

**SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION**

S.F. No. 1958

(SENATE AUTHORS: SKOE)

DATE	D-PG	OFFICIAL STATUS
03/25/2015	1353	Introduction and first reading Referred to Taxes

1.1 A bill for an act
 1.2 relating to economic development; Lewis and Clark Regional Water System
 1.3 Project; modifying debt service aid formula and reinstating local taxing authority;
 1.4 amending Minnesota Statutes 2014, sections 469.194, subdivision 1; 477A.20;
 1.5 Laws 2014, chapter 308, article 7, section 7.

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

1.7 Section 1. Minnesota Statutes 2014, section 469.194, subdivision 1, is amended to read:
 1.8 Subdivision 1. **Authority; aggregate limit.** (a) The governing body of a
 1.9 municipality may, by resolution, issue obligations under chapter 475 to acquire land or
 1.10 interests in land for, and to design, engineer, and construct pipeline and other facilities and
 1.11 infrastructure necessary to complete the Lewis and Clark Regional Water System Project.

1.12 (b) The maximum amount of bonds that may be issued under this section is limited to
 1.13 an aggregate principal amount of ~~\$45,000,000~~ \$50,000,000, plus any costs of issuance and
 1.14 amounts to be deposited into a debt service or reserve account. The Lewis and Clark Joint
 1.15 Powers Board shall allocate the limit among the municipalities designated in subdivision 2.

1.16 Sec. 2. Minnesota Statutes 2014, section 477A.20, is amended to read:

1.17 **477A.20 DEBT SERVICE AID; LEWIS AND CLARK JOINT POWERS**
1.18 **BOARD.**

1.19 (a) The Lewis and Clark Joint Powers Board is eligible to receive an aid distribution
 1.20 under this section equal to (1) the principal and interest payable in the succeeding calendar
 1.21 year for bonds issued under section 469.194 minus the sum of (2) the combined adjusted
 1.22 net tax capacity of Rock County and Nobles County for the assessment year prior to the
 1.23 aid payable year multiplied by 1.5 percent and ~~(3) 50 percent of any federal aid received~~

2.1 ~~to fund the project in the calendar year.~~ The board shall certify to the commissioner of
 2.2 revenue any federal aid allocated to the project for the calendar year and the principal
 2.3 and interest due in the succeeding calendar year by June 1 of the aid payable year. The
 2.4 commissioner of revenue shall calculate the aid payable under this section and certify the
 2.5 amount payable before July 1 of the aid distribution year. The commissioner shall pay the
 2.6 aid under this section to the board at the times specified for payments of local government
 2.7 aid in section 477A.015. An amount sufficient to pay the state aid authorized under this
 2.8 section is annually appropriated to the commissioner from the general fund.

2.9 (b) The board must allocate the aid to the municipalities issuing bonds under section
 2.10 469.194 in proportion to their principal and interest payments.

2.11 ~~(e) If the deduction under paragraph (a), clause (3), eliminates the aid payment~~
 2.12 ~~under this section in a calendar year, then the excess of the deduction must be carried~~
 2.13 ~~over and used to reduce the principal and interest in the succeeding year or years used to~~
 2.14 ~~calculate aid under paragraph (a).~~

2.15 ~~(d) If federal grants and aid received for the project, not deducted under paragraph~~
 2.16 ~~(a), clause (3), exceed the total debt service payments for bonds issued under section~~
 2.17 ~~469.194, other than payments made with state aid under this section, the joint powers~~
 2.18 ~~board must repay any excess to the commissioner of revenue for deposit in the general~~
 2.19 ~~fund. The repayment may not exceed the sum of state aid payments under this section and~~
 2.20 ~~any other grants made by the state for the project.~~

2.21 ~~(e) (c)~~ This section expires at the earlier of January 1, 2039, or when the bonds
 2.22 authorized under section 469.194 have been paid or defeased.

2.23 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2016.

2.24 Sec. 3. Laws 2014, chapter 308, article 7, section 7, is amended to read:

2.25 Sec. 7. **CITY OF LUVERNE LOCAL SALES TAX.**

2.26 (a) Notwithstanding Minnesota Statutes, sections 297A.99, 297A.993, and
 2.27 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of
 2.28 Luverne may, by ordinance, impose a sales and use tax of up to one-half of one percent for
 2.29 the purposes specified in paragraph (b), if approved by the voters at a general election held
 2.30 prior to December 31, 2020. Except as otherwise provided in this section, the provisions
 2.31 of Minnesota Statutes, section 297A.99, subdivisions 4 to 13, govern the imposition,
 2.32 administration, collection, and enforcement of the tax authorized under this paragraph.

2.33 (b) The proceeds of any tax imposed under paragraph (a), less refunds and costs
 2.34 of collection, must be first used by the city to pay debt service on bonds issued under
 2.35 Minnesota Statutes, section 469.194, to fund the Lewis and Clark Regional Water System

3.1 project. Revenues collected in any calendar year in excess of the city obligation to pay for
3.2 debt service on bonds issued under Minnesota Statutes, section 469.194, may be retained
3.3 by the city and used for funding other capital projects within the city.

3.4 (c) A tax imposed under paragraph (a) expires when the city's share of bonds issued
3.5 under Minnesota Statutes, section 469.194, to fund the Lewis and Clark Regional Water
3.6 System Project has been made, or at an earlier time if approved by the city council. The
3.7 tax must not terminate before the city council determines that revenues from this tax and
3.8 any other revenue source the city dedicates are sufficient to pay the city share of debt
3.9 service on bonds issued under Minnesota Statutes, section 469.194.

3.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.