

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2284

DATE: March 10, 2004

Version: As introduced

Authors: Johnson, J. and others

Subject: Removing the referendum allowance cap

Analyst: Tim Strom, 651-296-1886

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Minnesota's school districts are subject to state-imposed limits on the revenue they can raise through the local property tax. A school district may hold an election for additional operating revenue, through the referendum revenue program, which is an equalized aid and levy. However, there are certain restrictions on the amount of referendum a district may approve. The current referendum allowance cap is 18.6% of the basic formula allowance or \$855.79 per pupil unit. School districts are exempt from the cap if they qualify for sparsity revenue (79 school districts qualify for sparsity revenue). Additionally, a school district that was above the referendum cap in 1994 is grandfathered in at its higher level and that amount is subject to an inflationary increase.

This bill lifts the cap on referendum revenue for all school districts.

Section

- 1 Repealer.** Repeals the referendum cap (section 126C.17, subdivision 2) and the sparsity exemption to the referendum cap (126C.17, subdivision 3) effective for revenue for fiscal year 2006.