

HOUSE RESEARCH

Bill Summary

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Overview

“Statutory operating debt” is the term that is used to describe a district’s financial condition when a district’s net negative unreserved general fund balance is more than 2.5 percent of its total expenditures for the same funds. A school district that is in statutory operating debt must develop a plan to eliminate the debt. The district’s plan must be approved by the commissioner of education.

Past legislatures have granted specific levy authority for districts in statutory operating debt as of June 30 of the following years: 1977, 1983, 1985 and 1992.

This bill authorizes a district in statutory operating debt as of June 30, 2008, to levy for up to three years to eliminate the debt. As of June 30, 2008, 13 school districts and five charter schools were in statutory operating debt.

Section

- 1 Statutory operating debt levy.** Authorizes a school district in statutory operating debt to levy to eliminate its deficit. Limits the property tax levy amount to the lesser of the amount raised by a tax rate of 8 percent of the district’s adjusted net tax capacity or \$800,000 per year for no more than three years beginning with taxes payable in 2010. Requires the money raised by the levy to be used only for purposes of retiring the operating debt.