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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 867

02/07/2019 Authored by Zerwas, Davids, Marquart and Pierson
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; authorizing the city of Elk River to impose a local sales and
1.3 use tax for specified projects.

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

1.5 Section 1. CITY OF ELK RIVER; TAX AUTHORIZED.

1.6 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
1.7 sections 297A.99, subdivision 1, or 477A.016, or any other law, or ordinance, and as
1.8 approved by the voters at the November 6, 2018, general election, the city of Elk River may
1.9 impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified
1.10 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota
1.11 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement
1.12 of the tax authorized under this subdivision.

1.13 Subd. 2. Use of sales and use tax revenues. (a) The revenues derived from the tax
1.14 authorized under subdivision 1 must be used by the city of Elk River to:

1.15 (1) pay the costs of collecting and administering the tax;

1.16 (2) pay the capital and administrative costs of various recreational facility and park
1.17 improvements including any or all of the following: a multipurpose recreational facility
1.18 such as an ice arena, a community meeting and activity space, and a synthetic turf field
1.19 house; senior center facility improvements; Lion John Weicht Park improvements, Lions
1.20 Park Center space improvements, and a community picnic pavilion addition; youth athletic
1.21 complex improvements; Orono Park improvements; dredging Lake Orono; and citywide
1.22 trail connection improvements; and

2.1 (3) secure and pay debt service on bonds issued to finance all or part of the projects
2.2 listed in clause (2).

2.3 (b) The total that may be raised from the tax to pay for these projects is limited to
2.4 \$35,000,000, plus the costs related to the issuance and paying debt service on bonds for
2.5 these projects.

2.6 Subd. 3. **Bonding authority.** (a) The city of Elk River may issue bonds under Minnesota
2.7 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
2.8 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
2.9 not exceed \$35,000,000, plus an amount applied to the payment of costs of issuing the
2.10 bonds. The bonds may be paid from or secured by any funds available to the city of Elk
2.11 River, including the tax authorized under subdivision 1. The issuance of bonds under this
2.12 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

2.13 (b) The bonds are not subject to any provisions of the home rule charter of the city of
2.14 Elk River and are not included in computing any debt limitation applicable to the city. Any
2.15 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on
2.16 the bonds is not subject to any levy limitation. A separate election to approve the bonds
2.17 under Minnesota Statutes, section 475.58, is not required.

2.18 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
2.19 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
2.20 that the city has received \$35,000,000 from this tax to fund the projects listed in subdivision
2.21 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
2.22 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
2.23 costs due to timing of the termination under section 297A.99 shall be placed in the city's
2.24 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city
2.25 so determines by ordinance.

2.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
2.27 city of Elk River and its chief clerical officer comply with Minnesota Statutes, section
2.28 645.021, subdivisions 2 and 3.