

1.1 A bill for an act

1.2 relating to education finance; providing additional flexibility for school districts
1.3 that sell or exchange school buildings; amending Minnesota Statutes 2008,
1.4 section 123B.51, subdivision 6.

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

1.6 Section 1. Minnesota Statutes 2008, section 123B.51, subdivision 6, is amended to read:

1.7 Subd. 6. **Proceeds of sale or exchange.** (a) Proceeds of the sale or exchange
1.8 of school buildings or real property of the district must be used as provided in this
1.9 subdivision.

1.10 (b) In districts with outstanding bonds, the proceeds of the sale or exchange shall
1.11 first be deposited in the debt retirement fund of the district in an amount sufficient to
1.12 meet when due that percentage of the principal and interest payments for outstanding
1.13 bonds which is ascribable to the payment of expenses necessary and incidental to the
1.14 construction or purchase of the particular building or property which is sold.

1.15 (c) After satisfying the requirements of paragraph (b), a district with outstanding
1.16 bonds may deposit proceeds of the sale or exchange in its undesignated general fund
1.17 ~~reserved for operating capital account if the amount deposited is used for the following:~~

1.18 ~~(1) for expenditures for the cleanup of polychlorinated biphenyls, if the method for~~
1.19 ~~cleanup is approved by the department;~~

1.20 ~~(2) for capital expenditures for the betterment, as defined in section 475.51,~~
1.21 ~~subdivision 8, of district-owned school buildings; or~~

1.22 ~~(3) to replace the building or property sold.~~

1.23 ~~(d) In a district with outstanding bonds, the amount of the proceeds of the sale or~~
1.24 ~~exchange remaining after the application of paragraphs (b) and (c), which is sufficient~~

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2.1 ~~to meet when due that percentage of the principal and interest payments for the district's~~
2.2 ~~outstanding bonds which is not governed by paragraph (b), shall be deposited in the~~
2.3 ~~debt retirement fund.~~

2.4 ~~(e) Any proceeds of the sale or exchange remaining in districts with outstanding~~
2.5 ~~bonds after the application of paragraphs (b), (c), and (d), and all proceeds of the sale or~~
2.6 ~~exchange in districts without outstanding bonds shall be deposited in the general fund~~
2.7 ~~reserved for operating capital account of the district.~~

2.8 ~~(f) Notwithstanding paragraphs (c) and (d), a district with outstanding bonds~~
2.9 ~~may deposit in its general fund reserved for operating capital account and use for any~~
2.10 ~~lawful operating capital expenditure without the reduction of any levy limitation the~~
2.11 ~~same percentage of the proceeds of the sale or exchange of a building or property as the~~
2.12 ~~percentage of the initial cost of purchasing or constructing the building or property which~~
2.13 ~~was paid using revenue from the general fund reserved for operating capital account.~~

2.14 **EFFECTIVE DATE.** This section is effective for buildings sold or exchanged
2.15 on or after July 1, 2010.