HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1641   **DATE:** March 18, 2015
          Version: As Introduced

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          Subject: School District Local Optional Revenue; Equalization

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Overview

The 2013 Legislature created a new equalized component of general education
revenue called local optional revenue. Local optional revenue equals $424 per
pupil unit for every school district. If a district has operating referendum revenue,
local optional revenue is offset from the approved amount of referendum revenue.
For some districts, local optional revenue is additional revenue, for other districts,
local optional revenue provides space under the referendum allowance cap and for
some, provides added equalization aid (and lower property taxes). Not all
districts have chosen to access local optional revenue.

Local optional revenue is equalized on the referendum market value (RMV) tax
base at the same rate as referendum revenue in the second tier, using an
equalizing factor of $510,000 per pupil unit. The RMV tax base excludes
seasonal recreational property and agricultural lands (other than the house, garage
and one acre of land).

This bill boosts the local optional revenue equalizing factor for school districts
where more than 30 percent of the district's market value is from noncommercial
seasonal recreational property. The market value tax base of a number of districts
that have not accessed local optional revenue have a high percentage of seasonal
recreational property.

1   **Local optional revenue.** Creates an adjustment to the equalizing factor to provide more
          state aid for lower property wealth school districts where more than 30 percent of the
          district's market value tax base consists of noncommercial seasonal recreational property.