

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Referendum Revenue Allowance Cap

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### Overview

A school district may raise additional operating revenue through an election. This revenue is commonly referred to by one of three names: operating referendum revenue; the excess levy; or the override levy. Since fiscal year 1993, a portion of the referendum revenue has been equalized. Currently, the state provides equalization aid for the first \$415 per pupil unit of referendum revenue. Other changes adopted in the early 1990s included switching the referendum tax base from net tax capacity to referendum market value (a tax base that taxes each dollar of residential property the same as each dollar of commercial/industrial property), capping the maximum amount of referendum that a district may have, and limiting the length of referendum to no more than 10 years. The maximum referendum allowance cap initially keyed off the district's referendum authority in fiscal year 1992. This maximum is reduced by the amount of the referendum revenue reduction that was implemented in fiscal year 1995 (the referendum revenue reduction ranged from \$0 to \$130 per pupil depending on district characteristics).

### Section

- 1 **Referendum allowance limit.** Increases the referendum allowance limit for all school districts from 25% of the formula allowance (\$991 per pupil unit) to 35% of the formula allowance (\$1,387). Increases the referendum allowance limit for those districts that have had their referendum revenue capped since 1994 by growing the limit by the amount of inflation since 1994 as measured by the gross domestic product implicit price deflator. A district will still need to have its electors pass a new referendum to access additional revenue authority.