MN HOUSE RESEARCH

Bill Summary

H.F. 3371

As introduced

Subject Local Optional Revenue; Increase for Districts without a Referendum

Authors Rehrauer

Analyst Tim Strom

Date March 10, 2026

Overview

Local optional revenue is a component of general education revenue. A school district's local optional revenue equals $724 per pupil unit. Local optional revenue (LOR) is available to school districts only and is not available to charter schools.

Local optional revenue consists of two tiers. LOR first tier revenue is $300 per pupil and is equalized at $880,000 per pupil. The second tier of LOR, $424 per pupil, is equalized at $671,345.

H.F. 3371 proposes a third tier of LOR of up to $100 per pupil unit for those districts without any referendum revenue authority approved by their voters. About one-quarter of Minnesota's school districts do not have a voter approved operating referendum. If all eligible school districts chose to exercise the new LOR authority, LOR revenue would increase by about $13.2 million, of which $2.3 million is state aid, and the remaining $10.9 million is through the local property tax levy.

Summary

Section	Description
1	**Local option revenue.** Creates a third tier of local optional revenue (LOR) equal to $100 per pupil unit for school districts with no referendum revenue authority. Authorizes the new LOR revenue for districts with no operating referendum approved by their voters (or for districts with referendum revenue of less than $100 per pupil unit). Provides the new LOR revenue through an equalized aid and levy.
2	**Appropriation.** Appropriates an unspecified amount of state aid to fund the equalized aid portion of the new third tier of LOR.

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.gov/hrd | 651-296-6753 | Third Floor, Centennial Office Building | St. Paul, MN 55155