

1.1 A bill for an act

1.2 relating to education finance; statutorily establishing the state aid payment shift
1.3 and the property tax recognition shift; clarifying the repayment of the shift;
1.4 amending Minnesota Statutes 2008, sections 123B.75, subdivision 5; 127A.441;
1.5 127A.45, subdivisions 2, 3, 13, by adding a subdivision; Minnesota Statutes
1.6 2009 Supplement, section 16A.152, subdivision 2.

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

1.8 Section 1. Minnesota Statutes 2009 Supplement, section 16A.152, subdivision 2,
1.9 is amended to read:

1.10 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general
1.11 fund revenues and expenditures, the commissioner of management and budget determines
1.12 that there will be a positive unrestricted budgetary general fund balance at the close of
1.13 the biennium, the commissioner of management and budget must allocate money to the
1.14 following accounts and purposes in priority order:

1.15 (1) the cash flow account established in subdivision 1 until that account reaches
1.16 \$350,000,000;

1.17 (2) the budget reserve account established in subdivision 1a until that account
1.18 reaches \$653,000,000;

1.19 (3) the amount necessary to increase the aid payment schedule for school district
1.20 aids and credits payments in section 127A.45 to not more than 90 percent rounded to the
1.21 nearest tenth of a percent without exceeding the amount available and with any remaining
1.22 funds deposited in the budget reserve;

1.23 (4) the amount necessary to restore all or a portion of the net aid reductions under
1.24 section 127A.441 and to reduce the property tax revenue recognition shift under section
1.25 123B.75, subdivision 5, ~~paragraph (b), and Laws 2003, First Special Session chapter 9,~~

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2.1 ~~article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section~~
2.2 ~~20, by the same amount; and~~

2.3 (5) to the state airports fund, the amount necessary to restore the amount transferred
2.4 from the state airports fund under Laws 2008, chapter 363, article 11, section 3,
2.5 subdivision 5.

2.6 (b) The amounts necessary to meet the requirements of this section are appropriated
2.7 from the general fund within two weeks after the forecast is released or, in the case of
2.8 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations
2.9 schedules otherwise established in statute.

2.10 (c) The commissioner of management and budget shall certify the total dollar
2.11 amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of
2.12 education. The commissioner of education shall increase the aid payment percentage and
2.13 reduce the property tax shift percentage by these amounts and apply those reductions to
2.14 the current fiscal year and thereafter.

2.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.16 Sec. 2. Minnesota Statutes 2008, section 123B.75, subdivision 5, is amended to read:

2.17 Subd. 5. **Levy recognition.** (a) "School district tax settlement revenue" means the
2.18 current, delinquent, and manufactured home property tax receipts collected by the county
2.19 and distributed to the school district.

2.20 (b) ~~For fiscal year 2004 and later years, in June of each year~~ In June of 2010, the
2.21 school district must recognize as revenue, in the fund for which the levy was made, the
2.22 lesser of:

2.23 (1) the sum of May, June, and July school district tax settlement revenue received in
2.24 that calendar year, plus general education aid according to section 126C.13, subdivision
2.25 4, received in July and August of that calendar year; or

2.26 (2) the sum of:

2.27 (i) 31 percent of the referendum levy certified according to section 126C.17, in
2.28 calendar year 2000; and

2.29 (ii) the entire amount of the levy certified in the prior calendar year according to
2.30 section 124D.86, subdivision 4, for school districts receiving revenue under sections
2.31 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3,
2.32 paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision
2.33 6.

2.34 (c) For fiscal year 2011 and later years, in June of each year, the school district must
2.35 recognize as revenue, in the fund for which the levy was made, the lesser of:

3.1 (1) the sum of May, June, and July school district tax settlement revenue received in
3.2 that calendar year, plus general education aid according to section 126C.13, subdivision
3.3 4, received in July and August of that calendar year; or

3.4 (2) the sum of:

3.5 (i) the greater of 49.1 percent of the referendum levy certified according to section
3.6 126C.17, in the prior calendar year or 31 percent of the referendum levy certified
3.7 according to section 126C.17, in calendar year 2000; plus

3.8 (ii) the entire amount of the levy certified in the prior calendar year according to
3.9 section 124D.86, subdivision 4, for school districts receiving revenue under sections
3.10 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3,
3.11 paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision
3.12 6; plus

3.13 (iii) 49.1 percent of the amount of the levy certified in the prior calendar year for the
3.14 school district's general and community service funds, plus or minus auditor's adjustments,
3.15 not including the levy portions that are assumed by the state, that remains after subtracting
3.16 the referendum levy certified according to section 126C.17 and the amount recognized
3.17 according to clause (ii).

3.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.19 Sec. 3. Minnesota Statutes 2008, section 127A.441, is amended to read:

3.20 **127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.**

3.21 Each year, the state aids payable to any school district for that fiscal year that are
3.22 recognized as revenue in the school district's general and community service funds shall
3.23 be adjusted by an amount equal to (1) the amount the district recognized as revenue for the
3.24 prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) or (c), minus (2)
3.25 the amount the district recognized as revenue for the current fiscal year pursuant to section
3.26 123B.75, subdivision 5, paragraph (b) or (c). For purposes of making the aid adjustments
3.27 under this section, the amount the district recognizes as revenue for either the prior fiscal
3.28 year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b),
3.29 shall not include any amount levied pursuant to section 124D.86, subdivision 4, for school
3.30 districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3);
3.31 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2;
3.32 126C.457; and 126C.48, subdivision 6. Payment from the permanent school fund shall not
3.33 be adjusted pursuant to this section. The school district shall be notified of the amount of
3.34 the adjustment made to each payment pursuant to this section.

4.1 EFFECTIVE DATE. This section is effective the day following final enactment.

4.2 Sec. 4. Minnesota Statutes 2008, section 127A.45, subdivision 2, is amended to read:

4.3 Subd. 2. **Definitions.** (a) ~~The term~~ "Other district receipts" means payments by
4.4 county treasurers pursuant to section 276.10, apportionments from the school endowment
4.5 fund pursuant to section 127A.33, apportionments by the county auditor pursuant to
4.6 section 127A.34, subdivision 2, and payments to school districts by the commissioner of
4.7 revenue pursuant to chapter 298.

4.8 (b) ~~The term~~ "Cumulative amount guaranteed" means the product of

4.9 (1) the cumulative disbursement percentage shown in subdivision 3; times

4.10 (2) the sum of

4.11 (i) the current year aid payment percentage of the estimated aid and credit

4.12 entitlements paid according to subdivision 13; plus

4.13 (ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

4.14 (iii) the other district receipts.

4.15 (c) ~~The term~~ "Payment date" means the date on which state payments to districts
4.16 are made by the electronic funds transfer method. If a payment date falls on a Saturday,
4.17 a Sunday, or a weekday which is a legal holiday, the payment shall be made on the
4.18 immediately preceding business day. The commissioner may make payments on dates
4.19 other than those listed in subdivision 3, but only for portions of payments from any
4.20 preceding payment dates which could not be processed by the electronic funds transfer
4.21 method due to documented extenuating circumstances.

4.22 (d) The current year aid payment percentage equals ~~90~~ 73.

4.23 EFFECTIVE DATE. This section is effective for revenue for fiscal years 2010
4.24 and later.

4.25 Sec. 5. Minnesota Statutes 2008, section 127A.45, subdivision 3, is amended to read:

4.26 Subd. 3. **Payment dates and percentages.** (a) ~~For fiscal year 2004 and later,~~
4.27 The commissioner shall pay to a district on the dates indicated an amount computed
4.28 as follows: the cumulative amount guaranteed minus the sum of (a) the district's other
4.29 district receipts through the current payment, and (b) the aid and credit payments through
4.30 the immediately preceding payment. For purposes of this computation, the payment dates
4.31 and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
4.32		
4.33	Payment 1 July 15:	5.5
4.34	Payment 2 July 30:	8.0

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5.1	Payment 3	August 15:	17.5
5.2	Payment 4	August 30:	20.0
5.3	Payment 5	September 15:	22.5
5.4	Payment 6	September 30:	25.0
5.5	Payment 7	October 15:	27.0
5.6	Payment 8	October 30:	30.0
5.7	Payment 9	November 15:	32.5
5.8	Payment 10	November 30:	36.5
5.9	Payment 11	December 15:	42.0
5.10	Payment 12	December 30:	45.0
5.11	Payment 13	January 15:	50.0
5.12	Payment 14	January 30:	54.0
5.13	Payment 15	February 15:	58.0
5.14	Payment 16	February 28:	63.0
5.15	Payment 17	March 15:	68.0
5.16	Payment 18	March 30:	74.0
5.17	Payment 19	April 15:	78.0
5.18	Payment 20	April 30:	85.0
5.19	Payment 21	May 15:	90.0
5.20	Payment 22	May 30:	95.0
5.21	Payment 23	June 20:	100.0

5.22 ~~(b) In addition to the amounts paid under paragraph (a), for fiscal year 2004, the~~
5.23 ~~commissioner shall pay to a district on the dates indicated an amount computed as follows:~~

5.24	Payment 3	August 15: the final adjustment for the prior fiscal year for the state paid
5.25		property tax credits established in section 273.1392
5.26	Payment 4	August 30: one-third of the final adjustment for the prior fiscal year for
5.27		all aid entitlements except state paid property tax credits
5.28	Payment 6	September 30: one-third of the final adjustment for the prior fiscal year
5.29		for all aid entitlements except state paid property tax credits
5.30	Payment 8	October 30: one-third of the final adjustment for the prior fiscal year for
5.31		all aid entitlements except state paid property tax credits

5.32 ~~(c) (b) In addition to the amounts paid under paragraph (a), for fiscal year 2005 and~~
5.33 ~~later, the commissioner shall pay to a district on the dates indicated an amount computed~~
5.34 ~~as follows:~~

5.35	Payment 3	August 15: the final adjustment for the prior fiscal year for the state paid
5.36		property tax credits established in section 273.1392
5.37	Payment 4	August 30: 30 percent of the final adjustment for the prior fiscal year for
5.38		all aid entitlements except state paid property tax credits
5.39	Payment 6	September 30: 40 percent of the final adjustment for the prior fiscal year
5.40		for all aid entitlements except state paid property tax credits
5.41	Payment 8	October 30: 30 percent of the final adjustment for the prior fiscal year
5.42		for all aid entitlements except state paid property tax credits

6.1 EFFECTIVE DATE. This section is effective the day following final enactment.

6.2 Sec. 6. Minnesota Statutes 2008, section 127A.45, is amended by adding a subdivision
6.3 to read:

6.4 Subd. 7b. Advance final payment. (a) Notwithstanding subdivisions 3 and 7,
6.5 a school district or charter school exceeding its expenditure limitations under section
6.6 123B.83 as of June 30 of the prior fiscal year may receive a portion of its final payment
6.7 for the current fiscal year on June 20, if requested by the district or charter school. The
6.8 amount paid under this subdivision must not exceed the lesser of:

6.9 (1) the difference between 90 percent and the current year payment percentage in
6.10 subdivision 2, paragraph (d), in the current fiscal year times the sum of the district or
6.11 charter school's general education aid plus the aid adjustment in section 127A.50 for
6.12 the current fiscal year; or

6.13 (2) the amount by which the district's or charter school's net negative unreserved
6.14 general fund balance as of June 30 of the prior fiscal year exceeds 2.5 percent of the
6.15 district or charter school's expenditures for that fiscal year.

6.16 (b) The state total advance final payment under this subdivision for any year must
6.17 not exceed \$7,500,000. If the amount request exceeds \$7,500,000, the advance final
6.18 payment for each eligible district must be reduced proportionately.

6.19 EFFECTIVE DATE. This section is effective for revenue for fiscal years 2010
6.20 and later.

6.21 Sec. 7. Minnesota Statutes 2008, section 127A.45, subdivision 13, is amended to read:

6.22 Subd. 13. **Aid payment percentage.** Except as provided in subdivisions 11, 12, 12a,
6.23 and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A,
6.24 120B, 121A, 122A, 123A, 123B, 124D, 125A, 125B, 126C, 134, and section 273.1392,
6.25 shall be paid at the current year aid payment percentage of the estimated entitlement during
6.26 the fiscal year of the entitlement. ~~For the purposes of this subdivision, a district's estimated~~
6.27 ~~entitlement for special education excess cost aid under section 125A.79 for fiscal year~~
6.28 ~~2005 equals 70 percent of the district's entitlement for the second prior fiscal year.~~ For the
6.29 purposes of this subdivision, a district's estimated entitlement for special education excess
6.30 cost aid under section 125A.79 for fiscal year 2006 and later equals 74.0 percent of the
6.31 district's entitlement for the current fiscal year. The final adjustment payment, according
6.32 to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual
6.33 data, minus the payments made during the fiscal year of the entitlement.

7.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.