***REFERENDUM REVENUE (Section 49) AND TAX BILL (Chapter 143, Article 3, Section 4).***

•

Converts referendum revenue from a rate per resident marginal cost pupil unit to a rate per adjusted pupil unit. Builds the alternative attendance adjustment into the rate per pupil rather than calculating a separate adjustment. The new rate per pupil unit will generate the same revenue for each district for FY 2015 as the sum of the old rate per pupil unit and the old alternative attendance adjustment.

Recalculates the standard and grandfather referendum caps to reflect the pupil unit weighting changes and conversion to a rate per adjusted pupil unit. The new standard cap is $1,845 per new pupil unit for FY 2015, and is adjusted for inflation using the consumer price index in later years. For a district receiving location equity revenue, the grandfather cap is reduced by the location equity allowance.

Establishes a three-tiered equalization formula with increased equalization for Tier 1:

Tier 1 is the first $300 per APU; equalized at $880,000.

Tier 2 is revenue between $300 and $760 per APU, equalized at $510,000.

Tier 3 is revenue between $760 per APU and 25% of the formula allowance, equalized at $290,000; however, Tier 3 applies to all referendum revenue over $760 per APU for districts receiving sparsity revenue.

•

Allows a district to convert up to $300 per APU of voter-approved referendum revenue to board-approved referendum revenue by board vote. For a district with less than $300 per APU of referendum revenue after the location equity revenue subtraction, allows the school board to authorize new referendum revenue up to the difference between $300 per APU and the district’s net referendum allowance after the location equity revenue subtraction.

Operating referendum freeze: FY 2015. Prohibits a district from conducting a referendum election to increase its referendum allowance for FY 2015. Exceptions include:

o

A district may renew an expiring referendum at the same allowance as the expiring referendum;

* A district is exempt from the freeze if it adopted a board resolution prior to June 30 to conduct a referendum in 2013.
* A district is exempt if it did not authorize an operating referendum in fiscal year 2014.
* A district is exempt if it is in statutory operating debt as of June 30, 2013. •

•

Adjusts the grandfather cap for pupil unit weighting changes and conversion to a rate per adjusted pupil unit, and further guarantees that a district’s cap will not be less than the amount needed to ensure that a district will not receive less referendum revenue for FY 2015 after the conversion than under current law.

Sets the upper limit for Tier 3 referendum equalization at 25 percent of the formula allowance and adjusts referendum equalization factors for the pupil unit weighting change. Uses resident pupil units rather than RMCPU for purposes of calculating district property value per pupil for referendum equalization purposes.

Guarantees that a district’s referendum equalization aid for FY 2015 will not be less than the sum of the referendum equalization aid and the alternative attendance adjustment the district would have received for FY 2015 under current law. For FY 2016 and later, adjusts the referendum equalization aid guarantee for any future reductions in a district’s referendum allowance and for change in referendum market value.

**Location Equity Revenue (Tax Bill Chapter 143, Article 3, Sections 3, 5).**

Beginning in FY 2015, establishes location equity revenue as a new component of general education revenue.

For a district with any of its area in the seven-county metropolitan area, the revenue equals $424 times the adjusted pupil units (APU) for that school year.

For all other school districts with more than 2,000 pupils in average daily membership, for the fiscal year ending in the year before the levy is certified (FY 2012 for FY 2015 revenue), the revenue equals $212 times the APU for the school year.

* Location equity is an equalized levy spread on referendum market value (RMV); the equalizing factor is $510,000.
* If a district levies less than the maximum amount, the aid is reduced proportionately.
* A district may opt out of the revenue by adopting a board resolution prior to September 1 of the fiscal year prior to the fiscal year for which the decision to opt out becomes effective (September 1, 2013 for FY 2015 revenue).
* For participating districts, the location equity allowance is subtracted from the referendum allowance.

Link to [full summary of education law changes](http://education.state.mn.us/MDE/Welcome/Legis/index.html?utm_source=Weekly+MREA+eUpdate&utm_campaign=cd26b317d9-eUpdate+3.18.13&utm_medium=email&utm_term=0_838ff83913-cd26b317d9-29660293)