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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 2334

April 17, 2009

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to the city of Minneapolis; expanding the use of the city's local sales
1.3 tax revenue; amending Laws 1986, chapter 396, section 4, subdivision 3; by
1.4 adding a subdivision.

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

1.6 Section 1. Laws 1986, chapter 396, section 4, subdivision 3, is amended to read:

1.7 Subd. 3. **Use of property.** Revenues received from the tax may only be used:

1.8 (1) to pay costs of collection;

1.9 (2) to pay or secure the payment of any principal of, premium or interest on bonds
1.10 issued in accordance with this act;

1.11 (3) to pay costs to acquire, design, equip, construct, improve, maintain, operate,
1.12 administer, or promote the convention center or related facilities, including financing
1.13 costs related to them;

1.14 (4) to pay reasonable and appropriate costs determined by the city to replace housing
1.15 removed from the site; ~~and~~

1.16 (5) to maintain reserves for the foregoing purposes deemed reasonable and
1.17 appropriate by the city; and

1.18 (6) to fund city services and projects under subdivision 4.

1.19 ~~In the event of any amendment to chapter 297A enacted subsequent to the effective date~~
1.20 ~~of this act which exempts sales or uses which were taxable under chapter 297A on the~~
1.21 ~~effective date of this act, the city may by ordinance extend the tax authorized hereby to~~
1.22 ~~any such sales or uses provided that the city council shall have determined that such~~
1.23 ~~extension is necessary to provide revenues for the uses to which taxes may be applied~~
1.24 ~~under this section and further provided that, in the estimation of the city council, the~~

2.1 ~~aggregate annual collections following such extension will not exceed the aggregate~~
 2.2 ~~annual collections which would have been generated if chapter 297A, as in effect on the~~
 2.3 ~~effective date of this act, were then in effect. Any revenue bonds issued in accordance~~
 2.4 ~~with this act may, with the consent of the city council, contain a covenant that the tax will~~
 2.5 ~~be so extended to the extent necessary to pay principal and interest on the bonds when due.~~

2.6 Money for replacement housing shall be made available by the city only for new
 2.7 construction, conversion of nonresidential buildings, and for rehabilitation of vacant
 2.8 residential structures, only if all of the units in the newly constructed building, converted
 2.9 nonresidential building, or rehabilitated residential structure are to be used for replacement
 2.10 housing.

2.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.12 Sec. 2. Laws 1986, chapter 396, section 4, is amended by adding a subdivision to read:

2.13 **Subd. 4. Minneapolis city services and neighborhood projects.** (a) For revenues
 2.14 collected in calendar years 2009 and 2010, to the extent that revenues from the tax
 2.15 authorized in subdivision 1 exceed the amount needed to fund the purposes in subdivision
 2.16 3, the city may use the excess revenue to fund any city services. The total amount used in
 2.17 both years for this purpose may not exceed the total amount of aid and credit reductions
 2.18 under sections 273.1384 and 477A.011 to 477A.014 in calendar years 2008, 2009, and
 2.19 2010 due to a governor's unallotment or due to statutory reductions.

2.20 (b) Beginning with revenues collected in calendar year 2011, to the extent that
 2.21 revenues from the tax authorized in subdivision 1 exceed the amount needed to fund
 2.22 the purposes in subdivision 3, the city may use the excess revenue in any year to fund
 2.23 capital projects to further residential, cultural, commercial, and economic development
 2.24 in Minneapolis neighborhoods.

2.25 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
 2.26 body of the city of Minneapolis with Minnesota Statutes, section 645.021, subdivisions
 2.27 2 and 3.