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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1413

03/04/2015 Authored by Johnson, C., and Considine  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; sales and use; modifying the local sales tax authorities for  
1.3 the cities of Mankato and North Mankato; amending Laws 1991, chapter 291,  
1.4 article 8, section 27, subdivisions 3, as amended, 4, as amended, 5, 6; Laws  
1.5 2008, chapter 366, article 7, section 20.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by  
1.8 Laws 1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9,  
1.9 and Laws 2009, chapter 88, article 4, section 14, is amended to read:

1.10 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by  
1.11 subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to  
1.12 pay all or a portion of the expenses of constructing and improving facilities as part of an  
1.13 urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized  
1.14 expenses include, but are not limited to, acquiring property and paying relocation expenses  
1.15 related to the development of Riverfront 2000 and related facilities, and securing or paying  
1.16 debt service on bonds or other obligations issued to finance the construction of Riverfront  
1.17 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related  
1.18 facilities" means a civic-convention center, an arena, a riverfront park, a technology center  
1.19 and related educational facilities, and all publicly owned real or personal property that  
1.20 the governing body of the city determines will be necessary to facilitate the use of these  
1.21 facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and  
1.22 landscaping. It also includes the performing arts theatre and the Southern Minnesota  
1.23 Women's Hockey Exposition Center, for use by Minnesota State University, Mankato.

1.24 (b) Notwithstanding section 297A.99, subdivision 3, and subject to voter approval  
1.25 at a special or general election held on or before December 31, 2016, the city may by

2.1 ordinance also use revenues from taxes authorized under subdivisions 1 and 2, up to  
 2.2 a maximum of \$29,000,000, plus associated bond costs, to pay all or a portion of the  
 2.3 expenses of the following capital projects:

2.4 (1) improvements to regional recreational facilities including existing hockey and  
 2.5 curling rinks, a baseball park, youth athletic fields and facilities, and the municipal  
 2.6 swimming pool including improvements to make the pool compliant with the Americans  
 2.7 with Disabilities Act;

2.8 (2) improvements to flood control and the levee system;

2.9 (3) water quality improvement projects in Blue Earth and Nicollet Counties;

2.10 (4) expansion of the regional transit building and related multimodal transit  
 2.11 improvements;

2.12 (5) regional public safety and emergency communications improvements and  
 2.13 equipment; and

2.14 (6) matching funds for improvements to publicly owned regional facilities including  
 2.15 a historic museum, supportive housing, and a senior center.

2.16 (c) Notwithstanding section 297A.99, subdivision 3, and subject to voter approval  
 2.17 at a special or general election held on or before December 1, 2018, the city may by  
 2.18 ordinance use revenues from the taxes authorized under subdivisions 1 and 2, up to a  
 2.19 maximum of \$25,000,000, plus associated bond costs, to pay all or a portion of the costs  
 2.20 of constructing the following new regional athletic facilities: ice sheets, swimming and  
 2.21 aquatic facility, multi-use sports bubble, indoor field house, or indoor tennis courts.

2.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 2.23 the city of Mankato and its chief clerical officer timely complete their compliance with  
 2.24 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

2.25 Sec. 2. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by  
 2.26 Laws 2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter  
 2.27 366, article 7, section 10, is amended to read:

2.28 Subd. 4. **Expiration of taxing authority and expenditure limitation.** The authority  
 2.29 granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall  
 2.30 expire on at the later of when revenues are sufficient to pay off the bonds, including interest  
 2.31 and all other associated bond costs authorized under subdivision 5, or December 31, 2022,  
 2.32 unless the additional uses under subdivision 3, paragraph (b) or (c), are authorized. If either  
 2.33 additional use allowed in subdivision 3, paragraph (b) or (c), are authorized, the taxes  
 2.34 expire at the later of when revenues are sufficient to pay off the bonds, including interest  
 2.35 and all other associated bond costs authorized under subdivision 5, or December 31, 2032.

3.1 If both additional uses allowed in subdivision 3, paragraphs (b) and (c), are authorized, the  
 3.2 taxes expire at the later of when revenues are sufficient to pay off the bonds, including  
 3.3 interest and all other associated bond costs authorized under subdivision 5, or December  
 3.4 31, 2038. Upon expiration of the taxes, any remaining fund balance of revenues derived  
 3.5 from the taxes shall be disbursed to the general fund of the city. The taxes imposed under  
 3.6 subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

3.7 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 3.8 without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

3.9 Sec. 3. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

3.10 Subd. 5. **Bonds.** (a) The city of Mankato may issue general obligation bonds of the  
 3.11 city in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities,  
 3.12 without election under Minnesota Statutes, chapter 475, on the question of issuance of the  
 3.13 bonds or a tax to pay them. The debt represented by bonds issued for Riverfront 2000  
 3.14 and related facilities shall not be included in computing any debt limitations applicable  
 3.15 to the city of Mankato, and the levy of taxes required by section 475.61 to pay principal  
 3.16 of and interest on the bonds shall not be subject to any levy limitation or be included in  
 3.17 computing or applying any levy limitation applicable to the city.

3.18 (b) The city of Mankato, subject to voter approval at the election required under  
 3.19 subdivision 3, paragraph (b), may issue general obligation bonds of the city in an amount  
 3.20 not to exceed \$29,000,000 for the projects listed under subdivision 3, paragraph (b),  
 3.21 without election under Minnesota Statutes, chapter 475, on the question of issuance of the  
 3.22 bonds or a tax to pay them. The debt represented by bonds under this paragraph shall not be  
 3.23 included in computing any debt limitations applicable to the city of Mankato, and the levy  
 3.24 of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on  
 3.25 the bonds, and shall not be subject to any levy limitation or be included in computing or  
 3.26 applying any levy limitation applicable to the city. The city may use tax revenue in excess  
 3.27 of one year's principal interest reserve for intended annual bond payments to pay all or a  
 3.28 portion of the cost of capital improvements authorized in subdivision 3,

3.29 (c) The city of Mankato, upon the voter approval required under subdivision 3,  
 3.30 paragraph (c), may issue general obligation bonds of the city in an amount not to exceed  
 3.31 \$25,000,000 for the projects listed under subdivision 3, paragraph (c), without a separate  
 3.32 election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds  
 3.33 or a tax to pay them. The debt represented by bonds under this paragraph shall not be  
 3.34 included in computing any debt limitations applicable to the city of Mankato, and the levy  
 3.35 of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest

4.1 on the bonds, shall not be subject to any levy limitation or be included in computing or  
 4.2 applying any levy limitation applicable to the city.

4.3 (d) Notwithstanding the maximum bond limits in this subdivision, the city may use  
 4.4 tax revenue in excess of any and all annual principal and interest payment obligations for  
 4.5 capital replacement associated with the uses authorized in subdivision 3.

4.6 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 4.7 without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

4.8 Sec. 4. Laws 1991, chapter 291, article 8, section 27, subdivision 6, is amended to read:

4.9 Subd. 6. **Reverse referendum; authorization of extensions.** (a) If the Mankato city  
 4.10 council intends to exercise the authority provided by this section, it shall pass a resolution  
 4.11 stating the fact before July 1, 1991. The resolution must be published for two successive  
 4.12 weeks in the official newspaper of the city or, if there is no official newspaper, in a  
 4.13 newspaper of general circulation in the city, together with a notice fixing a date for a public  
 4.14 hearing on the matter. The hearing must be held at least two weeks but not more than four  
 4.15 weeks after the first publication of the resolution. Following the public hearing, the city  
 4.16 may determine to take no further action or adopt a resolution confirming its intention to  
 4.17 exercise the authority. That resolution must also be published in the official newspaper of  
 4.18 the city or, if there is no official newspaper, in a newspaper of general circulation in the  
 4.19 city. If within 30 days after publication of the resolution a petition signed by voters equal  
 4.20 in number to ten percent of the votes cast in the city in the last general election requesting  
 4.21 a vote on the proposed resolution is filed with the county auditor, the resolution is not  
 4.22 effective until it has been submitted to the voters at a general or special election and a  
 4.23 majority of votes cast on the question of approving the resolution are in the affirmative. The  
 4.24 commissioner of revenue shall prepare a suggested form of question to be presented at the  
 4.25 election. The referendum must be held at a special or general election before December 1,  
 4.26 1991. This subdivision applies notwithstanding any city charter provision to the contrary.

4.27 (b) If the Mankato city council wishes to extend the taxes authorized under  
 4.28 subdivisions 1 and 2 to fund any of the projects listed in subdivision 3, paragraph (b) or  
 4.29 (c), the city must pass a resolution extending the taxes before July 1, 2015. The tax may  
 4.30 not be imposed unless approved by the voters.

4.31 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 4.32 without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

4.33 Sec. 5. Laws 2008, chapter 366, article 7, section 20, is amended to read:

5.1           **Sec. 20. CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

5.2           Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
5.3 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to  
5.4 the approval of the voters on November 7, 2006, the city of North Mankato may impose  
5.5 by ordinance a sales and use tax of one-half of one percent for the purposes specified  
5.6 in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the  
5.7 imposition, administration, collection, and enforcement of the taxes authorized under  
5.8 this subdivision.

5.9           Subd. 2. **Use of revenues.** (a) Revenues received from the tax authorized by  
5.10 subdivision 1 must be used to pay all or part of the capital costs of the following projects:

- 5.11           (1) the local share of the Trunk Highway 14/County State-Aid Highway 41  
5.12 interchange project;
- 5.13           (2) development of regional parks and hiking and biking trails;
- 5.14           (3) expansion of the North Mankato Taylor Library;
- 5.15           (4) riverfront redevelopment; and
- 5.16           (5) lake improvement projects.

5.17           The total amount of revenues from the tax in subdivision 1 that may be used to fund  
5.18 these projects is \$6,000,000 plus any associated bond costs.

5.19           (b) If the city extends the tax as authorized under subdivision 2a, paragraph (a), the  
5.20 total amount that may be used to fund these projects is increased by \$9,000,000, plus  
5.21 associated bond costs, minus any revenues used for the purposes listed in paragraph (c).

5.22           (c) Revenues raised from the tax imposed under subdivision 1 may also be used to  
5.23 fund all or a portion of the costs of constructing new regional athletic facilities: ice sheets,  
5.24 swimming and aquatic facility, multi-use sports bubble, indoor field house, or indoor  
5.25 tennis courts if those facilities are constructed within the corporate boundaries of the city  
5.26 of North Mankato. The tax may only be used for this purpose if authorized by the voters  
5.27 as provided for in subdivision 2a, paragraph (b).

5.28           Subd. 2a. **Authorization to extend the tax.** (a) Notwithstanding section 297A.99,  
5.29 subdivision 3, if the North Mankato city council intends to extend the tax authorized under  
5.30 subdivision 1 to cover an additional \$9,000,000 in bonds, plus associated bond costs, to  
5.31 fund the projects in subdivision 2, paragraph (a), the city must pass a resolution extending  
5.32 the tax before July 1, 2015. The resolution must be published for two successive weeks in  
5.33 the official newspaper of the city or, if there is no official newspaper, in a newspaper of  
5.34 general circulation in the city, together with a notice fixing a date for a public hearing on  
5.35 the matter. The hearing must be held at least two weeks but not more than four weeks after  
5.36 the first publication of the resolution. Following the public hearing, the city may determine

6.1 to take no further action or adopt a resolution confirming its intention to exercise the  
6.2 authority. That resolution must also be published in the official newspaper of the city or, if  
6.3 there is no official newspaper, in a newspaper of general circulation in the city. If, within  
6.4 30 days after publication of the resolution, a petition signed by voters equal in number to  
6.5 ten percent of the votes cast in the city in the last general election requesting a vote on the  
6.6 proposed resolution is filed with the county auditor, the resolution is not effective until it  
6.7 has been submitted to the voters at a general or special election and a majority of votes  
6.8 cast on the question of approving the resolution are in the affirmative. The commissioner  
6.9 of revenue shall prepare a suggested form of the question to be presented at the election.  
6.10 The referendum must be held at a special or general election before December 1, 2015.  
6.11 This subdivision applies notwithstanding any city charter provision to the contrary.

6.12 (b) Notwithstanding section 297A.99, subdivision 3, and subject to voter approval  
6.13 at a special or general election held on or before December 1, 2018, the city may use up  
6.14 to \$5,000,000, plus associated bond costs of the additional sales tax revenue allowed to  
6.15 be raised under paragraph (a), to pay all or a portion of the costs of constructing the new  
6.16 regional athletic facilities listed in subdivision 2, paragraph (c).

6.17 Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the  
6.18 voters at the November 7, 2006 referendum authorizing the imposition of the taxes in  
6.19 this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and  
6.20 administrative expenses for the projects described in subdivision 2, paragraph (a), in an  
6.21 amount that does not exceed \$6,000,000. A separate election to approve the bonds under  
6.22 Minnesota Statutes, section 475.58, is not required.

6.23 (b) The city of North Mankato, subject to the reverse referendum in subdivision 2a,  
6.24 paragraph (a), allowing for additional revenue to be spent for the projects in subdivision 2,  
6.25 paragraph (a), may issue additional bonds under Minnesota Statutes, chapter 475, to pay  
6.26 capital and administrative expenses for those projects in an amount that does not exceed  
6.27 \$9,000,000. If approved by voters as required under subdivision 2a, paragraph (b), up  
6.28 to \$5,000,000 of the bonds, plus associated bond costs, may be used to pay capital and  
6.29 administrative costs for the projects listed in subdivision 2, paragraph (b), instead. A  
6.30 separate election to approve the bonds under Minnesota Statutes, section 475.58, is not  
6.31 required.

6.32 ~~(b)~~ (c) The debt represented by the bonds is not included in computing any debt  
6.33 limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section  
6.34 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

7.1 (d) Notwithstanding the maximum bond limits set forth above, the city may use tax  
7.2 revenue in excess of any and all annual principal and interest payment obligations for  
7.3 capital replacement associated with the uses authorized in subdivision 2.

7.4 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires when  
7.5 the city council determines that the amount of revenues received from the taxes to pay for  
7.6 the projects under subdivision 2, paragraph (a), first equals or exceeds \$6,000,000 plus the  
7.7 additional amount needed to pay the costs related to issuance of bonds under subdivision 3,  
7.8 including interest on the bonds, unless the tax is extended as allowed in this section. If the  
7.9 tax is extended as allowed under the reverse referendum under subdivision 2a, paragraph  
7.10 (a), the tax expires December 31, 2038. In addition, if the tax is extended to cover the  
7.11 projects in subdivision 2, paragraph (b), the tax expires December 31, 2038. Any funds  
7.12 remaining after completion of the projects and retirement or redemption of the bonds shall  
7.13 be placed in a capital facilities and equipment replacement fund of the city. The tax imposed  
7.14 under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

7.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
7.16 the city of North Mankato and its chief clerical officer timely complete their compliance  
7.17 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.