

HOUSE RESEARCH

Bill Summary

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Overview

Most school districts finance the construction of new school buildings through the sale of local bonds that are repaid with locally raised property taxes. Many relatively property poor school districts receive assistance through the debt service equalization aid program. However, a few school districts are too property poor to finance a school facility even with state assistance through the debt service equalization aid program. These districts will seek state assistance to help build new school facilities, often through the maximum effort capital loan program.

Red Lake School District is an independent school district in northern Minnesota. The district serves roughly 1,500 students. The Red Lake School District has virtually no tax base and is one of the most property poor school districts in the state. In past years, the Red Lake School District has received maximum effort capital loans to help build new facilities. This bill authorizes a grant from state bond proceeds to help pay for the district's facilities needs.

Section

- 1 Appropriation.** Appropriates \$24,040,000 from the state bond proceeds fund to the commissioner of education for a grant to the Red Lake School District for construction and renovation costs and related improvements to the middle and high schools.
- 2 Bond sale.** Instructs the commissioner of finance to sell and issued \$24.04 million in state general obligation bonds for the purpose of making the grant in section 1.

Section

3 **Effective date.** Makes sections 1 and 2 effective the day following final enactment.