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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **297**

02/04/2013 Authored by Liebling  
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 the city of Rochester; modifying local tax authority; amending Laws  
1.3 2002, chapter 377, article 3, section 25, as amended; repealing Laws 2009,  
1.4 chapter 88, article 4, section 23, as amended.

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

1.6 Section 1. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009,  
1.7 chapter 88, article 4, section 19, and Laws 2010, chapter 389, article 5, section 3, is  
1.8 amended to read:

1.9 Sec. 25. **ROCHESTER LODGING TAX.**

1.10 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section  
1.11 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional  
1.12 tax of one percent on the gross receipts from the furnishing for consideration of lodging at  
1.13 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it  
1.14 for a continuous period of 30 days or more.

1.15 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or  
1.16 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city  
1.17 of Rochester may impose an additional tax of ~~one~~ three percent on the gross receipts from  
1.18 the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or  
1.19 resort, other than the renting or leasing of it for a continuous period of 30 days or more only  
1.20 upon the approval of the city governing body of a total financial package for the project.

1.21 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed  
1.22 under subdivision 1 must be used by the city to fund a local convention or tourism bureau  
1.23 for the purpose of marketing and promoting the city as a tourist or convention center.

2.1 (b) The gross proceeds from the ~~one~~ three percent tax imposed under subdivision  
 2.2 1a shall be used to pay for (1) design, construction, renovation, improvement, and  
 2.3 expansion of the Mayo Civic Center Complex and related infrastructure, including but not  
 2.4 limited to, skyway access, lighting, parking, or landscaping; and (2) for payment of any  
 2.5 principal, interest, or premium on bonds issued to finance the construction, renovation,  
 2.6 improvement, and expansion of the Mayo Civic Center Complex.

2.7 Subd. 2a. **Bonds.** The city of Rochester may issue, without an election, general  
 2.8 obligation bonds of the city, in one or more series, in the aggregate principal amount not to  
 2.9 exceed ~~\$43,500,000~~ \$50,000,000, to pay for capital and administrative costs for the design,  
 2.10 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex,  
 2.11 and related infrastructure, including but not limited to, skyway, access, lighting, parking,  
 2.12 and landscaping. The city may pledge the lodging tax authorized by subdivision 1a ~~and the~~  
 2.13 ~~food and beverage tax authorized under Laws 2009, chapter 88, article 4, section 23,~~ to the  
 2.14 payment of the bonds. The debt represented by the bonds is not included in computing any  
 2.15 debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes,  
 2.16 section 475.61, to pay the principal of and interest on the bonds is not subject to any levy  
 2.17 limitation or included in computing or applying any levy limitation applicable to the city.

2.18 Subd. 3. **Expiration of taxing authority.** ~~The authority of the city to impose a tax~~  
 2.19 ~~under subdivision 1a shall expire when the principal and interest on any bonds or other~~  
 2.20 ~~obligations issued prior to December 31, 2014, to finance the construction, renovation,~~  
 2.21 ~~improvement, and expansion of the Mayo Civic Center Complex and related skyway~~  
 2.22 ~~access, lighting, parking, or landscaping have been paid, including any bonds issued to~~  
 2.23 ~~refund such bonds, or at an earlier time as the city shall, by ordinance, determine. Any~~  
 2.24 ~~funds remaining after completion of the project and retirement or redemption of the bonds~~  
 2.25 ~~shall be placed in the general fund of the city. The city may, by ordinance, repeal the~~  
 2.26 tax provided that:

2.27 (1) the revenues raised before the repeal are sufficient to meet all bond or other  
 2.28 obligations backed by revenues of the tax; and

2.29 (2) the repeal date meets the requirements of section 297A.99, subdivision 12.

2.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 2.31 the city of Rochester and its chief fiscal officer comply with Minnesota Statutes, section  
 2.32 645.021, subdivisions 2 and 3.

2.33 **Sec. 2. REPEALER.**

2.34 Laws 2009, chapter 88, article 4, section 23, as amended by Laws 2010, chapter 389,  
 2.35 article 5, section 4, is repealed.

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

*Laws 2009, chapter 88, article 4, section 23, as amended by Laws 2010, chapter 389, article 5, section 4*

**Sec. 23. ROCHESTER FOOD AND BEVERAGE TAX.**

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law or charter provision, the city of Rochester may impose a tax of one percent on the gross receipts on all sales of food and beverages by restaurants and places of refreshment, as defined by resolution of the city, that occur in the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Use of proceeds.** The proceeds of this tax shall be used for (1) paying the cost of collection; (2) to pay for construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping; and (3) for payment of any principal, interest, or premium on bonds issued to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex.

Subd. 3. **Imposition of the tax.** The tax under this section may only be imposed upon approval of the city governing body of a total financing package for the project.

Subd. 4. **Expiration of taxing authority.** The authority granted under subdivision 1 to the city to impose a one percent tax on food and beverages shall expire when the principal and interest on any bonds or other obligations issued prior to December 31, 2014, to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping, and any bonds issued to refund such bonds, have been paid or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of the project and retirement or redemption of the bonds shall be placed in the general fund of the city.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and upon approval of the city governing body of a total financing package to renovate, improve, or expand the Mayo Civic Center Complex.