

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

S.F. No. 1667

(SENATE AUTHORS: MORRISON)

DATE
02/16/2023

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxes; local sales and use; expanding the authority of the city of Excelsior
1.3 to impose a local sales tax; amending Laws 2019, First Special Session chapter 6,
1.4 article 6, section 18.

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

1.6 Section 1. Laws 2019, First Special Session chapter 6, article 6, section 18, is amended
1.7 to read:

1.8 **Sec. 18. CITY OF EXCELSIOR; LOCAL SALES AND USE TAX AUTHORIZED.**

1.9 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
1.10 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
1.11 charter, the city of Excelsior may impose, by ordinance, a sales and use tax of up to one-half
1.12 of one percent for the purposes specified in subdivision 2, as approved by the voters at the
1.13 November 4, 2014, general election. Except as otherwise provided in this section, the
1.14 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
1.15 collection, and enforcement of the tax authorized under this subdivision.

1.16 Subd. 1a. **Authorization; additional revenues allowed.** Notwithstanding Minnesota
1.17 Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by
1.18 the voters at a general election as required under Minnesota Statutes, section 297A.99,
1.19 subdivision 3, the city of Excelsior may collect additional revenue from the sales and use
1.20 tax authorized under subdivision 1, for the purpose specified in subdivision 2a. Except as
1.21 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
1.22 govern the imposition, administration, collection, and enforcement of the tax authorized

2.1 under this subdivision. The tax imposed under this subdivision is in addition to any local
2.2 sales and use tax imposed under any other special law.

2.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
2.4 under subdivision 1 must be used by the city of Excelsior to pay the costs of collecting and
2.5 administering the tax and to finance the capital and administrative costs of improvements
2.6 to the commons as indicated in the Commons Master Plan as adopted by the city council
2.7 on November 20, 2017. Authorized expenses include, but are not limited to, improvements
2.8 for walkability and accessibility, enhancement of beach area and facilities, prevention and
2.9 management of shoreline erosion, redesign of the port and band shell, improvement of
2.10 playground equipment, and securing and paying debt service on bonds issued under
2.11 subdivision 3 or other obligations issued to the improvements listed in this subdivision in
2.12 the city of Excelsior.

2.13 Subd. 2a. **Use of sales and use tax revenues; expanded.** The revenues derived from
2.14 the additional authorization granted under subdivision 1a must be used by the city of
2.15 Excelsior to pay the costs of collecting and administering the tax and paying for \$23,000,000,
2.16 plus associated bonding costs, for the costs of improvements to the commons as indicated
2.17 in the Commons Master Plan as adopted by the city council on January 9, 2023, including
2.18 securing and paying debt service on bonds issued to finance the project.

2.19 Subd. 3. **Bonding authority.** (a) If the imposition of the tax is approved by the voters
2.20 under subdivision 1, the city of Excelsior may issue bonds under Minnesota Statutes, chapter
2.21 475, to finance all or a portion of the costs of the projects authorized in subdivision 2,
2.22 without a second vote. The aggregate principal amount of bonds issued under this subdivision
2.23 may not exceed \$7,000,000, plus an amount to be applied to the payment of the costs of
2.24 issuing the bonds. The bonds may be paid from or secured by any funds available to the
2.25 city of Excelsior, including the tax authorized under subdivision 1. The issuance of bonds
2.26 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

2.31 Subd. 3a. **Bonding authority; additional use of tax.** (a) After payment of the bonds
2.32 authorized under subdivision 3, the city of Excelsior may issue bonds under Minnesota
2.33 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
2.34 subdivision 2a. The aggregate principal amount of bonds issued under this subdivision may

3.1 not exceed \$23,000,000, plus an amount to be applied to the payment of the costs of issuing
3.2 the bonds.

3.3 (b) The bonds may be paid from or secured by any funds available to the city of Excelsior,
3.4 including the tax authorized under subdivision 1a. The issuance of bonds under this
3.5 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

3.6 (c) The bonds are not included in computing any debt limitation applicable to the city
3.7 of Excelsior, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
3.8 and interest on the bonds is not subject to any levy limitation. A separate election to approve
3.9 the bonds under Minnesota Statutes, section 475.58, is not required.

3.10 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 and subdivision
3.11 1a expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city
3.12 council determines that ~~\$7,000,000~~ \$30,000,000 has been received from the tax to pay for
3.13 the cost of the projects authorized under subdivision 2 and subdivision 2a, plus an amount
3.14 sufficient to pay the costs related to issuance of the bonds authorized under subdivision 3
3.15 and subdivision 3a, including interest on the bonds. Any funds remaining after payment of
3.16 all such costs and retirement or redemption of the bonds shall be placed in the general fund
3.17 of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
3.18 determines by ordinance.

3.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
3.20 city of Excelsior and its chief clerical officer comply with Minnesota Statutes, section
3.21 645.021, subdivisions 2 and 3.