



To: Representative Paul Marquart
Chair, House Taxes Committee
597 State Office Building
St. Paul, MN 55155

Senator Carla Nelson
Chair, Senate Taxes Committee
Minnesota Senate Bldg., Room 3235
St. Paul, MN 55155

May 16, 2022

Re: H.F. 3669 Conference Committee – Moorhead Local Option Sales Tax

Chair Nelson, Chair Marquart, and conferees to House File 3669:

The City of Moorhead submits this letter to thank you for the inclusion of language in the Senate's version of the tax bill regarding local option sales tax authority for the City of Moorhead. We urge you to include this language in your final Tax Conference Committee Report.

Specifically, this language would extend the sales tax collection period we are authorized to propose to our voters this November by 8 years, from 22 years to 30, while keeping the authorized maximum project cost the same. This change is designed to address the impact that rapidly rising interest rates will have on the City's ability to finance the project. Rising interest rates add \$10.4 million in bond financing cost to Moorhead's community center and regional library project that would not be recoverable through estimated sales tax collections over 22 years. Our advisors at Baker-Tilly identified the additional 8-year period as ideal to ensure that annual collections will keep pace with principal and interest costs.

While this language does not currently appear in the House bill, we appreciate the thoughtful conversations we have been able to have with members of the House tax committee about the provision, and we recognize that this issue unfortunately only presented itself after the House had already concluded hearings on individual bills.

This request is vital to the viability of Moorhead's project, and the City thanks you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Shelly Carlson".

Mayor Shelly Carlson