

This Document can be made available in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 682

02/09/2015 Authored by Norton, Liebling and Davids

The bill was read for the first time and referred to the Committee on Greater Minnesota Economic and Workforce Development Policy

02/18/2015 Adoption of Report: Re-referred to the Committee on Job Growth and Energy Affordability Policy and Finance

03/25/2015 Adoption of Report: Re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to economic development; destination medical center; modifying the
1.3 definition of public infrastructure; clarifying the local matching contribution;
1.4 amending Minnesota Statutes 2014, sections 469.40, subdivision 11, as amended;
1.5 469.45, subdivisions 1, 2; 469.47, subdivision 4, as amended.

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

1.7 Section 1. Minnesota Statutes 2014, section 469.40, subdivision 11, as amended by
1.8 Laws 2015, chapter 1, section 6, is amended to read:

1.9 Subd. 11. **Public infrastructure project.** (a) "Public infrastructure project" means
1.10 a project financed in part or in whole with public money in order to support the medical
1.11 business entity's development plans, as identified in the DMCC development plan. A
1.12 public infrastructure project may:

1.13 (1) acquire real property and other assets associated with the real property;

1.14 (2) demolish, repair, or rehabilitate buildings;

1.15 (3) remediate land and buildings as required to prepare the property for acquisition
1.16 or development;

1.17 (4) install, construct, or reconstruct elements of public infrastructure required to
1.18 support the overall development of the destination medical center development district
1.19 including, but not limited to, streets, roadways, utilities systems and related facilities,
1.20 utility relocations and replacements, network and communication systems, streetscape
1.21 improvements, drainage systems, sewer and water systems, subgrade structures and
1.22 associated improvements, landscaping, façade construction and restoration, wayfinding
1.23 and signage, and other components of community infrastructure;

1.24 (5) acquire, construct or reconstruct, and equip parking facilities and other facilities
1.25 to encourage intermodal transportation and public transit;

2.1 (6) install, construct or reconstruct, furnish, and equip parks, cultural, and
 2.2 recreational facilities, facilities to promote tourism and hospitality, conferencing and
 2.3 conventions, and broadcast and related multimedia infrastructure;

2.4 (7) make related site improvements including, without limitation, excavation,
 2.5 earth retention, soil stabilization and correction, and site improvements to support the
 2.6 destination medical center development district;

2.7 (8) prepare land for private development and to sell or lease land;

2.8 (9) provide costs of relocation benefits to occupants of acquired properties; and

2.9 (10) construct and equip all or a portion of one or more suitable structures on land
 2.10 owned by the city for sale or lease to private development; provided, however, that the
 2.11 portion of any structure directly financed by the city as a public infrastructure project must
 2.12 not be sold or leased to a medical business entity.

2.13 (b) A public infrastructure project is not a business subsidy under section 116J.993.

2.14 (c) Public infrastructure project includes the planning, preparation, and modification
 2.15 of the development plan under section 469.43, ~~and.~~ The cost of that planning, preparation,
 2.16 and any modification is a capital cost of the public infrastructure project.

2.17 Sec. 2. Minnesota Statutes 2014, section 469.45, subdivision 1, is amended to read:

2.18 Subdivision 1. **Rochester, other local taxes authorized.** (a) Notwithstanding
 2.19 section 477A.016 or any other contrary provision of law, ordinance, or city charter, and in
 2.20 addition to any taxes the city may impose on these transactions under another statute or
 2.21 law, the city of Rochester may, by ordinance, impose at a rate or rates, determined by the
 2.22 city, any of the following taxes:

2.23 (1) a tax on the gross receipts from the furnishing for consideration of lodging and
 2.24 related services as defined in section 297A.61, subdivision 3, paragraph (g), clause (2); the
 2.25 city may choose to impose a differential tax based on the number of rooms in the facility;

2.26 (2) a tax on the gross receipts of food and beverages sold primarily for consumption
 2.27 on the premises by restaurants and places of refreshment that occur in the city of
 2.28 Rochester; the city may elect to impose the tax in a defined district of the city; and

2.29 (3) a tax on the admission receipts to entertainment and recreational facilities, as
 2.30 defined by ordinance, in the city of Rochester.

2.31 (b) The provisions of section 297A.99, subdivisions 4 to 13, govern the
 2.32 administration, collection, and enforcement of any tax imposed by the city under
 2.33 paragraph (a).

2.34 (c) The proceeds of any taxes imposed under this subdivision, less refunds and
 2.35 costs of collection, must be used by the city only to meet its share of obligations for

3.1 public infrastructure projects contained in the development plan and approved by the
 3.2 corporation, including any associated financing costs or to pay any other costs qualifying
 3.3 as a local matching contribution under section 469.47, subdivision 4. Any tax imposed
 3.4 under paragraph (a) expires at the earlier of December 31, 2049, or when the city council
 3.5 determines that sufficient funds have been raised from the tax plus all other local funding
 3.6 sources authorized in Laws 2013, chapter 143, article 10, to meet the city obligation for
 3.7 financing public infrastructure projects contained in the development plan and approved
 3.8 by the corporation, including any associated financing costs.

3.9 Sec. 3. Minnesota Statutes 2014, section 469.45, subdivision 2, is amended to read:

3.10 Subd. 2. **General sales tax authority.** The city may elect to extend the existing
 3.11 local sales and use tax under Laws 2013, chapter 143, article 10, section 13, or to impose
 3.12 an additional rate of up to one quarter of one percent tax on sales and use under Laws
 3.13 2013, chapter 143, article 10, section 11. The proceeds of any extended or additional taxes
 3.14 imposed under this subdivision, less refunds and costs of collection, must be used by the
 3.15 city only to meet its share of obligations for public infrastructure projects contained in the
 3.16 development plan and approved by the corporation, including all financing costs. Revenues
 3.17 collected in any year to meet the obligations must be used for payment of obligations or
 3.18 expenses for public infrastructure projects approved by the corporation or of any other
 3.19 costs qualifying as a local matching contribution under section 469.47, subdivision 4.

3.20 Sec. 4. Minnesota Statutes 2014, section 469.47, subdivision 4, as amended by Laws
 3.21 2015, chapter 1, section 10, is amended to read:

3.22 Subd. 4. **General aid; local matching contribution.** In order to qualify for general
 3.23 state infrastructure aid, the city must enter a written agreement with the commissioner
 3.24 that requires the city to make a qualifying local matching contribution to pay for
 3.25 \$128,000,000 of the cost of public infrastructure projects approved by the corporation,
 3.26 including financing costs, using funds other than state aid received under this section. The
 3.27 ~~\$128,000,000~~ required local matching contribution is reduced by ~~one-half of the~~ any
 3.28 amounts the city pays for operating and administrative costs out of funds other than state aid
 3.29 received under this section for the support, administration, or operations of the corporation
 3.30 and the economic development agency up to a maximum amount agreed to by the board
 3.31 and the city. These amounts include any costs the city incurs in providing services,
 3.32 goods, or other support to the corporation or agency. The agreement must provide for the
 3.33 manner, timing, and amounts of the city contributions, including the city's commitment
 3.34 for each year. Notwithstanding any law to the contrary, the agreement may provide that

4.1 the city contributions for public infrastructure project principal costs may be made over a
4.2 20-year period at a rate not greater than \$1 from the city for each \$2.55 from the state.
4.3 The local match contribution may be provided by the city from any source identified in
4.4 section 469.45 and any other local tax proceeds or other funds from the city and may
4.5 include providing funds to prepare the development plan, to assist developers undertaking
4.6 projects in accordance with the development plan, or by the city directly undertaking
4.7 public infrastructure projects in accordance with the development plan, provided the
4.8 projects have been approved by the corporation. City contributions that are in excess of
4.9 this ratio carry forward and are credited toward subsequent years. The commissioner and
4.10 city may agree to amend the agreement at any time in light of new information or other
4.11 appropriate factors. The city may enter into arrangements with the county to pay for or
4.12 otherwise meet the local matching contribution requirement. Any public infrastructure
4.13 project within the area that will be in the destination medical center development district
4.14 whose implementation is started or funded by the city after June 22, 2013, but before the
4.15 development plan is adopted, as provided by section 469.43, subdivision 1, will be included
4.16 for the purposes of determining the amount the city has contributed as required by this
4.17 section and the agreement with the commissioner, subject to approval by the corporation.

4.18 **Sec. 5. EFFECTIVE DATE.**

4.19 Sections 1 to 4 are effective the day following compliance by the governing body
4.20 of the city of Rochester and its chief clerical officer with Minnesota Statutes, section
4.21 645.021, subdivisions 2 and 3, and apply retroactively to the original effective dates of
4.22 the laws that are amended.