

CHAPTER 396—S.F.No. 1671

An act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities.

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

Section 1. **DEFINITIONS.**

For the purposes of this act, the following terms have the following meanings.

(a) “City” means the city of Minneapolis, its city council, and any other board, authority, commission, or officer authorized by law, charter, or ordinance to exercise city powers of the nature referred to in this act.

(b) “Convention center” means any convention, auditorium, conference, or education center facility located at the site of the existing Minneapolis convention hall and auditorium, including all property, real or personal, tangible or intangible, located in the city, intended to be used as part of the center or additions to or extensions of it.

(c) “Related facilities” means all property, real or personal, tangible or intangible, that is determined by the city to facilitate the use of the convention center, including but not limited to property for parking, pedestrian needs, meetings facilities, skyways, lighting, landscaping, utilities, street facilities, and land acquired and prepared for private redevelopment in a manner related to use of the convention center.

(d) “Downtown taxing area” means the geographic area bounded by the portion of the Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the river and I-35W, the portion of I-35W between Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the Burlington Northern Railroad tracks from I-94 to University Avenue N.E. and including Nicollet Island, and the portion of University Avenue N.E. and S.E. from the Burlington Northern Railroad tracks to I-35W, and by I-35W from University Avenue S.E., to the river.

Sec. 2. **GENERAL AUTHORIZATION.**

Subdivision 1. ACTIVITIES; CONTRACTS. The city may acquire, design, construct, equip, improve, control, operate, and maintain the convention center and related facilities. The city shall have all powers necessary or convenient for

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those purposes and may enter into any contract for those purposes, including the financing of the convention center and any related facilities.

The city may contract for construction materials, supplies, and equipment in accordance with Minnesota Statutes, section 471.345, except that it may enter into contracts with persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, and construction manager with respect to all or part of a project to build or remodel the convention center and related facilities. Contractors shall be selected through the process of public bidding, provided that it shall be permissible for the city to narrow the listing of eligible bidders to those which the city determines to possess sufficient expertise to perform the intended functions and the city may negotiate with the three lowest responsible bidders to achieve the lowest possible bid. The city may require any construction manager to certify a construction price and completion date to the city. The city may require the posting of a bond in an amount determined by the city to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the city or loss of revenues resulting from incomplete construction on the completion date and any other obligations the city may require the construction manager to bear. The city shall secure surety bonds as required in Minnesota Statutes, section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in Minnesota Statutes, sections 574.28 to 574.32, and shall not be entitled to a lien on any property of the city under the provisions of Minnesota Statutes, sections 514.01 to 514.16.

Subd. 2. LIMITATION ON EXPENDITURES. A reasonable estimate for demolition and construction costs under construction contracts, not including costs for construction managers, architectural, engineering, and other professional fees, insurance, performance bonds, permits, licenses, taxes, the cost of issuing bonds including the costs described in paragraphs (b), (c), (d), and (e) of section 3, acquisition of real and personal property, expenditures for replacement housing, and similar costs for constructing or improving the convention center may not require more than \$118,000,000 in public funds.

Sec. 3. BONDS.

Upon approval by the city's board of estimate and taxation by a vote of at least five members, the city may by resolution authorize, sell, and issue bonds to finance all or a portion of the costs of acquisition or betterment of the convention center, any related facilities or replacement housing for housing removed from the site of the convention center or any related facilities or to refund the bonds issued pursuant to this act or other obligations issued by the city pursuant to Minnesota Statutes, section 273.77 to finance costs of the convention center or related facilities. The bonds may be general or limited obligations, or both. The bonds may be paid from or secured by any funds available to the city, including taxes levied under sections 4 and 5. Bonds may be issued in one or more series and sold without election. Bonds that are limited obligations may

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be sold at public or private sale and at the price or prices the city may determine. Bonds which are general obligations of the city shall be sold in the manner provided by Minnesota Statutes, section 475.60. The bonds shall:

- (1) be secured;
- (2) bear the interest rate or rates;
- (3) have the rank or priority;
- (4) be executed in the manner;
- (5) be payable in the manner;
- (6) mature; and

(7) be subject to the defaults, redemptions, repurchases, tender options, or other terms, as the city may determine. The city may enter into and perform all contracts deemed necessary or desirable by it to issue the bonds and apply their proceeds, including an indenture of trust with a trustee within or without the state.

Costs of acquisition and betterment referred to in this act include:

(a) costs of acquisition or betterment referred to in Minnesota Statutes, section 475.65;

- (b) capitalized interest for a period not longer than 36 months;
- (c) any underwriter discount and issuance expenses;
- (d) reserves for debt service, repair, or operations; and
- (e) costs for credit enhancement of the bonds.

The debt represented by the bonds shall not be included in computing any debt limitation applicable to the city. Any levy of taxes required by Minnesota Statutes, section 475.61 to pay the principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. Maturities of the bonds shall not be subject to the limitations of Minnesota Statutes, section 475.54. Subject to this section, bonds authorized by this section shall be sold, issued, and secured in the manner provided in Minnesota Statutes, chapter 475.

Sec. 4. SALES AND USE TAX.

Subdivision 1. IMPOSITION. Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, upon approval by the city's board of estimate and taxation by a vote of at least five members, the city of Minneapolis may by ordinance impose an additional sales tax of up to one-half of one percent on sales taxable pursuant to Minnesota Statutes, chapter 297A that occur within the city, and may also by ordinance impose an additional compensating use tax of up to one-half of one

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percent on uses of property within the city, the sale of which would be subject to the additional sales tax but for the fact such property was sold outside the city. The tax may not be imposed on gross receipts from sales of intoxicating liquor that are exempt from taxation under sections 297A.25 to 297A.257 or other provision of chapter 297A exempting sales of intoxicating liquor and use from taxation, including amendments adopted after enactment of this act.

For purposes of this subdivision, sales that occur within the city shall not include (a) the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minneapolis by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minneapolis and thereafter used in a trade or business outside Minneapolis, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minneapolis, places in the United States mail or parcel post directed to the purchaser outside Minneapolis, or delivers to the purchaser outside Minneapolis by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce; or (b) sales which would be described in clause (e) or (u) of Minnesota Statutes, section 297A.25, subdivision 1 if the word "Minneapolis" were substituted for the words "Minnesota" or "state of Minnesota" in such clauses. A tax may be imposed under this section only if the taxes imposed under section 5 are imposed at the maximum rate allowed under that section. The tax authorized by this section shall be imposed, and may be adjusted periodically by the city council such that the rate imposed, rounded to the next highest one-tenth of one percent, does not exceed the rate estimated to be required to produce revenue sufficient to finance the costs described in subdivision 3.

Subd. 2. ENFORCEMENT; COLLECTION. These taxes shall be subject to the same interest penalties and other rules imposed under Minnesota Statutes, chapter 297A. The commissioner of revenue may enter into appropriate agreements with the city to provide for collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes.

Subd. 3. USE OF PROPERTY. Revenues received from the tax may only be used:

- (1) to pay costs of collection;
- (2) to pay or secure the payment of any principal of, premium or interest on bonds issued in accordance with this act;
- (3) to pay costs to acquire, design, equip, construct, improve, maintain, operate, administer, or promote the convention center or related facilities, including financing costs related to them;

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(4) to pay reasonable and appropriate costs determined by the city to replace housing removed from the site; and

(5) to maintain reserves for the foregoing purposes deemed reasonable and appropriate by the city.

In the event of any amendment to chapter 297A enacted subsequent to the effective date of this act which exempts sales or uses which were taxable under chapter 297A on the effective date of this act, the city may by ordinance extend the tax authorized hereby to any such sales or uses provided that the city council shall have determined that such extension is necessary to provide revenues for the uses to which taxes may be applied under this section and further provided that, in the estimation of the city council, the aggregate annual collections following such extension will not exceed the aggregate annual collections which would have been generated if chapter 297A, as in effect on the effective date of this act, were then in effect. Any revenue bonds issued in accordance with this act may, with the consent of the city council, contain a covenant that the tax will be so extended to the extent necessary to pay principal and interest on the bonds when due.

Money for replacement housing shall be made available by the city only for new construction, conversion of nonresidential buildings, and for rehabilitation of vacant residential structures, only if all of the units in the newly constructed building, converted nonresidential building, or rehabilitated residential structure are to be used for replacement housing.

Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.

The city may, by resolution, levy in addition to taxes authorized by other law:

(1) a sales tax of not more than three percent on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages described in section 473.592 occurring in the downtown taxing area, provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from taxation under chapter 297A;

(2) a sales tax of not more than three percent on the gross receipts from the furnishing for consideration of lodging described in section 473.592 by a hotel or motel which has more than 50 rooms available for lodging; the tax imposed under this clause shall be at a rate that, when added to the sum of the rate of the sales tax imposed under Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any other taxes on lodging in the city of Minneapolis, equals 12 percent; and

(3) a sales tax of not more than three percent on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city that occur within the downtown taxing area.

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These taxes shall be applied solely to pay costs of collection and to pay or secure the payment of any principal of, premium and interest on any bonds or any costs referred to in section 4, subdivision 3. The commissioner of revenue may enter into appropriate agreements with the city to provide for the collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes. These taxes shall be subject to the same interest penalties and enforcement provisions as the taxes imposed under section 473.592.

Sec. 6. **POWERS GRANTED NOT LIMITED.**

Except as specifically provided in this act, the exercise of powers granted in this act shall not be limited by Minnesota Statutes, chapter 475, or any conflicting city charter provision.

Sec. 7. **EFFECTIVE DATE.**

This act is effective the day after compliance by the governing body of the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3, but no tax permitted by sections 4 and 5 may become effective before January 1, 1987.

Approved March 21, 1986

CHAPTER 397—S.F.No. 1782

An act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, sections 62A.041; 62A.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A.

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

Section 1. Minnesota Statutes 1984, section 62A.041, is amended to read:

62A.041 MATERNITY BENEFITS; UNMARRIED WOMEN.

Each group policy of accident and health insurance ~~issued or renewed after June 4, 1974,~~ and each group health maintenance contract ~~issued or renewed after August 1, 1984,~~ shall provide the same coverage for maternity benefits to unmarried women and minor female dependents that it provides to married women including the wives of employees choosing dependent family coverage. If an unmarried insured or an unmarried enrollee is a parent of a dependent child, each group policy ~~issued or renewed after July 1, 1976,~~ and each group contract ~~issued or renewed after August 1, 1984,~~ shall provide the same coverage for that child as that provided for the child of a married employee choosing dependent family coverage if the insured or the enrollee elects dependent family coverage.

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