

Subject School District Operating Referendum Revenue

Authors Youakim and others

Analyst Tim Strom

Date February 18, 2023

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 for a term not to exceed ten years.

The total referendum per pupil amount is capped (estimated at \$2,175 per pupil for fiscal year 2025) unless a school district is eligible for sparsity revenue, in which case the referendum cap does not apply, and a handful of school districts have an alternative cap somewhat higher than \$2,175 per pupil due to a higher authority approved by the voters prior to the change in the cap. Operating referendum levies are calculated and spread on referendum market value (instead of net tax capacity), a tax base that does not include agricultural lands or seasonal recreational property. Unless the school district is in statutory operating debt, the district must hold its referendum election at the November election date.

The operating referendum equalization aid program is divided into two tiers. Under current law, the first tier of up to \$460 per pupil unit is equalized at \$567,000 per pupil. Amounts approved by the voters in excess of \$460 per pupil are equalized at \$290,000 per pupil.

House File 1271 increases the first tier equalizing factor from \$567,000 to 150 percent of the statewide referendum market value per pupil unit (\$1,262,240 for fiscal year 2025). This change is estimated to increase state aid and correspondingly reduce the local property tax levy for referendum revenue by roughly \$90 million per year beginning in fiscal year 2025.

Summary

Section	Description
1	Referendum equalization levy. Increases the operating referendum first tier equalizing factor from \$567,000 per pupil to 150 percent of the statewide referendum market value tax base per pupil (\$1,262,240 for fiscal year 2025).
2	Appropriation. Appropriates an unspecified amount of money in fiscal year 2025 to pay for the higher level of equalization aid provided in section 1.



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 155 State Office Building | St. Paul, MN 55155