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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3148

03/16/2016 Authored by Kiel
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 taxation; authorizing the city of East Grand Forks to impose a local
1.3 sales and use tax.

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

1.5 Section 1. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

1.6 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota
1.7 Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance,
1.8 or city charter, and as approved by the voters at a special election on March 7, 2016, the
1.9 city of East Grand Forks may impose, by ordinance, a sales and use tax of up to one
1.10 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
1.11 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
1.12 administration, collection, and enforcement of the tax authorized under this subdivision.

1.13 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax
1.14 authorized under subdivision 1 must be used by the city of East Grand Forks to pay the
1.15 costs of collecting and administering the tax and to finance the capital and administrative
1.16 costs of improvement to the city public swimming pool. Authorized expenses include,
1.17 but are not limited to, paying construction expenses related to the renovation and the
1.18 development of these facilities and improvements, and securing and paying debt service
1.19 on bonds issued under subdivision 3 or other obligations issued to finance improvement of
1.20 the public swimming pool in the city of East Grand Forks

1.21 Subd. 3. Bonding authority. (a) The city of East Grand Forks may issue bonds
1.22 under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the
1.23 facilities authorized in subdivision 2. The aggregate principal amount of bonds issued
1.24 under this subdivision may not exceed \$2,820,000, plus an amount to be applied to the

2.1 payment of the costs of issuing the bonds. The bonds may be paid from or secured by
2.2 any funds available to the city of East Grand Forks, including the tax authorized under
2.3 subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota
2.4 Statutes, sections 275.60 and 275.61.

2.5 (b) The bonds are not included in computing any debt limitation applicable to the
2.6 city of East Grand Forks, and any levy of taxes under Minnesota Statutes, section 475.61,
2.7 to pay principal and interest on the bonds is not subject to any levy limitation. A separate
2.8 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

2.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at
2.10 the later of: (1) five years after the tax is first imposed; or (2) when the city council
2.11 determines that \$2,820,000 has been received from the tax to pay for the cost of the
2.12 projects authorized under subdivision 2, plus an amount sufficient to pay the costs related
2.13 to issuance of the bonds authorized under subdivision 3, including interest on the bonds.
2.14 Any funds remaining after payment of all such costs and retirement or redemption of the
2.15 bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1
2.16 may expire at an earlier time if the city so determines by ordinance.

2.17 **EFFECTIVE DATE.** This section is effective the day after compliance by the
2.18 governing body of the city of East Grand Forks with Minnesota Statutes, section 645.021,
2.19 subdivisions 2 and 3.