

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 2366

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DATE
03/02/2023

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
 1.2 relating to local taxes; authorizing the city of St. Paul to impose a new sales and
 1.3 use tax; amending Laws 1993, chapter 375, article 9, section 46, as amended.

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

1.5 Section 1. Laws 1993, chapter 375, article 9, section 46, as amended by Laws 1997, chapter
 1.6 231, article 7, section 40, Laws 1998, chapter 389, article 8, section 30, Laws 1998, chapter
 1.7 389, article 8, section 31, Laws 1998, chapter 389, article 8, section 32, Laws 2003, First
 1.8 Special Session chapter 21, article 8, section 13, Laws 2005, First Special Session chapter
 1.9 3, article 5, section 26, Laws 2005, First Special Session chapter 3, article 5, section 27,
 1.10 Laws 2009, chapter 88, article 4, section 15, Laws 2009, chapter 88, article 4, section 16,
 1.11 Laws 2013, chapter 143, article 8, section 44, and Laws 2013, chapter 143, article 8, section
 1.12 45, is amended by adding a subdivision to read:

1.13 Subd. 1a. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section
 1.14 297A.99, subdivision 2, or 477A.016, or any other law, ordinance, or city charter, and if
 1.15 approved by the voters at a general election as required under Minnesota Statutes, section
 1.16 297A.99, subdivision 3, the city of St. Paul may impose by ordinance a sales and use tax
 1.17 of one percent for the purposes specified in subdivision 2. Except as otherwise provided in
 1.18 this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
 1.19 administration, collection, and enforcement of the tax authorized under this subdivision.
 1.20 The tax imposed under this subdivision is in addition to any other local sales and use tax
 1.21 imposed by the city of St. Paul under any other special law.

2.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
2.2 city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021,
2.3 subdivisions 2 and 3.

2.4 Sec. 2. Laws 1993, chapter 375, article 9, section 46, subdivision 2, as amended by Laws
2.5 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, section 30, Laws
2.6 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First Special Session
2.7 chapter 3, article 5, section 26, Laws 2009, chapter 88, article 4, section 15, Laws 2009,
2.8 chapter 88, article 4, section 16, and Laws 2013, chapter 143, article 8, section 44, is amended
2.9 by adding a subdivision to read:

2.10 Subd. 2b. **Use of revenues.** The revenues derived from the tax authorized under
2.11 subdivision 1a must be used by the city of St. Paul to pay the costs of collecting and
2.12 administering the tax and to finance all or part of the following projects in the city, including
2.13 securing and paying debt service on bonds issued under subdivision 3a:

2.14 (1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),
2.15 \$738,000,000, plus associated bonding costs for street improvements; and

2.16 (2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),
2.17 \$246,000,000, plus associated bonding costs for capital improvements to St. Paul parks and
2.18 recreation facilities.

2.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
2.20 city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021,
2.21 subdivisions 2 and 3.

2.22 Sec. 3. Laws 1993, chapter 375, article 9, section 46, subdivision 3, as amended by Laws
2.23 1998, chapter 389, article 8, section 31, Laws 2005, First Special Session chapter 3, article
2.24 5, section 27, and Laws 2009, chapter 88, article 4, section 16, is amended by adding a
2.25 subdivision to read:

2.26 Subd. 3a. **Bonding authority.** (a) The city of St. Paul may issue bonds under Minnesota
2.27 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
2.28 subdivision 2b and approved by the voters as required under Minnesota Statutes, section
2.29 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
2.30 under this subdivision may not exceed \$984,000,000 for the projects listed in subdivision
2.31 2b, plus an amount to be applied to the payment of the costs of issuing the bonds.

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

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

3.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
3.9 city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021,
3.10 subdivisions 2 and 3.

3.11 Sec. 4. Laws 1993, chapter 375, article 9, section 46, subdivision 5, as amended by Laws
3.12 1998, chapter 389, article 8, section 32, and Laws 2013, chapter 143, article 8, section 45,
3.13 is amended to read:

3.14 Subd. 5. **Expiration of taxing authority.** (a) The authority granted by subdivision 1 to
3.15 the city to impose a sales tax shall expire on December 31, 2042, or at an earlier time as the
3.16 city shall, by ordinance, determine. Any funds remaining after completion of projects
3.17 approved under subdivision 2, paragraph (a) and retirement or redemption of any bonds or
3.18 other obligations may be placed in the general fund of the city.

3.19 (b) The tax imposed under subdivision 1a expires at the earlier of (1) 20 years after the
3.20 tax is first imposed, or (2) when the city council determines that the amount of revenues
3.21 received from the tax is sufficient to pay for the project costs authorized under subdivision
3.22 2b for projects approved by the voters as required under Minnesota Statutes, section 297A.99,
3.23 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
3.24 of the bonds under subdivision 3a, including interest on the bonds. Except as otherwise
3.25 provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds
3.26 remaining after payment of the allowed costs due to the timing of the termination of the tax
3.27 under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general
3.28 fund of the city. The tax imposed under subdivision 1a may expire at an earlier time if the
3.29 city so determines by ordinance.

3.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
3.31 city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021,
3.32 subdivisions 2 and 3.