

HOUSE RESEARCH

Bill Summary

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Authors: McNamar and others

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Analyst: Tim Strom

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Overview

Minnesota Statutes, section 123A.48, creates a process for two or more local school boards to follow in order to consolidate into a single independent school district. The statutory process directs the way assets and liabilities are determined, how outstanding building debt is handled, how licensed and unlicensed staff should be combined, and how the new school board is structured.

Cyrus is a very small school district located just east of the Morris school district. The two districts have had a student cooperation agreement in place for a number of years. The Cyrus district has an older elementary facility that both districts would like to have demolished prior to their consolidation.

This bill authorizes the Cyrus school board to sell two sets of bonds. The first would cover the demolition costs of the Cyrus school building and the second would allow the board to issue bonds to cover district's reorganization operating debt.

Section

1 Cyrus and Morris School District Consolidation.

Subd. 1. Purpose. States that the purpose of this act is to facilitate an orderly, efficient consolidation of the Cyrus and Morris school districts.

Subd. 2. Remediation costs. Allows the Cyrus school district to identify all health and safety remediation costs related to the demolition of the Cyrus school building. Allows any approved costs to be included in the district's health and safety plan or in

Section

the bonding authority granted in subdivision 3.

Subd. 3. Facility bonds. Allows the Cyrus school district, after conducting a public meeting on the proposal, to issue and sell general obligation bonds by authority of the school board in an amount not to exceed \$1 million to pay for the demolition of the Cyrus school building. Limits the term of the bonds to ten years.

Subd. 4. Reorganization operating debt determined. Requires the Cyrus school district to calculate and submit its reorganization operating debt to the commissioner.

Subd. 5. Reorganization operating debt bonds. Allows the Cyrus school district to sell bonds with a term of six or fewer years to repay the district's reorganization operating debt.

Subd. 6. Repayment. Requires the bonded debt issued under this section to be repaid by the property tax payers located within the boundaries of the Cyrus school district.