

**Subject** School District Operating Referendum Equalization Aid

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## 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 general fund revenue beyond the limits set in statute.

The ballot question for an operating referendum asks the voters to approve a dollar amount per pupil and that amount may be approved for up to ten years at a time. The total referendum per pupil amount is capped (estimated at \$2,023 per pupil for FY 20) unless a school district is eligible for sparsity revenue, in which case the referendum cap does not apply.

Operating referendum levies are calculated and spread on referendum market value (instead of tax capacity), a tax base that does not include agricultural lands or seasonal recreational property.

The operating referendum equalization aid program is divided into three tiers. The first \$300 per pupil is in Tier 1 and is equalized at \$880,000. The next \$460 per pupil (from \$300 to \$760 per pupil) is Tier 2 and is equalized at \$510,000. Amounts above \$760 per pupil are equalized at \$290,000.

House File 1142 increases the first tier equalizing factor from \$880,000 to \$920,000 and increases the second tier equalizing factor from \$510,000 to \$740,000. These changes are estimated to increase state aid for the program by roughly \$50 million per year and reduce the referendum levy by the same amount.

## Summary

Section	Description
1	<b>Referendum equalization levy.</b> Increases the equalizing factors for the operating referendum levy. Increases the first tier equalizing factor from \$880,000 to \$920,000. Increases the second tier equalizing factor from \$510,000 to \$740,000. Leaves the third tier equalizing factor unchanged.

Section	Description
2	<b>Appropriations.</b> Appropriates an unspecified amount of money for additional referendum equalization aid.



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