

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 2638

(SENATE AUTHORS: KORAN)

DATE
03/21/2019

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; authorizing the city of Cambridge to impose a local sales and
1.3 use tax for specified projects.

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

1.5 Section 1. **CITY OF CAMBRIDGE; TAX AUTHORIZED.**

1.6 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
1.7 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
1.8 and as approved by the voters at the November 6, 2018, general election, the city of
1.9 Cambridge may impose, by ordinance, a sales and use tax of one-half of one percent for
1.10 the purposes specified in subdivision 2. Except as otherwise provided in this section, the
1.11 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
1.12 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 authorized
1.14 under subdivision 1 must be used by the city of Cambridge to pay the costs of collecting
1.15 and administering the tax and paying for the following infrastructure projects in the city,
1.16 including securing and paying debt service on bonds issued to finance all or part of the
1.17 following projects:

1.18 (1) \$8,000,000 plus associated bonding costs for construction of a new facility to house
1.19 the Cambridge Public Library and the East Central Regional Library Headquarters; and

1.20 (2) \$14,000,000 plus associated bonding costs for street improvements outlined in the
1.21 Street Capital Improvement Program approved by the city council as of January 22, 2019,
1.22 and outdoor park improvements described in the park master plan as of January 22, 2019.

2.1 Subd. 3. **Bonding authority.** (a) The city of Cambridge may issue bonds under Minnesota
2.2 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
2.3 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
2.4 not exceed: (1) \$8,000,000 for the project listed in subdivision 2, clause (1), plus an amount
2.5 applied to the payment of costs of issuing the bonds; and (2) \$14,000,000 for the projects
2.6 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing
2.7 the bonds. The bonds may be paid from or secured by any funds available to the city of
2.8 Cambridge, including the tax authorized under subdivision 1. The issuance of bonds under
2.9 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

2.10 (b) The bonds are not included in computing any debt limitation applicable to the city.
2.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
2.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
2.13 under Minnesota Statutes, section 475.58, is not required.

2.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
2.15 earlier of: (1) December 31, 2043; or (2) when the city council determines that the city has
2.16 received from this tax \$22,000,000 to fund the projects listed in subdivision 2 plus an amount
2.17 sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized
2.18 in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of
2.19 the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's
2.20 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city
2.21 so determines by ordinance.

2.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
2.23 city of Cambridge and its chief clerical officer comply with Minnesota Statutes, section
2.24 645.021, subdivisions 2 and 3.