

# HOUSE RESEARCH

## Bill Summary

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**Authors:** Carlson and others

**Subject:** Intermediate School Districts; Short-term Borrowing

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### Overview

School districts may borrow against a portion of future state aid payments and future property tax proceeds that they are expected to receive in order to avoid cash flow problems. Under current law, the districts may borrow up to 75 percent of the next year's anticipated receipts in each of these categories.

There are three intermediate school districts serving 32 school districts in the metro area. The intermediate school districts provide secondary vocational services, special education services and alternative programs for their member districts. However, most of the funding for these programs is passed through to the intermediate from the member district in the form of a tuition payment or a membership fee.

H.F. 329 authorizes intermediate school districts to engage in short-term borrowing in anticipation of membership fees and tuition payments.

#### Section

- 1 Tax and anticipation borrowing; definitions.** Explicitly includes intermediate school districts in the section of law that allows school districts to engage in short-term borrowing.
- 2 Intermediate school districts.** Authorizes an intermediate school district to engage in short-term borrowing in anticipation of membership fees and tuition payments, state aid, and federal aids. Limits the aggregate amount of borrowing to not more than 75 percent of the anticipated payments. Requires the intermediate school district to document its estimated revenue streams to the satisfaction of the Commissioner of Education prior to the

**Section**

short-term borrowing.