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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 639

February 9, 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 taxation; authorizing the city of Medford to impose a local sales and
1.3 use tax.

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

1.5 Section 1. **CITY OF MEDFORD; SALES AND USE TAX.**

1.6 Subdivision 1. Sales and use tax authorized. Notwithstanding Minnesota Statutes,
1.7 section 477A.016, or any other provision of law, ordinance, or city charter, if approved by
1.8 the voters pursuant to Minnesota Statutes, section 297A.99, at the next general election,
1.9 the city of Medford may impose by ordinance a sales and use tax of one-half of 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 revenues. The proceeds of the tax imposed under this section must
1.14 be used by the city of Medford to pay the costs of collecting and administering the tax and
1.15 to pay up to \$9,700,000 in costs to improve the city's wastewater system and wastewater
1.16 treatment plant. Authorized expenses include, but are not limited to, acquiring property
1.17 and paying construction expenses and debt service on bonds or other obligations issued to
1.18 finance acquisition and construction of the improvements.

1.19 Subd. 3. Bonding authority. (a) If the tax authorized under subdivision 1 is
1.20 approved by the voters, the city may issue bonds under Minnesota Statutes, chapter 475,
1.21 to pay the capital and administrative expenses for the improvement projects authorized
1.22 under subdivision 2. The total amount of bonds issued for the projects listed in subdivision
1.23 2 may not exceed \$9,700,000 in aggregate. An election to approve the bonds under
1.24 Minnesota Statutes, section 475.58, is not required.

2.1 (b) The debt represented by the bonds is not included in computing any debt
2.2 limitation applicable to the city of Medford, and the levy of taxes under Minnesota
2.3 Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to
2.4 any levy limitation.

2.5 Subd. 4. **Termination of taxes.** The tax imposed under this section expires at the
2.6 earlier of (1) 20 years after the date the taxes are first imposed, or (2) when the Medford
2.7 City Council determines that the amount of revenues received from the tax equals or
2.8 exceeds the sum of \$9,700,000, plus an amount equal to the costs related to the issuance of
2.9 bonds under subdivision 3, including interest on the bonds. Any funds remaining after
2.10 completion of the projects and retirement or redemption of the bonds may be placed in the
2.11 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier
2.12 time if the city so determines by ordinance.

2.13 **EFFECTIVE DATE.** This section is effective the day after compliance by the
2.14 governing body of the city of Medford with Minnesota Statutes, section 645.021,
2.15 subdivision 3.