

HOUSE RESEARCH

Bill Summary

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Subject: Prinsburg School District; Special Levy Authority

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Overview

Prinsburg is a small common school district located just southwest of Willmar. The district is one of two common school districts remaining in Minnesota (339 of Minnesota's 343 school districts are independent school districts-the other two districts are special school districts). By special statute, the Prinsburg school district is also exempt from offering a full array of elementary and secondary services (see Minnesota Statutes, section 123A.70).

There are roughly 30 students within the boundaries of the Prinsburg school district that choose to attend public school. Nearly all of these students attend the MACCRAY school district (located just to the west of Prinsburg) under the state's open enrollment laws. Most of the students residing within the borders of the Prinsburg school district attend a nonpublic school located in Prinsburg (Central Minnesota Christian School). The Prinsburg school district provides special education services to eligible students attending Central Minnesota Christian School.

Prinsburg is in statutory operating debt and is subject to the referendum revenue cap. The district passed additional referendum revenue authority at the November 2004 general election in anticipation of special legislation passing during the 2005 Legislative session. Without special legislation the district cannot increase its revenue and would be unable to eliminate its statutory operating debt. The district cannot currently use the added referendum authority approved last fall because the district's referendum is at the referendum cap.

Prior to the 2004-05 school year, the public school students from Prinsburg attended MACCRAY under an informal tuition arrangement. The Prinsburg school district owes a tuition payment to MACCRAY for prior years.

This bill provides a mechanism for the Prinsburg school district to eliminate its tuition debt to the MACCRAY school district and to levy for ongoing operating shortfalls. The bill also authorizes the Kandiyohi County auditor to recertify the Prinsburg school district's property taxes payable in 2005 to reflect the higher levy amounts included in this legislation (if the levy is not recertified, the revenue would not be available to the district until taxes payable in 2006 which corresponds to fiscal year 2007).

Section

- 1 **Private schools; Prinsburg.** Prinsburg is explicitly exempted from offering a comprehensive elementary and secondary education program by Minnesota Statutes, section 123A.70, which exempts a district where at least 75 percent of the students attend an existing private school. This section of the bill lowers the minimum percentage of students that attend an existing private school from 75 percent to 50 percent of the district's total eligible pupils.
- 2 **Determination of outstanding obligations.** States that the tuition owed to the MACCRAY school district by the Prinsburg School District is \$282,000, which must be paid to MACCRAY in six equal bi-yearly payments beginning on June 30, 2005.
- 3 **Conversion of referendum revenue authority to special levy authority.**

Subd. 1. Conversion of question 1. Converts the levy authority approved by the Prinsburg school district as question 1 during the November 2004 election from an annual amount of \$3,000 per pupil unit to the amount needed for tuition payments to the MACCRAY school district. Allows the levy to spread over three years. Requires 70 percent of the levy to be spread on net tax capacity and places the remaining 30 percent of the levy on referendum market value. Note: the current estimate of tuition owed to MACCRAY is roughly \$280,000.

Subd. 2. Conversion of question 2. Converts the levy authority approved by the Prinsburg school district as question 2 during the November 2004 election from \$1,100 per pupil unit to the estimated amount necessary to eliminate the district's operating deficit. Requires 70 percent of the levy to be spread on net tax capacity and places the remaining 30 percent of the levy on referendum market value

Subd. 3. Special operating levy authority. Allows the Prinsburg school board to hold an election once every four years, beginning in 2008, to approve additional special levy authority to eliminate its operating deficit.

Subd. 4. School board resolution. Authorizes the school board to adopt a resolution to convert the levy authority approved by the voters during the November 2004 election into the amounts authorized in subdivisions 1 and 2. Requires the district to notify the Department of Education of the annual amount of its special operating levy by July 1 of each year.

- 4 **Recertification of 2005 school district levy.** Authorizes the Prinsburg school district to recertify its 2004 payable 2005 school levy to include the special levy authority approved by this act. Spells out the process for the district to follow and requires the County Auditor

to add the special levy authority to the levy amounts previously certified by the Prinsburg school board.