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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1819**

March 7, 2007

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The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs

March 15, 2007

Committee Recommendation and Adoption of Report:

Re-referred to the Committee on Taxes without further recommendation

1.1 A bill for an act
1.2 relating to the city of Proctor; authorizing sales taxes; amending Laws 1999,
1.3 chapter 243, article 4, section 18, subdivisions 1, 3, 4.

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

1.5 Section 1. Laws 1999, chapter 243, article 4, section 18, subdivision 1, is amended to
1.6 read:

1.7 Subdivision 1. **Sales and use tax.** (a) Notwithstanding Minnesota Statutes, section
1.8 ~~297A.48, subdivision 1a~~, 477A.016, or any other provision of law, ordinance, or city
1.9 charter, if approved by the city voters at the first municipal general election held after the
1.10 date of final enactment of this act or at a special election held November 2, 1999, the city
1.11 of Proctor may impose by ordinance a sales and use tax of up to one-half of one percent
1.12 for the purposes specified in subdivision 3, paragraph (a). The provisions of Minnesota
1.13 Statutes, section ~~297A.48~~ 297A.99, govern the imposition, administration, collection, and
1.14 enforcement of the tax authorized under this subdivision.

1.15 (b) The city of Proctor may impose by ordinance an additional sales and use tax
1.16 of up to one-half of one percent if approved by the city voters at a general election.
1.17 The revenues received from this additional tax must be used for the purposes specified
1.18 in subdivision 3, paragraph (b).

1.19 **EFFECTIVE DATE.** This section is effective the day following final enactment,
1.20 upon compliance by the city of Proctor with Minnesota Statutes, section 645.021,
1.21 subdivision 3.

1.22 Sec. 2. Laws 1999, chapter 243, article 4, section 18, subdivision 3, is amended to read:

2.1 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by
 2.2 subdivisions 1, paragraph (a), and 2 must be used by the city to pay the cost of collecting
 2.3 the taxes and to pay for construction and improvement of the following city facilities:

2.4 (1) streets; and

2.5 (2) constructing and equipping the Proctor community activity center.

2.6 Authorized expenses include, but are not limited to, acquiring property, paying
 2.7 construction and operating expenses related to the development of an authorized facility,
 2.8 and paying debt service on bonds or other obligations, including lease obligations, issued
 2.9 to finance the construction, expansion, or improvement of an authorized facility. The
 2.10 capital expenses for all projects authorized under this paragraph that may be paid with
 2.11 these taxes is limited to \$3,600,000, plus an amount equal to the costs related to issuance
 2.12 of the bonds.

2.13 (b) Revenues received from taxes authorized by subdivision 1, paragraph (b), must
 2.14 be used by the city to pay for the following capital improvement projects: streets; public
 2.15 utilities, including water, sanitary sewer, storm sewer, and electric; sidewalks; bikeways
 2.16 and trails; and parks and recreation.

2.17 **EFFECTIVE DATE.** This section is effective the day following final enactment,
 2.18 upon compliance by the city of Proctor with Minnesota Statutes, section 645.021,
 2.19 subdivision 3.

2.20 Sec. 3. Laws 1999, chapter 243, article 4, section 18, subdivision 4, is amended to read:

2.21 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota
 2.22 Statutes, chapter 475, to finance the capital expenditure and improvement projects
 2.23 described in subdivision 3. An election to approve the bonds under Minnesota Statutes,
 2.24 section 475.58, is not required.

2.25 (b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,
 2.26 sections 275.60 and ~~279.61~~ 275.61.

2.27 (c) The bonds are not included in computing any debt limitation applicable to the
 2.28 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of
 2.29 and interest on the bonds is not subject to any levy limitation.

2.30 (d) For projects described in subdivision 3, paragraph (a), the aggregate principal
 2.31 amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital
 2.32 expenditures and improvements, may not exceed \$3,600,000, plus an amount equal to
 2.33 the costs related to issuance of the bonds, including interest on the bonds. For projects
 2.34 described in subdivision 3, paragraph (b), the aggregate principal amount of bonds may

3.1 not exceed \$7,200,000, plus an amount equal to the costs related to issuance of the bonds,
3.2 including interest on the bonds.

3.3 (e) The sales and use and excise taxes authorized in this section may be pledged to
3.4 and used for the payment of the bonds and any bonds issued to refund them only if the
3.5 bonds and any refunding bonds are general obligations of the city.

3.6 **EFFECTIVE DATE.** This section is effective the day following final enactment,
3.7 upon compliance by the city of Proctor with Minnesota Statutes, section 645.021,
3.8 subdivision 3.