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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 554

01/26/2017 Authored by Nornes
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; authorizing the city of Fergus Falls to impose
1.3 a local sales and use tax.

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

1.5 Section 1. CITY OF FERGUS FALLS; TAXES AUTHORIZED.

1.6 Subdivision 1. Sales and use tax authorized. Notwithstanding Minnesota Statutes,
1.7 section 297A.99, subdivision 1, section 477A.016, or any other law, ordinance, or city
1.8 charter, and as approved by the voters at the November 8, 2016, general election, the city
1.9 of Fergus Falls may impose, by ordinance, a sales and use tax of up to one-half of one
1.10 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
1.11 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
1.12 administration, collection, and enforcement of the tax authorized under this subdivision.

1.13 Subd. 2. Use of sales and use tax revenues. The revenues from the tax authorized under
1.14 subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting and
1.15 administering the tax and securing and paying debt service on bonds issued to finance all
1.16 or part of the costs of the expansion and betterment of the Fergus Falls Public Library located
1.17 at 205 East Hampden Avenue in the city of Fergus Falls.

1.18 Subd. 3. Bonding authority. (a) The city of Fergus Falls may issue bonds under
1.19 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project
1.20 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
1.21 subdivision may not exceed \$9,800,000, plus an amount applied to the payment of costs of
1.22 issuing the bonds. The bonds may be paid from or secured by any funds available to the

2.1 city of Fergus Falls, including the tax authorized under subdivision 1. The issuance of bonds
2.2 under this subdivision is not subject to Minnesota Statutes, section 275.60 and 275.61.

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

2.7 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
2.8 earlier of: (1) 12 years after the tax is first imposed, or (2) when the city council determines
2.9 that \$9,800,000 has been received from the tax to pay for the cost of the project authorized
2.10 under subdivision 2, plus an amount sufficient to pay the costs related to the issuance of the
2.11 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining
2.12 after payment of all such costs and retirement or redemption of the bonds shall be placed
2.13 in the general fund of the city. The tax imposed under subdivision 1 may expire at any
2.14 earlier time if the city so determines by ordinance.

2.15 **EFFECTIVE DATE.** This section is effective the day after compliance by the governing
2.16 body of the city of Fergus Falls with Minnesota Statutes, section 645.021, subdivisions 2
2.17 and 3.