

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 836

**DATE:** March 13, 2007

**Version:** As introduced

**Authors:** Kalin and others

**Subject:** Education finance; increasing debt service equalization aid

**Analyst:** Tim Strom, 651-296-1886  
Steve Hinze, 651-296-8956

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

### Overview

Increases debt service equalization aid by lowering the tax rate threshold to qualify for aid from 15 percent to 10 percent, substantially increasing the equalization factor, and indexing the equalization factor for inflation.

#### Section

- 1 Debt service equalization revenue.** Defines debt service equalization revenue to be all debt service revenue in excess of the amount raised by a tax rate of 10 percent of adjusted net tax capacity. Under current law there are two tiers of debt service equalization revenue; the second tier is defined as all debt service revenue in excess of the amount raised by a tax rate of 25 percent of adjusted net tax capacity, and the first tier as the revenue in excess of the amount raised by a tax rate of 15 percent of adjusted net tax capacity, minus the second tier debt service equalization rate.
- 2 Equalized debt service levy.** Sets the debt service equalization factor at 120 percent of the state average adjusted net tax capacity per pupil (approximately \$8,300). Under current law, first tier equalization revenue is equalized at \$3,200 per pupil, and second tier equalization revenue is equalized at \$8,000 per pupil.
- 3 Debt service equalizing factor.** Defines debt service equalizing factor as the state average adjusted net tax capacity per pupil.