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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 571

01/19/2023 Authored by Davids
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; extending the Rochester local sales and use tax authorization
1.3 for additional projects; amending Laws 1998, chapter 389, article 8, section 43,
1.4 subdivision 5, as amended, by adding subdivisions.

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

1.6 Section 1. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First
1.7 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session
1.8 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections
1.9 11, 12, and 13, is amended by adding a subdivision to read:

1.10 Subd. 1a. Authorization; extension. Notwithstanding Minnesota Statutes, section
1.11 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a
1.12 general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the
1.13 city of Rochester may extend the sales and use tax of one-half of one percent authorized
1.14 under subdivision 1, paragraph (a), for the purposes specified in subdivision 3a. Except as
1.15 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
1.16 govern the imposition, administration, collection, and enforcement of the tax authorized
1.17 under this subdivision. The tax imposed under this subdivision is in addition to any local
1.18 sales and use tax imposed under any other special law.

1.19 EFFECTIVE DATE. This section is effective the day after the governing body of the
1.20 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
1.21 645.021, subdivisions 2 and 3.

1.22 Sec. 2. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First
1.23 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session

2.1 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections
2.2 11, 12, and 13, is amended by adding a subdivision to read:

2.3 Subd. 3a. Use of sales and use tax revenues; additional projects. (a) The revenues
2.4 derived from the extension of the tax authorized under subdivision 1a must be used by the
2.5 city of Rochester to pay the costs of collecting and administering the tax and paying for the
2.6 following projects in the city, including securing and paying debt service on bonds issued
2.7 to finance all or part of the following projects:

2.8 (1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraphs (a),
2.9 (b), and (d):

2.10 (i) \$60,000,000, plus associated bonding costs for an economic vitality fund, subject to
2.11 adoption of a resolution under paragraph (c), clause (1); or

2.12 (ii) \$50,000,000, plus associated bonding costs for an economic vitality fund, subject
2.13 to the requirements of paragraph (c), clause (2);

2.14 (2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),
2.15 \$50,000,000, plus associated bonding costs for street reconstruction;

2.16 (3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),
2.17 \$40,000,000, plus associated bonding costs for flood control and water quality; and

2.18 (4) \$65,000,000, plus associated bonding costs for a Regional Community and Recreation
2.19 Complex.

2.20 (b) The city must use \$15,000,000 of the money allocated to the purpose in paragraph
2.21 (a), clause (1), for a grant to Rochester Area Economic Development Incorporated to establish
2.22 the EverRAEDI development fund. Of that amount, \$5,000,000 must be used for grants and
2.23 loans for economic development projects in communities located in the city of Rochester,
2.24 and \$10,000,000 must be used for grants and loans for economic development projects in
2.25 communities located in the Rochester metropolitan statistical area. Rochester Area Economic
2.26 Development Incorporated may charge grant and loan recipients a service fee of up to five
2.27 percent of the grant or loan amount to pay for administrative costs associated with the
2.28 EverRAEDI development fund. Rochester Area Economic Development Incorporated shall
2.29 report on, at minimum, an annual basis on all EverRAEDI fund activities to the governing
2.30 board of the city of Rochester.

2.31 (c) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraphs
2.32 (a), (b), and (d), the city must either:

3.1 (1) pass a resolution that authorizes \$10,000,000 of the revenues from the tax authorized
3.2 under subdivision 1a for the use described in paragraph (a), clause (1), item (i), to be used
3.3 for an economic development fund for the purposes specified in paragraph (b); or

3.4 (2) if the city does not pass a resolution under clause (1), the city must allocate
3.5 \$10,000,000 from the amount authorized in paragraph (a), clause (1), item (ii), for the
3.6 purposes specified in paragraph (b).

3.7 **EFFECTIVE DATE.** This section is effective the day after compliance by the governing
3.8 body of the city of Rochester with Minnesota Statutes, section 645.021.

3.9 Sec. 3. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First
3.10 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session
3.11 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections
3.12 11, 12, and 13, is amended by adding a subdivision to read:

3.13 **Subd. 4a. Bonding authority; additional projects and extension of tax.** (a) The city
3.14 of Rochester may issue bonds under Minnesota Statutes, chapter 475, to finance all or a
3.15 portion of the costs of the projects authorized in subdivision 3a and approved by the voters
3.16 as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The
3.17 aggregate principal amount of bonds issued under this subdivision may not exceed:

3.18 (1) if the city passes a resolution under subdivision 3a, paragraph (c), clause (1),
3.19 \$215,000,000 for the projects described in subdivision 3a, paragraph (a), clauses (1), item
3.20 (i), and (2) to (4), plus an amount to be applied to the payment of the costs of issuing the
3.21 bonds; or

3.22 (2) if the city does not pass a resolution under subdivision 3a, paragraph (c), clause (1),
3.23 \$205,000,000 for the projects described in subdivision 3a, paragraph (a), clauses (1), item
3.24 (ii), and (2) to (4), plus an amount to be applied to the payment of the costs of issuing the
3.25 bonds.

3.26 (b) The bonds may be paid from or secured by any funds available to the city of
3.27 Rochester, including the tax authorized under subdivision 1a and the full faith and credit
3.28 of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,
3.29 sections 275.60 and 275.61.

3.30 (c) The bonds are not included in computing any debt limitation applicable to the city
3.31 of Rochester, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
3.32 and interest on the bonds is not subject to any levy limitation. A separate election to approve
3.33 the bonds under Minnesota Statutes, section 475.58, is not required.

4.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
4.2 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
4.3 645.021, subdivisions 2 and 3.

4.4 Sec. 4. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by Laws
4.5 2005, First Special Session chapter 3, article 5, section 30, Laws 2011, First Special Session
4.6 chapter 7, article 4, section 7, and Laws 2013, chapter 143, article 10, section 13, is amended
4.7 to read:

4.8 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire
4.9 at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient
4.10 funds have been received from the taxes to finance the first \$71,500,000 of capital
4.11 expenditures and bonds for the projects authorized in subdivision 3, including the amount
4.12 to prepay or retire at maturity the principal, interest, and premium due on any bonds issued
4.13 for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph
4.14 (b). Any funds remaining after completion of the project and retirement or redemption of
4.15 the bonds shall also be used to fund the projects under subdivision 3. The taxes imposed
4.16 under subdivisions 1 and 2 may expire at an earlier time if the city so determines by
4.17 ordinance.

4.18 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other
4.19 contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance,
4.20 extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved
4.21 by the voters of the city at a special election in 2005 or the general election in 2006. The
4.22 question put to the voters must indicate that an affirmative vote would allow up to an
4.23 additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000 of bonds to
4.24 be issued above the amount authorized in the June 23, 1998, referendum for the projects
4.25 specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under
4.26 this paragraph, the taxes expire when the city council determines that sufficient funds have
4.27 been received from the taxes to finance the projects and to prepay or retire at maturity the
4.28 principal, interest, and premium due on any bonds issued for the projects under subdivision
4.29 4. Any funds remaining after completion of the project and retirement or redemption of the
4.30 bonds may be placed in the general fund of the city.

4.31 (c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other
4.32 contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance,
4.33 extend the taxes authorized in subdivisions 1, paragraph (a), and 2, up to December 31,
4.34 2049, provided that all additional revenues above those necessary to fund the projects and

5.1 associated financing costs listed in subdivision 3, paragraphs (a) to (e), are committed to
5.2 fund public infrastructure projects contained in the development plan adopted under
5.3 Minnesota Statutes, section 469.43, including all financing costs; otherwise the taxes
5.4 terminate when the city council determines that sufficient funds have been received from
5.5 the taxes to finance expenditures and bonds for the projects authorized in subdivision 3,
5.6 paragraphs (a) to (e), plus an amount equal to the costs of issuance of the bonds and including
5.7 the amount to prepay or retire at maturity the principal, interest, and premiums due on any
5.8 bonds issued for the projects under subdivision 4.

5.9 (d) The tax imposed under subdivision 1, paragraph (b), expires at the earlier of December
5.10 31, 2049, or when the city council determines that sufficient funds have been raised from
5.11 the tax plus all other city funding sources authorized in this article to meet the city obligation
5.12 for financing the public infrastructure projects contained in the development plan adopted
5.13 under Minnesota Statutes, section 469.43, including all financing costs.

5.14 (e) The tax imposed under subdivision 1a expires at the earlier of (1) 18 years after first
5.15 imposed, or (2) when the city council determines that the amount of revenues received from
5.16 the tax is sufficient to pay for the project costs authorized under subdivision 3a for projects
5.17 approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision
5.18 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of the bonds
5.19 under subdivision 4a, including interest on the bonds. Except as otherwise provided in
5.20 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
5.21 after payment of the allowed costs due to the timing of the termination of the tax under
5.22 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
5.23 the city. The tax imposed under subdivision 1a may expire at an earlier time if the city so
5.24 determines by ordinance.

5.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
5.26 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
5.27 645.021, subdivisions 2 and 3.