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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 783

02/02/2017 Authored by Johnson, C., and Considine
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 cities of Mankato and North
1.3 Mankato to extend existing local sales and use taxes; amending Laws 1991, chapter
1.4 291, article 8, section 27, subdivisions 3, as amended, 4, as amended, 5; Laws
1.5 2008, chapter 366, article 7, section 20.

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

1.7 Section 1. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by
1.8 Laws 1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9,
1.9 and Laws 2009, chapter 88, article 4, section 14, is amended to read:

1.10 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions
1.11 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a
1.12 portion of the expenses of constructing and improving facilities as part of an urban
1.13 revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses
1.14 include, but are not limited to, acquiring property and paying relocation expenses related
1.15 to the development of Riverfront 2000 and related facilities, and securing or paying debt
1.16 service on bonds or other obligations issued to finance the construction of Riverfront 2000
1.17 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities"
1.18 means a civic-convention center, an arena, a riverfront park, a technology center and related
1.19 educational facilities, and all publicly owned real or personal property that the governing
1.20 body of the city determines will be necessary to facilitate the use of these facilities, including
1.21 but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also
1.22 includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition
1.23 Center, for use by Minnesota State University, Mankato.

2.1 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved
 2.2 by voters at the November 8, 2016, general election, the city may by ordinance also use
 2.3 revenues from taxes authorized under subdivisions 1 and 2, up to a maximum of \$47,000,000,
 2.4 plus associated bond costs, to pay all or a portion of the expenses of the following capital
 2.5 projects:

2.6 (1) construction and improvements to regional recreational facilities including existing
 2.7 hockey and curling rinks, a baseball park, youth athletic fields and facilities, the municipal
 2.8 swimming pool including improvements to make the pool compliant with the Americans
 2.9 with Disabilities Act, and indoor regional athletic facilities;

2.10 (2) improvements to flood control and the levee system;

2.11 (3) water quality improvement projects in Blue Earth and Nicollet Counties;

2.12 (4) expansion of the regional transit building and related multimodal transit
 2.13 improvements;

2.14 (5) regional public safety and emergency communications improvements and equipment;
 2.15 and

2.16 (6) matching funds for improvements to publicly owned regional facilities including a
 2.17 historic museum, supportive housing, and a senior center.

2.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 2.19 city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
 2.20 645.021, subdivisions 2 and 3.

2.21 Sec. 2. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by Laws
 2.22 2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter 366,
 2.23 article 7, section 10, is amended to read:

2.24 Subd. 4. **Expiration of taxing authority and expenditure limitation.** The authority
 2.25 granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall
 2.26 expire ~~on~~ at the earlier of when revenues are sufficient to pay off the bonds, including
 2.27 interest and all other associated bond costs authorized under subdivision 5, or December
 2.28 31, ~~2022~~ 2038.

2.29 **EFFECTIVE DATE.** This section is effective the day following final enactment without
 2.30 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

3.1 Sec. 3. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

3.2 Subd. 5. **Bonds.** (a) The city of Mankato may issue general obligation bonds of the city
 3.3 in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities, without
 3.4 election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or
 3.5 a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related
 3.6 facilities shall not be included in computing any debt limitations applicable to the city of
 3.7 Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest
 3.8 on the bonds shall not be subject to any levy limitation or be included in computing or
 3.9 applying any levy limitation applicable to the city.

3.10 (b) The city of Mankato may issue general obligation bonds of the city in an amount not
 3.11 to exceed \$47,000,000 for the projects listed under subdivision 3, paragraph (b), without
 3.12 election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or
 3.13 a tax to pay them. The debt represented by bonds under this paragraph shall not be included
 3.14 in computing any debt limitations applicable to the city of Mankato, and the levy of taxes
 3.15 required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds,
 3.16 and shall not be subject to any levy limitation or be included in computing or applying any
 3.17 levy limitation applicable to the city. The city may use tax revenue in excess of one year's
 3.18 principal interest reserve for intended annual bond payments to pay all or a portion of the
 3.19 cost of capital improvements authorized in subdivision 3.

3.20 **EFFECTIVE DATE.** This section is effective the day following final enactment without
 3.21 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

3.22 Sec. 4. Laws 2008, chapter 366, article 7, section 20, is amended to read:

3.23 Sec. 20. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

3.24 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,
 3.25 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the
 3.26 approval of the voters on November 7, 2006, the city of North Mankato may impose by
 3.27 ordinance a sales and use tax of one-half of one percent for the purposes specified in
 3.28 subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,
 3.29 administration, collection, and enforcement of the taxes authorized under this subdivision.

3.30 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1
 3.31 must be used to pay all or part of the capital costs of the following projects:

3.32 (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange
 3.33 project;

4.1 (2) development of regional parks and hiking and biking trails, including construction
 4.2 of regional athletic facilities;

4.3 (3) expansion of the North Mankato Taylor Library;

4.4 (4) riverfront redevelopment; and

4.5 (5) lake improvement projects.

4.6 The total amount of revenues from the tax in subdivision 1 that may be used to fund
 4.7 these projects is ~~\$6,000,000~~ \$21,000,000 plus any associated bond costs.

4.8 Subd. 2a. **Authorization to extend the tax.** Notwithstanding Minnesota Statutes, section
 4.9 297A.99, subdivision 3, the North Mankato City Council may, by resolution, extend the
 4.10 tax authorized under subdivision 1 to cover an additional \$15,000,000 in bonds, plus
 4.11 associated bond costs, to fund the projects in subdivision 2 as approved by the voters at the
 4.12 November 8, 2016, general election.

4.13 Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters
 4.14 at the November 7, 2006 referendum authorizing the imposition of the taxes in this section,
 4.15 may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative
 4.16 expenses for the projects described in subdivision 2, in an amount that does not exceed
 4.17 \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section
 4.18 475.58, is not required.

4.19 (b) The city of North Mankato, pursuant to approval of the voters at the November 8,
 4.20 2016, referendum extending the tax fee to provide additional revenue to be spent for the
 4.21 projects in subdivision 2, may issue additional bonds under Minnesota Statutes, chapter
 4.22 475, to pay capital and administrative expenses for those projects in an amount that does
 4.23 not exceed \$15,000,000. A separate election to approve the bonds under Minnesota Statutes,
 4.24 section 475.58, is not required.

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

4.28 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires ~~when the~~
 4.29 ~~city council determines that the amount of revenues received from the taxes to pay for the~~
 4.30 ~~projects under subdivision 2 first equals or exceeds \$6,000,000 plus the additional amount~~
 4.31 ~~needed to pay the costs related to issuance of bonds under subdivision 3, including interest~~
 4.32 ~~on the bonds.~~ at the earlier of December 31, 2038, or when revenues from the taxes first
 4.33 equal or exceed \$21,000,000 plus the additional amount needed to pay costs related to

5.1 issuance of bonds under subdivision 3, including interest. Any funds remaining after
5.2 completion of the projects and retirement or redemption of the bonds shall be placed in a
5.3 capital facilities and equipment replacement fund of the city. The tax imposed under
5.4 subdivision 1 may expire at an earlier time if the city so determines by ordinance.

5.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
5.6 city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section
5.7 645.021, subdivisions 2 and 3.