

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 3206

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**Version:** As Introduced

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**Subject:** Permanent School Fund Revenue Redirected to Equalized Technology Program

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### Overview

The Permanent School Fund (PSF) of Minnesota consists of the proceeds of the lands granted to the state by the Federal Government for the use of schools, proceeds from swamp lands granted to the state, and cash and investments credited to the fund. While much of the initial land granted to the state has been sold, the state Department of Natural Resources is responsible for managing about 2.5 million acres of school trust land. The net proceeds from the land management activities (timber sales, minerals activities, lease revenue, etc.) annually are added to the principal of the fund.

The state holds the land and accumulated revenues from the land in trust for the benefit of public schools in Minnesota. The State Board of Investment is responsible for investing the principal of the fund, subject to direction from the Constitution and the Legislature. The interest and dividends arising from the fund are required by the Constitution to be distributed to the state's school districts according to the method described in statute. Under current statute, the earnings from the permanent school fund are simply offset against each district's general education aid on a resident pupil basis. As of June 30, 2007, the principal of the fund totaled \$714 million. The expected aid payment to school districts in FY 2010 is roughly \$29 million.

This bill makes the current two-year school technology money permanent by establishing an ongoing technology allowance of \$60 per pupil. The bill provides the technology revenue to school districts through an equalized aid and levy, with the state

**Section**

equalization set equal to the amount of PSF earnings for that year. The bill eliminates the PSF offset to general education aid.

**1 School endowment fund; apportionment.** Removes the statutory requirement that the permanent school fund revenue be allocated on a resident pupil unit basis beginning in fiscal year 2010.

**2 School technology revenue.**

**Subd. 1. Technology revenue.** Makes permanent the two-year school technology revenue program. Sets the permanent technology revenue amount equal to \$60 per pupil for fiscal year 2010. Increases the allowance by the same rate as the increase in the permanent school fund investment earnings.

**Subd. 2. Statewide levy amount.** Makes the technology revenue an equalized aid and levy. Sets the levy tax rate at the amount necessary to raise the levy share of the revenue (for FY 2010 this is adjusted net tax capacity tax rate of 0.376%).

**Subd. 3. District technology levy.** Sets each district's technology levy equal to the lesser of the statewide tax rate times its tax base or its technology revenue.

**Subd. 4. Technology aid.** Uses the full amount of the permanent school fund investment earnings as the aid necessary to equalize the school technology revenue.

**3 Revisor instruction.** Requires the revisor to codify the technology revenue program in section 2.

**4 Repealer.** Repeals the requirement that income from the permanent school fund endowment be offset against general education aid.