

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 202

**DATE:** April 2, 2003

**Version:** As Introduced

**Authors:** Olsen, S. and others

**Subject:** Enhancing Referendum Revenue Equalization Aid

**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](http://www.house.mn/hrd).

### Overview

The referendum revenue program, often referred to as the operating referendum levy or the excess levy referendum, is a mechanism that allows a school district to obtain voter approval to increase its revenue beyond the limits otherwise set in statute. The 2001 Legislature substantially modified the referendum program. Each district's referendum was reduced by \$415 per pupil unit (this same amount was added to the formula allowance for each district). Additionally, the equalization aid portion of the program was modified by splitting referendum revenue into two tiers. The first \$126 per pupil unit is equalized at \$476,000 per pupil while the remaining authority (up to the referendum cap) is equalized at \$270,000 per pupil. The equalized aid and levy requires the levy portion of the revenue to be spread on referendum market value instead of tax capacity.

H.F. 202 enhances the second tier of referendum equalization aid by increasing the second tier equalizing factor from \$270,000 to \$320,000. According to preliminary data, the cost on known referendums is about \$14 million per year. The fiscal note on the bill assumes a high level of equalization on new referendum that may be passed during the fall of 2003.

### Section

- 1 Levy authorized.** Eliminates a reference to alternative facilities aid.
- 2 Referendum equalization levy.** Increases the equalizing factor on the second tier of equalization aid from \$270,000 to \$320,000 per pupil unit.
- 3 Repealer.** Repeals the portion of the alternative facilities program that is funded through state aid payments.

