

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 698

(SENATE AUTHORS: ROSEN)

DATE
02/06/2017

D-PG
525 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; authorizing the city of Fairmont to impose a local sales and
1.3 use tax and issue bonds for specified projects.

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

1.5 Section 1. **CITY OF FAIRMONT; LOCAL TAX AUTHORIZED.**

1.6 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
1.7 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
1.8 charter, and as approved by the voters at the general election of November 8, 2016, the city
1.9 of Fairmont may impose, by ordinance, a sales and use tax of 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 sales and use tax revenues. The revenues derived from the tax authorized
1.14 under subdivision 1 must be used by the city of Fairmont to pay the costs of collecting and
1.15 administering the tax and to finance the capital and administrative costs of constructing and
1.16 funding recreational amenities, trails, and a community center. The total that may be raised
1.17 from the tax to pay for these projects is limited to \$15,000,000, plus the costs related to the
1.18 issuance and paying debt service on bonds for these projects.

1.19 Subd. 3. Bonding authority. (a) The city of Fairmont may issue bonds under Minnesota
1.20 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
1.21 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
1.22 not exceed \$15,000,000, plus an amount to be applied to the payment of the costs of issuing
1.23 the bonds. The bonds may be paid from or secured by any funds available to the city of

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

2.3 (b) The bonds are not included in computing any debt limitation applicable to the city
2.4 of Fairmont, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
2.5 and 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) 25 years after the tax is first imposed; or (2) when the city council determines
2.9 that \$15,000,000, plus an amount sufficient to pay the costs related to issuing the bonds
2.10 authorized under subdivision 3, including interest on the bonds, has been received from the
2.11 tax to pay for the cost of the projects authorized under subdivision 2. 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 an earlier
2.14 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 Fairmont with Minnesota Statutes, section 645.021, subdivisions 2 and
2.17 3.