General Education Appropriation	(125.9)	-	-	-

**Long-Term Fiscal Considerations**

This change would be permanent.

**Local Government Costs**

For Payable 06 (FY 2007) and later years, the total lease levy would increase by \$258,981.42 (562,850.22 – 303,868.80). Currently, the cooperative has four years remaining on each of their two leases and the final lease payment will be made in 2008. After that time, the levy for member districts will decrease unless there is a further need for facilities.

This provision would increase property taxes in the 10 member districts.

Dist	FY 06 Net	Pay 05	FY 07 est.	Add'l Net	Total Annual	Lease Limit	Limit
Num. District Name	Lease Costs	Lease Levy	AMC P.U.	Lease Costs	Lease Costs	90% X Costs or 22.50 x P.U.	Per PU

876 Annandale	29,782.00	26,803.80	1,986	26,462.54	56,244.54	44,685.00	22.50
726 Becker	29,582.00	26,623.80	3,171	26,284.83	55,866.83	50,280.15	15.86
727 Big Lake	35,274.00	31,746.60	3,946	31,342.41	66,616.41	59,954.77	15.19
877 Buffalo	66,439.00	59,795.10	6,668	59,033.80	125,472.80	112,925.52	16.94
879 Delano	28,848.00	25,963.20	2,315	25,632.64	54,480.64	49,032.58	21.18
2687 Howard Lake W	17,923.00	16,130.70	1,128	15,925.33	33,848.33	25,380.00	22.50
881 Maple Lake	13,251.00	11,925.90	1,033	11,774.06	25,025.06	22,522.56	21.80
882 Monticello	52,198.00	46,978.20	4,770	46,380.08	98,578.08	88,720.27	18.60
883 Rockford	24,511.00	22,059.90	1,948	21,779.04	46,290.04	41,661.03	21.39
885 St. Michael	39,824.00	35,841.60	4,997	35,385.27	75,209.27	67,688.34	13.55
Total	337,632.00	303,868.80	31,962	300,000.00	637,632.00	562,850.22	
			Ratio	0.88854137			

Agency Contact Name: Bill Kiesow 651-582-8801  
 FN Coord Signature: AUDREY BOMSTAD  
 Date: 02/17/05 Phone: 582-8793

### **EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER  
 Date: 02/18/05 Phone: 296-6661

Senators Skoe and Stumpf introduced--

S.F. No. 593: Referred to the Committee on Finance.

1                                   A bill for an act

2           relating to education finance; making adjustments to

3           the Department of Education's treatment of the

4           Fertile-Beltrami tax base when making levy adjustments.

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

6           Section 1. [TAX BASE ADJUSTMENTS, FERTILE-BELTRAMI.]

7           (a) The commissioner of education, when making offsetting

8           levy adjustments between levy categories to ensure that each

9           levy category is positive for Independent School District No.

10          599, Fertile-Beltrami, shall make such adjustments first between

11          levy categories that are imposed on identical tax bases before

12          making such adjustments between levy categories that are imposed

13          on different tax bases. The commissioner may make offsetting

14          levy adjustments between the general fund and the debt service

15          fund, if necessary.

16          (b) The commissioner of education must make the offsetting

17          levy adjustments according to the process in paragraph (a) until

18          Independent School District No. 599, Fertile-Beltrami's current

19          referendum authority, under Minnesota Statutes, section 126C.17,

20          expires.



**Fiscal Note – 2005-06 Session**

**Bill #:** S0593-0 **Complete Date:** 02/11/05

**Chief Author:** SKOE, ROD

**Title:** ISD#599; TAX BASE ADJUSTMENT REQ

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
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
<b>Expenditures</b>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalent</b>					
-- No Impact --					
<b>Total FTE</b>					

**Bill Description**

This bill is asking that the order in which offsetting levy adjustments for Independent School District #599, Fertile-Beltrami are taken is changed so the tax base on which the levy is to be spread is considered first before fund integrity is considered. This would mean that the offsetting entries for this district would be taken against the debt fund before it would be taken against the referendum levy.

A school district's levy is made up of many levy components, which are grouped into seven levy categories. The seven categories are necessary so the total levy can be identified first by fund (general, community service, or debt for district accounting use), second by property valuation [Referendum Market Value (RMV) or Net Tax Capacity (NTC)] used by the county to spread the levy), and then by voter or non-voter-approved (as required to be shown on the Truth-in-Taxation notice).

In order for the county to compute tax rates, each levy category must be equal to or greater than zero. If the school district has a category that is negative, the levy in that category is increased to zero. An offsetting levy adjustment is then made to reduce another category (or categories, if needed) by an equal amount. In total, the offsetting adjustments generally do not change the total levy but only shift the levy between levy categories.

**Assumptions**

The district has a large negative adjustment in the General Other NTC category every year because of their Facilities & Equipment Bond.

**Expenditure and/or Revenue Formula**

No state impact

**Long-Term Fiscal Considerations**

The bill is effective only as long as the current referendum authority of the district is in place. The district currently has referendum authority of \$1.24 per pupil which goes through FY 2011 and additional referendum authority of \$1,200 per pupil which goes through FY 2014.

**Local Government Costs**

The district's levy authority, offset adjustments, and underlevy for taxes payable 2005 under current law are reflected in the table below.

<b>Taxes Payable 2005 District #599 Current Law</b>	Positive Levies	Negative Levies	Levy Limit	Offset Adjustments	Net Limit	Levy Reduction by Board	Certified Levy
General Voter RMV	\$266,311		\$266,311	(\$91,443)	\$174,867	\$0	\$174,867
General Other RMV	7,638	(3,272)	4,366	(4,366)	0	0	0
General Voter NTC	0	0	0	0	0	0	0
General Other NTC	77,965	(115,041)	(37,076)	95,809	58,733	(58,733)	0
Community Service NTC	29,874	0	29,874	0	29,874	0	29,874
Debt Voter NTC	213,839	(10,811)	203,028	0	203,028	0	203,028
Debt Other NTC	113,601	(5,510)	108,091	0	108,091	0	108,091
<b>Total</b>	<b>\$709,227</b>	<b>(\$134,633)</b>	<b>\$574,594</b>		<b>\$0 \$574,594</b>	<b>(\$58,733)</b>	<b>\$515,860</b>

The district's levy authority, offset adjustments, and underlevy for taxes payable 2005 under this proposal are reflected in the table below.

<b>Taxes Payable 2005 District #599 Proposed</b>	Positive Levies	Negative Levies	Levy Limit	Offset Adjustments	Net Limit	Levy Reduction by Board	Certified Levy
--	--------------------	--------------------	---------------	-----------------------	-----------	-------------------------------	-------------------

General Voter RMV	\$266,311		\$0 \$266,311		0 \$266,311		\$0 \$266,311
General Other RMV	7,638	(3,272)	4,366		0 4,366		0 4,366
General Voter NTC	0	0	0		0 0		0 0
General Other NTC	77,965	(115,041)	(37,076)		95,809 58,733	(58,733)	0
Community Service NTC	29,874	0	29,874		(29,874) 0		0 0
Debt Voter NTC	213,839	(10,811)	203,028		(65,935) 137,093		0 137,093
Debt Other NTC	113,601	(5,510)	108,091		0 108,091		0 108,091
<b>Total</b>	<b>\$709,227</b>	<b>(\$134,633)</b>	<b>\$574,594</b>		<b>\$0 \$574,594</b>	<b>(\$58,733)</b>	<b>\$515,860</b>

The total levy of the district does not change, but more is spread on the referendum market value (RMV) of the district and less is spread on the net tax capacity (NTC) of the district.

RMV does not adjust values for tax class rates (so commercial/industrial property is valued at the same level as residential property) and excludes agricultural property (other than the house and one acre) and residential seasonal recreation property. NTC is weighted for the tax class rates (so commercial/industrial property is weighted more heavily than residential property) and agricultural property and residential seasonal recreation property are not excluded.

Agency Contact Name: Leemon, Colleen 651-582-8566  
 FN Coord Signature: AUDREY BOMSTAD  
 Date: 02/10/05 Phone: 582-8793

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER  
 Date: 02/11/05 Phone: 296-6661

Senator Kubly introduced--

S.F. No. 807: Referred to the Committee on Finance.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13

A bill for an act

relating to education; authorizing a severance levy  
for Independent School District No. 2853, Lac qui  
Parle Valley.

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

Section 1. [SEVERANCE LEVY; LAC QUI PARLE VALLEY.]

Independent School District No. 2853, Lac qui Parle Valley,  
may levy an amount up to \$150,000 each year for a period of ten  
years for severance and early retirement benefits for licensed  
employees who retired as a result of the district's  
consolidation that was effective July 1996.

[EFFECTIVE DATE.] This section is effective for taxes  
payable in 2006 and later years.

# SF 807 / HF 1033

## Lac qui Parle Valley School District #2853

### SEVERANCE LEVY AUTHORIZATION

**History of Cooperative Efforts**

- 1988 Joint Powers Agreement for Lac qui Parle Valley High School District #6011  
(Appleton, Madison, Milan, Marietta/Nassau)
- 1993 Consolidation of Madison and Marietta/Nassau into District #2153
- 1994 Pairing and Sharing Agreement between Appleton and Milan
- 1995 Combination of all districts into District #2853

Each of these cooperative efforts resulted in lay-offs of younger staff and led to the Lac qui Parle Valley School District retaining a very senior staff. As this unusually large number of older staff members reach retirement, their severance benefits are having a serious negative impact on the district's budget. When staff members retire, the District must reserve funds to cover the severance and retirement obligation. Without additional resources, the district will continue to take these funds from the general operating fund. Budgeting these reserves from the general operating fund during a time of declining enrollment has compounded the financial impact. Even though the cooperative efforts helped the District operate more efficiently, the mass retirement of the resulting senior staff is now negatively affecting instruction and learning.

**Effects of Cooperative Efforts on Licensed Staff**

	<u>Enrollment</u>	<u>Staff</u>
1988-89 (Prior to Cooperative Efforts)	1538	134 FTE
2004-05	1035	79 FTE
<i>This reflects a 41% reduction in staff while enrollment has declined 33%</i>		

**Anticipated Retirements and District Obligation**

	<u>Retirees</u>	<u>Obligation</u>
By 2010	34 FTE (43% of present staff)	\$ 1,845,600
By 2015	43 FTE (54% of present staff)	\$ 2,185,000

The District is requesting authority to levy up to \$150,000 per year for a maximum of \$1,500,000. This local levy revenue will be reserved for Severance/Retirement Benefits.

**Precedent Legislation**

2000 Legislation granted Mesabi East School District similar levy authority because of their 1991 combination.

**Questions? Contact:** *Robert Munsterman, Supt.*  
*320-752-4205*  
*robertm@lqpv.org*

## District Facts

- District encompasses 765 square miles
  - Former districts: Appleton, Madison, Milan, Marietta/Nassau
  
- School Tax Comparisons
  - LqPV Average           \$84 per home
  - Area Average           \$162 per home (*Ranges from \$84 to \$308*)
  - State Average           \$229 per home
  
- Local Support / Confidence
  - Passed all 4 levy requests in the past 15 years
  - Passed 3 of 4 referendums with at least 62% voting “YES”
  
- The district has negotiated language that will phase out some of the retiree benefits.
  
- The severance authority that accompanied the 1995 Cooperation and Combination has expired..
  
- 2004 Fiscal Information
  - Unreserved/undesignated fund balance -- \$857,716 (7.4% of Operating Budget)
  - Present value of severance payable -- \$933,486
  - Current severance reserve -- \$239,206
  - Current Referendum -- \$701,939 (503.46 / RMCPU)
  - Equalized @ 72% aid / 28% levy
  - Expires in 2006 payable 2007

Senators Dille and Neuville introduced--  
S.F. No. 696: Referred to the Committee on Finance

A bill for an act

relating to education; authorizing a levy for  
Independent School District No. 2859, Glencoe-Silver  
Lake.

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

Section 1. [LEVY; GLENCOE-SILVER LAKE.]

For taxes payable in 2006 only, Independent School District  
No. 2859, Glencoe-Silver Lake, may levy an amount up to \$81,276.  
Of that amount, \$63,850 is for recovering the cost of replacing  
a gymnasium floor at Lakeside Elementary School resulting from  
storm damage and \$17,426 is for recovering the cost of the  
Lincoln Junior High School water service line and associated  
work.

[EFFECTIVE DATE.] This section is effective for taxes  
payable in 2006.

Senator Murphy introduced--

S.F. No. 50: Referred to the Committee on Finance.

1                                   A bill for an act  
2           relating to education; authorizing a levy for  
3           Independent School District No. 256, Red Wing.  
4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:  
5           Section 1. [LEVY; RED WING.]  
6           For taxes payable in 2006 only, Independent School District  
7 No. 256, Red Wing, may levy an amount up to \$..... for the  
8 construction deficit for building the community ice arena.  
9           [EFFECTIVE DATE.] This section is effective for revenue for  
10 fiscal year 2006.



**Fiscal Note – 2005-06 Session**

**Bill #:** S0050-0 **Complete Date:** 02/11/05

**Chief Author:** MURPHY, STEVE

**Title:** AUTHORIZE LEVY FOR ISD 256

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
<b>Expenditures</b>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

**Bill Description**

This bill allows district #256, Red Wing, to levy for the construction deficit for building a community ice arena. This is the Prairie Island Ice Arena located at the high school site. The district owns the ice arena (holds the title).

**Assumptions**

The district's ice arena was built with community donations and pledges and opened in 1999. Donations and construction was recorded in the district's Agency Fund.

The district incurred a debt from the construction of the ice arena. The shortfall was due to individual pledges for the construction of the ice arena not being honored and the ice arena construction experiencing some minor cost overruns. The cost overruns and pledge shortfall was charged to the district's community service fund (Fund 4). It is assumed the levy would be made in Fund 4 to restore the community service fund balance.

The district has stated that the deficit for the ice area is \$205,000 and \$5,494 for an Environmental Learning Center for a total of \$210,494. It is assumed that the bill would not authorize the district to levy for the Environmental Learning Center.

Community Service funds are not allowed to be used for building construction projects. Negative cash balances in the Agency Fund, where construction was accounted for, were charged to the Community Service Fund with an audit adjustment of \$158,196 on 12/30/03 and included in the FY 2003 district audit report. Additional costs may have been charged at an earlier or later date to equal \$205,000.

Appropriately, the district would have charged the general fund for cost overruns (if the district was responsible for overruns) per M.S. 123B.79, which state - except as provided in this subdivision, sections 123B.51, 123B.80, 475.61, and 475.65, a district may not permanently transfer money from (1) an operating fund to a non-operating fund; (2) a non-operating fund to another non-operating fund; or (3) a non-operating fund to an operating fund. Permanent transfers may be made from any fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to any other operating funds according to section 121A.19 or if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, the balance shall cancel to the district's general fund.

The school district reported a June 30, 2004 General Fund Balance of (\$1,003,633.12). The school district has had the following General Fund Balances

June 30 2003	(\$1,358,613.06)
June 30 2002	(\$2,137,924.22)
June 30 2001	(\$ 120,893.50)
June 20 2000	\$ 343,756.90
June 30 1999	(\$1,499,903.57)

It is assumed that the district would levy \$205,000 in Pay 06.

It is assumed that this levy will be recognized 100% early in FY 2006 given the effective date of "revenue for fiscal year 2006." As such, the levy will not provide state savings in FY 2006 or a state cost in FY 2007 due to provisions of the early levy recognition (tax shift) under M.S. 123B.75, Subd. 5.

**Expenditure and/or Revenue Formula**

The district will levy \$205,000 in the Payable 2006 levy and recognize the full amount of the levy revenue in FY 2006.

**Long-Term Fiscal Considerations**

This is a one-time levy authority for district #256 for taxes payable 2006 only.

**Local Government Costs**

This will be a one-time increase local property taxes.

Agency Contact Name: Leemon, Colleen 651-582-8566  
FN Coord Signature: AUDREY BOMSTAD  
Date: 02/10/05 Phone: 582-8793

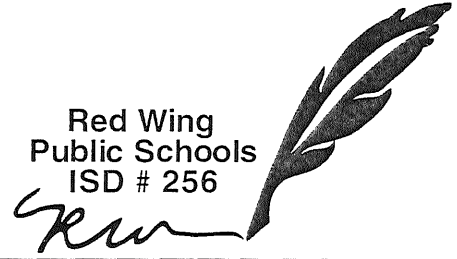
**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES  
Date: 02/11/05 Phone: 296-8674

**Red Wing Public Schools**  
2451 Eagle Ridge Drive  
Red Wing, MN 55066

Red Wing  
Public Schools  
ISD # 256



---

Stan Slessor, Superintendent  
Phone 651.385.4500

[www.redwing.k12.mn.us](http://www.redwing.k12.mn.us)

Fax 651.385.4510

March 30, 2005

Dear Committee Members:

Thank you for allowing us to testify regarding a request for expanded levy authority for the Independent School District #256.

Several years ago, the Red Wing community worked to sponsor the construction of a community ice arena that would become the property of the school upon completion. The projected facility cost was \$4 million dollars. Community fundraising was successful, and the project was completed. Due to cost overruns and approximately \$40,000 of committed pledges that were not paid, the school was left with a deficit of \$158,000.

The Red Wing School District is requesting special levy authority to recover this deficit in fiscal year 2006. The levy would be for one year only, and the cost to an owner of a \$150,000 home would be approximately \$12.00 for the year. The arena has been a tremendous success. It is used by boys and girls hockey programs for all ages, the figure skating club, fee-based open skating, and other community events.

This \$158,000 deficit lies within the general fund. The Red Wing School District has cut approximately \$5 million dollars in the past five years from the general fund due to declining enrollment and flat state funding. The recovery of \$158,000 through special levy authority would greatly help our school in terms of minimizing cuts for next year. The impact on our taxpayers is not great, and the district could stabilize class size which has grown too large in recent years.

Thank you again for giving us time in front of your committee today. We are available to answer questions and hope you will consider our request.

Sincerely,

Stan Slessor  
Superintendent of Schools

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

2 Page ..., after line ..., insert:

3 "Sec. ... Minnesota Statutes 2004, section 123B.53, is  
4 amended by adding a subdivision to read:

5 Subd. 1a. [DEBT SERVICE LEVIES; CHOICE OF TAX BASE.] A  
6 school board may by resolution elect to levy the debt service  
7 for a bond issued after July 1, 2005, against the referendum  
8 market value of the district, as defined under section 126C.01,  
9 subdivision 3, rather than the net tax capacity of the district,  
10 except that for purposes of this subdivision, noncommercial 4c(1)  
11 property under section 273.13 is valued at its market value. A  
12 resolution to levy against referendum market value must be  
13 passed at an open meeting of the board, at least 60 days prior  
14 to the referendum election.

15 [EFFECTIVE DATE.] This section is effective the day  
16 following final enactment.

17 Sec. ... Minnesota Statutes 2004, section 123B.53,  
18 subdivision 4, is amended to read:

19 Subd. 4. [DEBT SERVICE EQUALIZATION REVENUE.] (a) The debt  
20 service equalization revenue of a district equals the sum of the  
21 first tier debt service equalization revenue and the second tier  
22 debt service equalization revenue.

23 (b) The first tier debt service equalization revenue of a  
24 district equals the greater of zero or the eligible debt service  
25 revenue minus the amount raised by a levy of 15 percent times  
26 the adjusted net tax capacity of the district minus the second  
27 tier debt service equalization revenue of the district.

28 (c) The second tier debt service equalization revenue of a  
29 district equals the greater of zero or the eligible debt service  
30 revenue, excluding alternative facilities levies under section  
31 123B.59, subdivision 5, minus the amount raised by a levy of 25  
32 percent times the adjusted net tax capacity of the district.

33 (d) Debt service equalization revenue is determined as  
34 provided under this subdivision regardless of whether the debt  
35 service is being levied against net tax capacity or referendum  
36 market value.

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

2           Sec. ... Minnesota Statutes 2004, section 123B.55, is  
3 amended to read:

4           123B.55 [DEBT SERVICE LEVY.]

5           Subdivision 1. [LEVY AMOUNT.] A district may levy the  
6 amounts necessary to make payments for bonds issued and for  
7 interest on them, including the bonds and interest on them,  
8 issued as authorized by Minnesota Statutes 1974, section  
9 275.125, subdivision 3, clause (7)(C); and the amounts necessary  
10 for repayment of debt service loans and capital loans, minus the  
11 amount of debt service equalization revenue of the district.

12           Subd. 2. [AID APPORTIONMENT.] A district's debt service  
13 equalization aid shall be apportioned between the net tax  
14 capacity debt service levy and the referendum market value debt  
15 service levy in the same proportions as eligible debt service  
16 revenues resulting from bonds issued against net tax capacity  
17 are to eligible debt service revenues resulting from bonds  
18 issued against referendum market value.

19           Subd. 3. [NET TAX CAPACITY DEBT SERVICE LEVY.] The levy  
20 amount determined under subdivision 1, plus the eligible debt  
21 service revenues resulting from bonds issued against net tax  
22 capacity, minus the debt service equalization aid apportioned to  
23 the net tax capacity debt service levy, must be levied against  
24 the net tax capacity of the district as determined under section  
25 273.13 and must be included with the other net tax capacity  
26 levies certified to the county auditor under section 275.07.

27           Subd. 4. [REFERENDUM MARKET VALUE DEBT SERVICE LEVY.] The  
28 eligible debt service revenues resulting from bonds issued  
29 against referendum market value, minus the debt service  
30 equalization aid apportioned to the referendum market value debt  
31 service levy, must be levied against the referendum market value  
32 of the district as defined in section 126C.01, subdivision 3,  
33 and must be separately certified to the county auditor under  
34 section 275.07.

35           [EFFECTIVE DATE.] This section is effective beginning with  
36 taxes payable in 2006."

1 Page ..., after line ..., insert:

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

4 Subd. 6. [REFERENDUM EQUALIZATION LEVY.] (a) For fiscal  
5 year 2003 ~~and later~~ through 2007, a district's referendum  
6 equalization levy equals the sum of the first tier referendum  
7 equalization levy and the second tier referendum equalization  
8 levy.

9 (b) A district's first tier referendum equalization levy  
10 equals the district's first tier referendum equalization revenue  
11 times the lesser of one or the ratio of the district's  
12 referendum market value per resident marginal cost pupil unit to  
13 \$476,000.

14 (c) A district's second tier referendum equalization levy  
15 equals the district's second tier referendum equalization  
16 revenue times the lesser of one or the ratio of the district's  
17 referendum market value per resident marginal cost pupil unit to  
18 \$270,000.

19 Sec. ... Minnesota Statutes 2004, section 126C.17, is  
20 amended by adding a subdivision to read:

21 Subd. 6a. [LOCAL EFFORT LEVEL.] (a) For fiscal year 2008  
22 and later, a district's local effort level equals the sum of the  
23 first tier referendum equalization level and the second tier  
24 referendum local effort level.

25 (b) A district's first tier referendum local effort level  
26 equals the district's first tier referendum equalization revenue  
27 times the lesser of one or the ratio of the district's  
28 referendum market value per resident marginal cost pupil unit to  
29 \$476,000.

30 (c) A district's second tier referendum local effort level  
31 equals the district's second tier referendum equalization  
32 revenue times the lesser of one or the ratio of the district's  
33 referendum market value per resident marginal cost pupil unit to  
34 \$270,000.

5 Sec. ... Minnesota Statutes 2004, section 126C.17, is  
36 amended by adding a subdivision to read:

1        Subd. 6b. [LOCAL EFFORT REVENUE.] (a) For fiscal years  
2 2008 and later, a school district's local effort revenue is  
3 equal to its local effort level for that year.

4        (b) For referenda authorized under subdivision 9 prior to  
5 June 30, 2006, a school district's local effort revenue must be  
6 levied against the district's referendum market value according  
7 to subdivision 10.

8        (c) For referenda authorized or renewed under subdivision 9  
9 after June 30, 2006, that have been approved to be levied  
10 against referendum market value, the local effort revenue must  
11 be levied against the district's referendum market value  
12 according to subdivision 10.

13        (d) For referenda authorized or renewed under subdivision 9  
14 after June 30, 2006, that have been approved to be imposed as a  
15 school referendum tax according to section 290.0621, the local  
16 effort revenue must be raised as a tax against income liability  
17 according to section 290.0621.

18        Sec. ... Minnesota Statutes 2004, section 126C.17,  
19 subdivision 7, is amended to read:

20        Subd. 7. [REFERENDUM EQUALIZATION AID.] (a) For fiscal  
21 years 2005 through 2007, a district's referendum equalization  
22 aid equals the difference between its referendum equalization  
23 revenue and levy. For fiscal years 2008 and later, a district's  
24 referendum equalization aid equals the difference between its  
25 referendum equalization revenue and its local effort revenue.

26        (b) If a district's actual levy for first or second tier  
27 referendum equalization revenue in fiscal years 2005 through  
28 2007 is less than its maximum levy limit for that tier, aid  
29 shall be proportionately reduced. If a district's actual local  
30 effort revenue for first or second tier referendum equalization  
31 revenue in fiscal years 2008 and later is less than its maximum  
32 local effort revenue limit for that tier, aid shall be  
33 proportionately reduced.

34        (c) Notwithstanding paragraph (a), the referendum  
35 equalization aid for a district, where the referendum  
36 equalization aid under paragraph (a) exceeds 90 percent of the



1 referendum revenue, must not exceed 18.6 percent of the formula  
2 allowance times the district's resident marginal cost pupil  
3 units. For fiscal years 2005 through 2007, a district's  
4 referendum levy is increased by the amount of any reduction in  
5 referendum aid under this paragraph. For fiscal years 2008 and  
6 later, a district's local effort level is increased by the  
7 amount of any reduction in referendum aid under this paragraph.

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

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

1 ballot may state that existing referendum ~~levy~~ taxing authority  
 2 is expiring. In this case, if the referendum authority is based  
 3 on a property tax levy, the ballot may also compare the proposed  
 4 levy authority to the existing expiring levy authority, and  
 5 express the proposed increase as the amount, if any, over the  
 6 expiring referendum levy authority. The ballot must designate  
 7 the specific number of years, not to exceed ten, for which the  
 8 referendum authorization applies. The notice required under  
 9 section 275.60 may be modified to read, in cases of renewing  
 10 existing levies:

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

13 If the referendum is on a proposed income tax under section  
 14 290.0621, the notice must read:

15 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING  
 16 FOR AN INCOME TAX INCREASE."

17 The ballot may contain a textual portion with the  
 18 information required in this subdivision and a question stating  
 19 substantially the following:

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

22 If approved, an amount equal to the approved revenue per  
 23 resident marginal cost pupil unit times the resident marginal  
 24 cost pupil units for the school year beginning in the year after  
 25 the levy is certified or the income tax is imposed shall be  
 26 authorized for certification for the number of years approved,  
 27 if applicable, or until revoked or reduced by the voters of the  
 28 district at a subsequent referendum. A referendum may be  
 29 conducted on the question of converting an existing referendum  
 30 property tax levy to a school referendum income tax to be  
 31 imposed under section 290.0621.

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 for a referendum based on a  
2 property tax levy, owners must be those shown to be owners on  
3 the records of the county auditor or, in any county where tax  
4 statements are mailed by the county treasurer, on the records of  
5 the county treasurer. Every property owner whose name does not  
6 appear on the records of the county auditor or the county  
7 treasurer is deemed to have waived this mailed notice unless the  
8 owner has requested in writing that the county auditor or county  
9 treasurer, as the case may be, include the name on the records  
10 for this purpose. The notice for a referendum based on a  
11 property tax levy must project the anticipated amount of tax  
12 increase in annual dollars ~~and annual percentage~~ for typical  
13 residential homesteads, agricultural homesteads, apartments, and  
14 commercial-industrial property within the school district. For  
15 the purpose of giving mailed notice under this subdivision, for  
16 a referendum based on an income tax under section 290.0621,  
17 taxpayers must be those shown to be domiciled in the school  
18 district as indicated on the space which must be provided for  
19 this information on the Minnesota individual income tax form for  
20 the taxable year ending before the calendar year when the  
21 referendum is conducted. Every individual whose domicile is in  
22 the school district whose name does not appear on the income tax  
23 return as having a domicile in the district is deemed to have  
24 waived this mailed notice unless the individual has requested in  
25 writing that the county auditor or county treasurer, as the case  
26 may be, include the individual's name on the records for this  
27 purpose. The notice must project the anticipated amount of tax  
28 increase in annual dollars and annual percentage for typical  
29 family incomes within the school district.

30 The notice for a referendum based on a property tax levy  
31 may state that an existing referendum levy is expiring and  
32 project the anticipated amount of increase over the existing  
33 referendum levy in the first year, if any, in annual dollars and  
34 ~~annual percentage~~ for typical residential homesteads,  
35 agricultural homesteads, apartments, and commercial-industrial  
36 property within the district.

1           The notice must include the following statement: "Passage  
2 of this referendum will result in an increase in your property  
3 taxes." However, in cases of renewing existing levies, the  
4 notice may include the following statement: "Passage of this  
5 referendum may result in an increase in your property taxes."

6           The notice for a referendum based on income tax may state  
7 that an existing income tax referendum authority is expiring and  
8 project the anticipated amount of increase over the existing  
9 referendum levy in the first year, if any, in annual dollars and  
10 annual percentage for typical family incomes within the district.

11           The notice must include the following statement: "Passage  
12 of this referendum will result in an increase in your personal  
13 income taxes." However, in cases of renewing existing income  
14 tax referendum authorities, the notice may include the following  
15 statement: "Passage of this referendum may result in an  
16 increase in your personal income taxes."

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

30           (d) A petition authorized by paragraph (a) or (c) is  
31 effective if signed by a number of qualified voters in excess of  
32 15 percent of the registered voters of the district on the day  
33 the petition is filed with the board. A referendum invoked by  
34 petition must be held on the date specified in paragraph (a).

35           (e) The approval of 50 percent plus one of those voting on  
36 the question is required to pass a referendum authorized by this

1 subdivision.

2 (f) At least 15 days before the day of the referendum, the  
3 district must submit a copy of the notice required under  
4 paragraph (b) to the commissioner and to the county auditor of  
5 each county in which the district is located. Within 15 days  
6 after the results of the referendum have been certified by the  
7 board, or in the case of a recount, the certification of the  
8 results of the recount by the canvassing board, the district  
9 must notify the commissioner of the results of the referendum.

10 [EFFECTIVE DATE.] This section is effective for referenda  
11 conducted on or after July 1, 2005."

12 Page ..., after line ..., insert:

13 "Sec. ... [290.0621] [SCHOOL REFERENDUM TAX.]

14 Subdivision 1. [IMPOSITION.] In addition to all other  
15 taxes imposed by this chapter, a tax is imposed on individuals  
16 who are domiciled on the last day of the taxable year within the  
17 territory of a school district in which the voters approved an  
18 income tax increase at a referendum conducted under section  
19 126C.17, subdivision 9, for that purpose in 2006 or a subsequent  
20 year. This tax does not apply to referendums on bond issues.  
21 Individuals domiciled in the district on the last day of the  
22 taxable year are subject to the tax.

23 Subd. 2. [RATE.] The commissioner of revenue shall  
24 annually determine the rate of the tax imposed under this  
25 section as a percentage of the state income tax liability of  
26 individuals subject to the tax by each district. The school  
27 referendum tax rate is equal to the ratio of (i) the district's  
28 local effort revenue under section 126C.17, subdivision 6b, to  
29 (ii) the state income tax liability of all individuals domiciled  
30 in the district on the last day of the previous taxable year.

31 Subd. 3. [REVENUE DISTRIBUTION.] Revenue raised in  
32 subdivision 1 must be placed in a special account in the general  
33 fund. The amount necessary to make payments to school districts  
34 under this section is annually appropriated from the general  
35 fund to the commissioner of education and must be paid to school  
36 districts according to section 127A.45."

1 Page ..., after line ..., insert:

2 "Sec. ... [EDUCATION RESERVE ACCOUNT; APPROPRIATION.]

3 (a) There is created in the state treasury an education  
4 reserve account as a special revenue fund for deposit of  
5 appropriations and other receipts as provided by law.

6 (b) \$24,961,000 is appropriated from the general fund to  
7 the education reserve account in fiscal year 2006. Beginning  
8 with taxes payable in 2008, the commissioner of finance shall  
9 deposit in the education reserve account the increased amount of  
10 the state general levy for that year over the state general levy  
11 base amount for taxes payable in 2002, under Minnesota Statutes,  
12 section 275.025.

13 (c) Each year, one-half of the annual amount will be  
14 deposited in the education reserve account in the state fiscal  
15 year corresponding to the first six months of the calendar year,  
16 and the other half will be deposited in the state fiscal year  
17 corresponding to the last six months of the calendar year. The  
18 amounts in the education reserve account do not lapse or cancel  
19 each year, but remain until appropriated by law for education  
20 aid or higher education funding."

21 Renumber the sections in sequence and correct the internal  
22 references

23 Amend the title accordingly



1 used for directly funding the following purposes or for  
2 reimbursing the cities and counties who contract with the  
3 district for the following purposes: (1) to pay the costs  
4 incurred for the salaries, benefits, and transportation costs of  
5 peace officers and sheriffs for liaison in services in the  
6 district's schools; (2) to pay the costs for a drug abuse  
7 prevention program as defined in section 609.101, subdivision 3,  
8 paragraph (e), in the elementary schools; (3) to pay the costs  
9 for a gang resistance education training curriculum in the  
10 district's schools; (4) to pay the costs for security in the  
11 district's schools and on school property; ~~or~~ (5) to pay the  
12 costs incurred for the salaries and benefits of school  
13 counselors; or (6) to pay the costs for other crime prevention,  
14 drug abuse, student and staff safety, and violence prevention  
15 measures taken by the school district.

16 Subd. 3. [CONTRACT SERVICES.] The district must initially  
17 attempt to contract for services to be provided by peace  
18 officers or sheriffs with the police department of each city or  
19 the sheriff's department of the county within the district  
20 containing the school receiving the services. If a local police  
21 department or a county sheriff's department does not wish to  
22 provide the necessary services, the district may contract for  
23 these services with any other police or sheriff's department  
24 located entirely or partially within the school district's  
25 boundaries. ~~The-levy-authorized-under-this-section-is-not~~  
26 ~~included-in-determining-the-school-district's-levy-limitations.~~



1 Senator ..... moves to amend S.F. No. 522 as follows:

2 Page 2, line 13, after "counselors" insert "who deliver  
3 drug abuse prevention, violence prevention, or gang resistance  
4 services"

**Fiscal Note – 2005-06 Session**

**Bill #:** S0522-0 **Complete Date:** 02/11/05

**Chief Author:** FISCHBACH, MICHELLE

**Title:** SAFE SCHOOLS LEVY; SCHOOL COUNSELORS

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
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.

<b>Dollars (in thousands)</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Expenditures</b>					
General Fund					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalent</b>					
-- No Impact --					
<b>Total FTE</b>					

**Bill Description**

This bill would make the following changes to the safe schools levy:

- Increase the allowance from \$27 to \$30 per adjusted marginal cost pupil unit (AMCPU).
- Require districts to allocate the revenue between buildings based upon student counts at each building.
- Require district to establish a reserve for this revenue at the elementary, middle school, and secondary schools level.
- Allow districts to use the funds to pay for the salaries and benefits of counselors.

**Assumptions**

The increased allowance would be effective for taxes payable 2006, as additional revenue to school districts for FY07.

All school districts would levy their full safe schools levy authority.

**Expenditure and/or Revenue Formula**

Levy changes 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.

**Long-Term Fiscal Considerations**

This change is considered to be permanent.

**Local Government Costs**

This proposal would give school districts additional revenue, however, in districts that choose to pay for salaries and benefits for counselors, revenues currently used for purposes of safe school expenditures will be reduced. This revenue would be generated fully from property taxes, with no related state aids.

State savings or costs shown below are entirely due to the tax shift. Actual savings or costs will depend on the amount districts choose to levy based on local tax base and current property tax load.

	Safe School Levy Authority		
(\$ in thousands)	Pay06 FY07	Pay07 FY08	Pay08 FY09
State Total AMCPU's	914,788	904,938	893,419
Current Rate	\$27	\$27	\$27
Current Levy	\$24,699.3	\$24,433.3	\$24,122.3
Proposed Rate	\$30	\$30	\$30
Proposed Levy	\$27,443.6	\$27,148.1	\$26,802.6
Levy Increase (Decrease)	\$2,744.3	\$2,714.8	\$2,680.3
Tax Shift Impact	(\$1,319.4)	\$16.8	\$0.0
Net Aid Impact	(\$1,319.4)	\$16.8	\$0.0

Agency Contact Name: Leemon, Colleen 651-582-8566  
FN Coord Signature: AUDREY BOMSTAD  
Date: 02/11/05 Phone: 582-8793

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES  
Date: 02/11/05 Phone: 296-8674