

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE **S.F. No. 423**

(SENATE AUTHORS: MILLER)

| DATE | D-PG | OFFICIAL STATUS |
|------------|------|---|
| 02/24/2011 | 285 | Introduction and first reading Referred to Taxes |

A bill for an act

relating to the city of Lanesboro; authorizing a local sales and use tax; allowing the issuance of state bonds.

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

Section 1. **CITY OF LANESBORO; SALES TAX AUTHORIZED.**

Subdivision 1. Sales and use tax authorized. Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, as approved by the voters at the November 2, 2010, general election, the city of Lanesboro may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition of the tax authorized under this subdivision.

Subd. 2. Use of revenues. Revenues received from the tax authorized under subdivision 1 must be used by the city of Lanesboro to pay the costs of collecting the tax and to pay for all or a part of the improvements to city streets and utility systems, and the betterment of city municipal buildings consisting of (i) street and utility improvements to Calhoun Avenue, Fillmore Avenue, Kenilworth Avenue, Pleasant Street, Kirkwood Street, Auburn Avenue, and Zenith Street, and street light replacement on State Highways 250 and 16; (ii) improvements to utility systems consisting of wastewater treatment facility improvements and electric utility improvements to the Lanesboro High Hazard Dam; and (iii) improvements to the Lanesboro community center, library, and city hall, including paying debt service on bonds or other obligations issued to fund these projects under subdivision 3. The total amount of revenues from the taxes in subdivision 1 that may be used to fund these projects is \$800,000 plus any associated bond costs.

2.1 Subd. 3. **Bonding authority.** The city of Lanesboro may issue bonds under
2.2 Minnesota Statutes, chapter 475, to pay capital and administrative expenses related to the
2.3 projects authorized in subdivision 2. An election to approve the bonds under Minnesota
2.4 Statutes, section 475.58, is not required. The issuance of bonds under this subdivision
2.5 is not subject to Minnesota Statutes, sections 275.60 and 275.61. The bonds are not
2.6 included in computing any debt limitation applicable to the city and the levy of taxes
2.7 under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is
2.8 not subject to any levy limitation.

2.9 The aggregate principal amount of the bonds plus the aggregate of the taxes used
2.10 directly to pay costs of the projects listed in subdivision 2 may not exceed \$800,000, plus
2.11 an amount equal to the costs related to issuance of the bonds and capitalized interest.

2.12 The taxes authorized in subdivision 1 may be pledged and used for payments of
2.13 the bonds and bonds issued to refund them, only if the bonds and any refunding bonds
2.14 are general obligations of the city.

2.15 Subd. 4. **Termination of tax.** The tax imposed under subdivision 1 expires when
2.16 the Lanesboro City Council determines that sufficient funds have been raised from the
2.17 taxes to finance the projects authorized under subdivision 2 and to prepay or retire at
2.18 maturity the principal, interest, and premium due on any bonds issued under subdivision 3.
2.19 Any funds remaining after completion of the project and retirement or redemption of the
2.20 bonds may be placed in the general fund of the city. The tax imposed under subdivision 1
2.21 may expire at an earlier time if the city so determines by ordinance.

2.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of
2.23 the city of Lanesboro and its chief clerical officer comply with Minnesota Statutes, section
2.24 645.021, subdivisions 2 and 3.