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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 1283

02/15/2017 Authored by Hamilton 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; modifying authority for the city of Worthington to use revenues
1.3 from and issue debt associated with local sales and use taxes; modifying the use
1.4 of revenues and related provisions; amending Laws 2005, First Special Session
1.5 chapter 3, article 5, section 44, subdivisions 3, as amended, 4, 5, as amended.

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

1.7 Section 1. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision
1.8 3, as amended by Laws 2014, chapter 308, article 7, section 3, is amended to read:

1.9 Subd. 3. Use of revenues. (a) Revenues received from taxes authorized by subdivisions
1.10 1 and 2 must be used by the city (1) to pay the cost of collecting and administering the taxes
1.11 and; (2) to pay for the costs of a community center complex and; (3) to make renovations
1.12 to the Memorial Auditorium; and (4) to construct public athletic facilities, provided that
1.13 this use of the tax is subject to the same restrictions that apply to the issuance of debt provided
1.14 in subdivision 4, paragraph (c). Authorized expenses include, but are not limited to, acquiring
1.15 property and paying construction expenses related to these improvements, and paying debt
1.16 service on bonds or other obligations issued to finance acquisition and construction of these
1.17 improvements.

1.18 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 2 and 3, if the
1.19 city decides to extend the taxes in subdivisions 1 and 2, as allowed under subdivision 5,
1.20 paragraph (b), the city must use any amounts in excess of the amounts necessary to meet
1.21 the obligations under paragraph (a) to pay the city's share of debt service on bonds issued
1.22 under Minnesota Statutes, section 469.194, to fund the Lewis and Clark Regional Water
1.23 System Project.

2.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 2.2 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section
 2.3 645.021, subdivisions 2 and 3.

2.4 Sec. 2. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 4, is
 2.5 amended to read:

2.6 Subd. 4. **Bonding authority.** (a) If the tax authorized under subdivision 1 is approved
 2.7 by the voters, the city may issue bonds under Minnesota Statutes, chapter 475, to pay capital
 2.8 and administrative expenses for the improvements described in subdivision 3 ~~in an amount~~
 2.9 ~~that does not exceed \$6,000,000.~~ An election to approve the bonds under Minnesota Statutes,
 2.10 section 475.58, is not required.

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

2.14 (c) If the Worthington City Council intends to issue debt after June 30, 2017, for the
 2.15 purposes of this subdivision, it must pass a resolution stating the intent to issue debt and
 2.16 proposing a public hearing. The resolution must be published for two successive weeks in
 2.17 the official newspaper of the city together with a notice setting a date for the public hearing.
 2.18 The hearing must be held at least two weeks, but not more than four weeks, after the first
 2.19 publication after passage of the resolution. Following the public hearing, if the city adopts
 2.20 a resolution confirming its intention to issue additional debt, that resolution must also be
 2.21 published in the official newspaper of the city, but the resolution is not effective for 30 days.
 2.22 If within 30 days after publication of the resolution confirming the city's intention to issue
 2.23 additional debt a petition signed by voters equal in number to ten percent of the votes cast
 2.24 in the city in the last general election requesting a vote on the proposed resolution is filed
 2.25 with the county auditor, the resolution is not effective until it has been submitted to the
 2.26 voters in a general or special election and a majority of the votes cast on the question of
 2.27 approving the resolution are in the affirmative. The commissioner of revenue shall prepare
 2.28 a suggested form of question to be presented at the election.

2.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 2.30 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section
 2.31 645.021, subdivisions 2 and 3.

3.1 Sec. 3. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 5, as
3.2 amended by Laws 2014, chapter 308, article 7, section 4, is amended to read:

3.3 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire
3.4 at the earlier of (1) ten years, or (2) when the city council determines that the amount of
3.5 revenue received from the taxes is sufficient to pay for the projects under subdivision 3
3.6 ~~equals or exceeds \$6,000,000~~ plus the additional amount needed to pay the costs related to
3.7 issuance of bonds under subdivision 4, including interest on the bonds. Any funds remaining
3.8 after completion of the project and retirement or redemption of the bonds shall be placed
3.9 in a capital project fund of the city. The taxes imposed under subdivisions 1 and 2 may
3.10 expire at an earlier time if the city so determines by ordinance.

3.11 (b) Notwithstanding paragraph (a), the city council may, by ordinance, extend the taxes
3.12 imposed under subdivisions 1 and 2 through December 31, 2039, provided that all additional
3.13 revenues that exceed those necessary to fund the projects and associated financing costs
3.14 listed in subdivision 3, paragraph (a), are committed to pay debt service on bonds issued
3.15 under Minnesota Statutes, section 469.194, to fund the Lewis and Clark Regional Water
3.16 System Project.

3.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
3.18 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section
3.19 645.021, subdivisions 2 and 3.