Overview

The bill allows a sales tax exemption for construction materials used to build the Central Minnesota events center.

The bill also modifies the authorizing language for local sales taxes to fund the event center and other capital projects in the five cities in the area. Under current law, if a city imposes a local sales tax with optional accompanying taxes on motor vehicles, food and beverages, and lodging, the revenues must go first to pay for bonds for the event center and excess revenues in each year may be used for other local projects. The bill would allow a city to choose which projects the local tax revenues would fund, subject to referendum. The referendum in each city may or may not include funding the event center.

The current law provides that the local taxes terminate when the Central Minnesota events center is paid for. The bill sunsets local taxes 30 years after imposition if the taxes are only funding projects other than the event center. It also clarifies that if the event center is not built, taxes authorized to fund other projects are not automatically terminated.

1 Construction materials; Central Minnesota events center. Provides a sales tax exemption on materials, supplies, and equipment used in construction, improvement or expansion of the Central Minnesota event center. This exemption is in effect for purchases between August 1, 1998 and June 30, 2002.

2 Use of revenues. Changes what the cities of St. Cloud, Sauk Rapids, Sartell, Waite Park, and St. Joseph may fund with their local sales taxes.

   Paragraph (a) changes the requirement that the local taxes must be used to fund the Central Minnesota events center. The bill makes the event center one of the optional projects that may be funded by the taxes, depending of the referendum passed by the city voters.
Paragraph (b) states that if a city's local taxes are authorized to fund the Central Minnesota event center, that obligation must be met first. Any excess revenues in any year may then be used to fund the other projects listed in paragraph (b) to the extent that the projects are authorized by the referendum.

Paragraph (c) states lists the projects that the local taxes imposed by the cities may be used to fund. This list matches the projects in paragraphs (a) and (b). States that each city must list which projects will be funded by the taxes in the authorizing referendum. A city’s referendum may authorize that the local taxes be used to fund any two or more of the listed projects.

Paragraph (d) allows the city to hold one referendum for as many projects as it wants to fund with the local taxes but encourages each city to hold a separate referendum on each project that it would fund from the local taxes.

3 **Termination of taxes.** Establishes a termination date for the local taxes in the event that they are not being used to fund the Central Minnesota events center. For taxes not funding the event center project, the taxes expire 30 years after imposition. This corresponds with the anticipated date for paying off the event center bonds. States that taxes authorized to fund projects other than the event center are not automatically canceled if the event center is not built.

4 **Effective date.**