

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-FIRST SESSION**

**S.F. No. 1591**

(SENATE AUTHORS: RARICK)

DATE  
02/21/2019

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486 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
 1.2 relating to taxation; sales and use; authorizing the city of Scanlon to impose a local  
 1.3 option sales and use tax.

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

1.5 Section 1. **CITY OF SCANLON; TAXES AUTHORIZED.**

1.6 Subdivision 1. Sales and use tax; authorization. Notwithstanding Minnesota Statutes,  
 1.7 section 297A.99, subdivision 3, paragraph (b), or 477A.016, or any other law or ordinance,  
 1.8 the city of Scanlon, pursuant to approval by the voters at the general election on November  
 1.9 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one percent for  
 1.10 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
 1.11 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
 1.12 collection, and enforcement of the tax authorized under this subdivision.

1.13 Subd. 2. Use of revenues. Revenues received from taxes authorized by subdivision 1  
 1.14 must be used by the city to:

1.15 (1) pay the costs of collecting and administering the tax;

1.16 (2) pay the capital and administrative costs of city street improvements and utility  
 1.17 infrastructure, including storm sewer and sanitary sewer improvements; and

1.18 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
 1.19 finance the improvements listed in this subdivision in the city.

1.20 Subd. 3. Bonding authority. (a) The city may issue bonds under Minnesota Statutes,  
 1.21 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
 1.22 principal amount of bonds issued under this subdivision may not exceed \$400,000 plus an

2.1 amount to be applied to the payment of the costs of issuing the bonds. The bonds may be  
2.2 paid from or secured by any funds available to the city, including the tax authorized under  
2.3 subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
2.4 Statutes, sections 275.60 and 275.61.

2.5 (b) The bonds are not included in computing any debt limitation applicable to the city,  
2.6 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
2.7 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
2.8 under Minnesota Statutes, section 475.58, is not required.

2.9 Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the  
2.10 earlier of: (1) ten years after the tax is first imposed; or (2) when the city council determines  
2.11 that \$400,000 has been received from the tax to pay for the cost of the projects authorized  
2.12 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
2.13 bonds authorized under subdivision 3, including interest on the bonds.

2.14 (b) Any funds remaining after payment of all such costs and retirement or redemption  
2.15 of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision  
2.16 1 may expire at an earlier time if the city so determines by ordinance.

2.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
2.18 city of Scanlon and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
2.19 subdivisions 2 and 3.