

HOUSE RESEARCH

Bill Summary

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Subject: School District Net Debt Limit; Schools Located Within a City of the First Class

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Overview

School districts generally issue voter-approved building bonds under Minnesota Statutes, chapter 475. This chapter contains the laws governing the issuance of building debt for municipalities, including cities, counties, towns, and school districts.

Chapter 475 sets an upper bound on the amount of debt that a municipality can incur called the limit on net debt. The limit that applies to nearly all school districts is set at 15 percent of the district's market value. A separate debt levy applies to an independent school district that is located wholly or partly within a city of the first class and is set at 0.7 percent of the district's market value.

Minnesota Statutes categorize cities by class, and a city of the first class is defined as one with more than 100,000 inhabitants. Prior to the 2010 census, Minneapolis, St. Paul, and Duluth were the only cities of the first class. After the 2010 Census, Rochester became a city of the first class.

School districts located wholly or partially within a city of the first class include Proctor, Duluth, Minneapolis, St. Paul, Rochester, Stewartville, and Byron.

This bill repeals the separate net debt limit for school districts located partially or fully within a city of the first class and instead subjects them to the general net debt limit applicable for other school districts.

- 1 Repealer.** Repeals the lower net debt limit that applies only to independent school districts located wholly or partially within a city of the first class effective immediately.