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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 280

01/25/2021 Authored by Urdahl
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; local sales and use; authorizing the city of Litchfield 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 LITCHFIELD; TAXES AUTHORIZED.

1.6 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
1.7 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
1.8 and if approved by the voters at a general election as required under Minnesota Statutes,
1.9 section 297A.99, subdivision 3, the city of Litchfield may impose by ordinance a sales and
1.10 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
1.11 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
1.12 govern the imposition, administration, collection, and enforcement of the tax authorized
1.13 under this subdivision. The tax imposed under this subdivision is in addition to any local
1.14 sales and use tax imposed under any other special law.

1.15 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
1.16 under subdivision 1 must be used by the city of Litchfield to pay the costs of collecting and
1.17 administering the tax and for up to \$10,000,000 for the cost of constructing a community
1.18 wellness/recreation center that will include a gymnasium and general fitness spaces, a
1.19 dedicated walking section, a community room, and any locker rooms and mechanical
1.20 equipment needed for future additions to the facility.

1.21 Subd. 3. Bonding authority. (a) The city of Litchfield may issue bonds under Minnesota
1.22 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
1.23 subdivision 2 and approved by the voters as required under Minnesota Statutes, section

2.1 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
2.2 under this subdivision may not exceed \$10,000,000 for the project listed in subdivision 2
2.3 plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds
2.4 may be paid from or secured by any funds available to the city of Litchfield, including the
2.5 tax authorized under subdivision 1. The issuance of bonds under this subdivision is not
2.6 subject to Minnesota Statutes, sections 275.60 and 275.61.

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

2.11 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
2.12 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
2.13 after being first imposed, or (2) when the city council determines that the amount received
2.14 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
2.15 projects approved by voters as required under Minnesota Statutes, section 297A.99,
2.16 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
2.17 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
2.18 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
2.19 any funds remaining after payment of the allowed costs due to the timing of the termination
2.20 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
2.21 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
2.22 if the city so determines by ordinance.

2.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
2.24 city of Litchfield and its chief clerical officer comply with Minnesota Statutes, section
2.25 645.021, subdivisions 2 and 3.