

HOUSE RESEARCH

Bill Summary

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Overview

Allows the cities of Mankato and North Mankato to extend their existing local sales taxes for additional projects; subject to either a direct or reverse referendum.

Section

1 Use of Revenues (City of Mankato). Allows the city to extend its sales tax for different projects, subject to voter approval.

Paragraph (b) allows the city, subject to voter approval at a general or special election held by December 31, 2016, to raise another \$29 million plus associated bond costs to fund:

- ▶ improvements to regional recreational facilities;
- ▶ improvements to the flood control and levee system;
- ▶ water quality improvement projects in Blue Earth and Nicollet counties;
- ▶ expansion of a transit building and related transit improvements; and
- ▶ matching funds for regional facilities such as a historic museum, supportive housing, and a senior center.

Paragraph (c) allows the city, subject to voter approval at a general or special election held by December 1, 2018, to raise another \$25 million plus associated bond costs to fund a number of new regional athletic facilities.

Effective upon the city filing approval with the secretary of state.

Section

- 2 Expiration of taxing authority and expenditure limitation.** Sets the expiration date for the existing taxes based on the results of the referenda as follows:
- ▶ if neither of the new sets of uses in subdivision 1 are authorized, the tax would now expire at the later of December 31, 2022, or when revenues are sufficient to fund the current projects (It expires on December 31, 2022, under current law);
 - ▶ if allowed uses in either section 1, paragraph (b) or (c) is approved by the voters the taxes expire at the later of December 31, 2032, or when funds are sufficient to finance the authorized projects; and
 - ▶ if the allowed uses in both section 1, paragraphs (b) and (c) are approved by the voters, the taxes expire at the later of December 31, 2038, or when funds are sufficient to finance the authorized projects.
- 3 Bonds.** Allows Mankato to issue an additional \$29 million in bonds and/or \$25 million in bonds, based on the required voter approvals in section 1, paragraphs (b) and (c) respectively. Money raised from the tax in excess of the annual principal and interest payments may be used for capital improvements and replacements related to the authorized uses.
- 4 Reverse referendum; authorization of extensions.** Requires the Mankato city council to pass a resolution by July 1, 2015, if it intends to extend the tax to fund the new projects under section 1. However the extensions are not effective without the required voter approval.
- 5 City of North Mankato; taxes authorized.** Allows the city to extend its existing sales tax to fund the current allowed uses plus new regional athletic facilities, subject to a reverse referendum.

Subd. 2. Use of revenue. The total amount of sales tax revenue the city may expend for existing authorized projects and new projects is \$9 million, plus associated bond costs, subject to the reverse referendum in subdivision 2a. The existing projects include an interchange, trails, a library, riverfront development, and lake improvement projects. The new projects include various new regional athletic facilities.

Subd. 2a. Authorization to extend the tax. Establishes a reverse referendum process if the city wants to extend the tax to cover an additional \$9 million plus associated bond costs. The council must pass a resolution by July 1, 2015, publish the resolution for two weeks, hold a public hearing, and adopt and publish a second resolution after the hearing. The public has 30 days after publication of the second resolution to file a petition for a referendum. The petition must be signed by at least 10 percent of the voters at the last general election. If a petition is filed the tax may not be extended without approval by the voters at a general or special election.

Subd. 3. Bonds. Subject to the reverse referendum requirement the city may issue an additional \$9 million in bonds to fund the authorized projects without an additional referendum.

Section

Subd. 4. Terminations of the taxes. If the taxes are extended under this section the new expiration date would be December 31, 2038. Currently the tax expires when revenues are sufficient to fund the current \$6 million and associated bond costs.

Effective upon the city filing approval with the secretary of state.