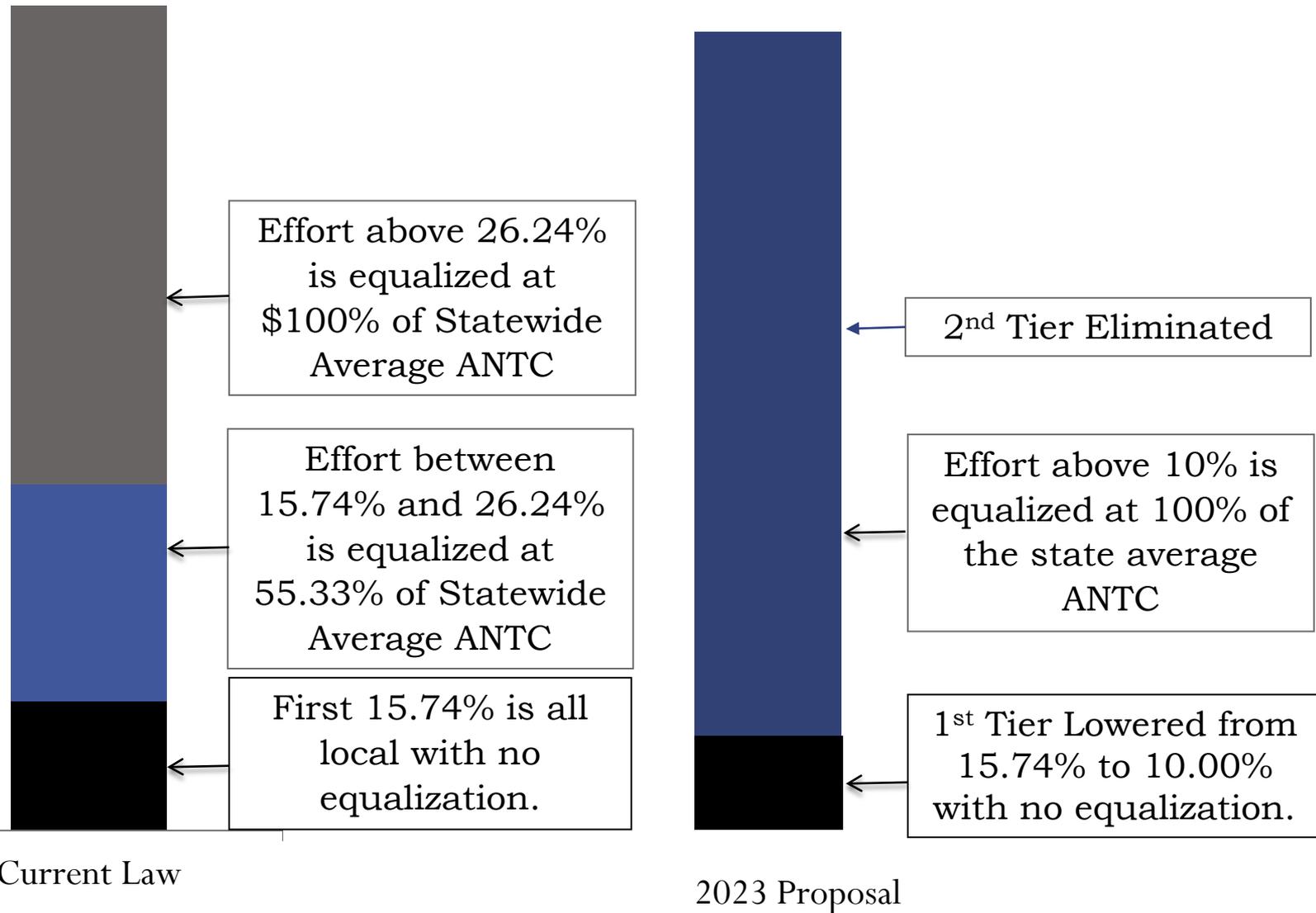


Debt Service Equalization Proposal

Debt Service Equalization Program

- Minnesota Statutes 123B.53.
- Created in 1991.
- Current appropriation for program is an estimated \$15 million for Pay 2024/FY 2025.
- Covers less than 3% of total debt service revenue. Down from over 11% in Pay 1994.

How the Debt Service Equalization Program Works



How Equalization Works in First Tier of Equalization

Calculation:

$$\frac{\text{District's ANTC per Pupil Unit (PU)}}{\text{Equalizing Factor (Set by State Law at 55.33\% on State Average ANTC)}} = \% \text{ Levy}$$

Example:

$$\frac{\$4,886 \text{ PU}}{\$6,514 \text{ PU}} = 75\% \text{ Levy}$$

75% Levy / 25% State Aid

How Equalization Works in Second Tier of Equalization

Calculation:

$$\frac{\text{District's ANTC per Pupil Unit (PU)}}{\text{Equalizing Factor (Set by State Law at 100\% of Statewide Average ANTC)}} = \% \text{ Levy}$$

Example:

$$\frac{\$4,886 \text{ PU}}{\$11,774 \text{ PU}} = 41\% \text{ Levy}$$

41% Levy / 59% State Aid

Benefit

An Additional **\$40 Million**
in Property Tax Relief by
Buying Down Local School
District Property Tax Effort
in Low Property Wealth
School Districts.

Talking Points

- This is \$40 million in property tax relief goes to low property wealth districts throughout the state that are at a distinct disadvantage when trying to pass building bonds in voter-approved elections.
- This proposal does not seek to take money from the School Building Bond Agricultural credit that went into law in 2017. There is a need for both approaches. This is not an either/or. It is a both/and. The burden on agricultural property for building bonds needs continual improvement.