

CITY OF LITCHFIELD

RESOLUTION NO. 20-1-24

**RESOLUTION TO SUPPORTING THE AUTHORITY TO IMPOSE
A LOCAL SALES TAX TO FUND SPECIFIC CAPITAL IMPROVEMENTS PROVIDING
REGIONAL BENEFIT, TO ESTABLISH THE DURATION OF THE TAX AND THE
REVENUE TO BE RAISED BY THE TAX, AND TO AUTHORIZE THE CITY TO ISSUE
BONDS SUPPORTED BY THE SALES TAX REVENUE**

WHEREAS, the city has engaged community residents and businesses and identified the need for a Community Wellness/Recreation Center that will include some gymnasium space, dedicated walking section, and general fitness space. Community rooms available to small group rental or as meeting space for business, training, or educational purposes. Basic infrastructure including locker rooms and mechanical equipment for the building will also provide for future additions that would likely include aquatic fitness and recreation. The master plan currently being developed by community members will include a long-range plan for additional future uses of this facility.

WHEREAS, the project will result in benefits to both the residents and businesses of the City of Litchfield and to non-resident visitors and businesses; and,

WHEREAS, funding the project with a local sales tax will more closely distribute the cost of the project to be financed through bonds to the users of the facilities; and,

WHEREAS, the project is estimated to cost approximately \$10,000,000.00; *and*,

WHEREAS, the city estimates that a local sales tax of 0.5% would generate \$6,599,993.00 over 20 years; and,

WHEREAS, the city has provided documentation of the regional significance of each project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction; and,

WHEREAS, the estimated local sales tax revenue and estimated time needed to raise that amount of revenue for each project is as follows:

- For the Wellness/Recreation Center: The city will collect \$6,599,993 over 20years.

WHEREAS, Minn. Stat. § 297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature; and,

WHEREAS, Minn. Stat. § 297A.99 requires the City to pass a resolution authorizing such a local tax and to obtain Legislative approval prior to approval by the local voters to enact the local tax;

THEREFORE, BE IT RESOLVED the following:

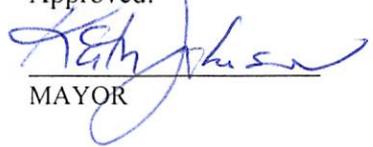
1. The city council supports the authority to impose a general local sales tax of 0.5% for a period of 20 years to fund the aforementioned project;
2. Upon approval of this resolution, the city will submit the adopted resolution and documentation of regional significance to the chairs and ranking minority members of the House and Senate Taxes committees for approval and passage of a special law authorizing the tax, by January 31 of the year that it is seeking the special law.
3. Upon Legislative approval and passage of the special law authorizing the tax, the city will adopt a resolution accepting the new law, which will be filed with a local approval certificate to the Office of the Secretary of State before the following Legislative session.
4. The city will put a detailed ballot question, which includes separate questions for each project, on a general election ballot for local voter approval. This will be done within two years of receiving legislative authority.
5. If one or more ballot questions pass, the city will also pass an ordinance imposing the tax and notify the commissioner of Revenue at least 90 days before the first day of the calendar quarter that the tax will be imposed.
6. Upon completion of the aforementioned requirements, the local sales tax will commence and run for 20 years or until a sum sufficient to fund the voter approved project, including related debt costs, is raised, whichever comes first.

Adopted by the City Council this 30th day of January 2020.

Attest:


ASSISTANT CITY ADMINISTRATOR

Approved:


MAYOR



Documentation of Regional Significance

Date: *January 30, 2020*

To: *Tax Committee Chairs*

Role as a micro-hub

The City of Litchfield is a micro-hub offering a wide variety of amenities that the smaller surrounding communities do not offer. Our diverse hospital and health care options, shopping and dining choices, and parks and recreation opportunities enable our community to serve as a one-stop shop. Litchfield also serves as a service hub for individuals who prefer the small-town environment over the larger regional centers.

Partnership with School District 465

The City of Litchfield and the Litchfield Public Schools are ready and willing to provide the services and maintenance required of a wellness and recreational facility. The school district intends to support youth athletics and community education through the use of this facility. The City of Litchfield intends to support the residents of the broader Meeker County area through the use of senior amenities as well as the wellness and recreational facilities. Because the operational and maintenance burden will be carried by local levies it is important that we seek other funding sources for the capital cost of this facility.

Economic Development Tool

Rural areas across the State of Minnesota struggle to meet the workforce demands with trained and educated employees. Area employers continue to support the pursuit of this project as just another slice of the pie to aide in attracting and retaining a quality workforce. The Litchfield Area Chamber of Commerce and Visitors Bureau supports this facility for the individuals who will stay, eat, and shop. Additionally, the use of the meeting rooms will help support the businesses not just within our incorporated limits but also within the surrounding area that are unable to support their own large meeting/training spaces.

Sales Tax Importance

While primary role of this facility as a wellness and recreational facility make a partnership with the school district an obvious choice; funding this facility is more appropriate for a sales tax than a school district levy or a city tax levy. Sales tax most closely aligns with the users of this facility which will serve more than just educational means and will stretch beyond the borders of the City of Litchfield.