

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

S.F. No. 5110

(SENATE AUTHORS: MORRISON, Dziezic, Klein, Champion and Miller)
DATE 03/20/2024 D-PG Introduction and first reading
Referred to Taxes OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; modifying authority related to the Hennepin County local sales
1.3 and use tax; amending Minnesota Statutes 2022, sections 473.756, by adding a
1.4 subdivision; 473.757, subdivisions 1, 2, 3, 4, 7, 8, 9, 11, by adding subdivisions;
1.5 473.759, subdivision 3.

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

1.7 Section 1. Minnesota Statutes 2022, section 473.756, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 15. Authority deemed qualifying government for long-term equity
1.10 investment. The authority is deemed a qualifying government for purposes of section
1.11 118A.09, subdivision 1. Whenever the authority's investments are managed by the county,
1.12 the authority's additional long-term equity investment limitations as provided in section
1.13 118A.09, subdivision 3, are calculated based on the county's most recent audited statement
1.14 of net position instead of the authority's most recent audited statement of net position.

1.15 Sec. 2. Minnesota Statutes 2022, section 473.757, subdivision 1, is amended to read:

1.16 Subdivision 1. **Ballpark grants.** The county may authorize, by resolution, and make
1.17 one or more grants to the authority for ballpark development and construction, public
1.18 infrastructure, capital improvements of the ballpark or public infrastructure within the
1.19 development area, reserves for capital improvements, and other purposes related to the
1.20 ballpark on the terms and conditions agreed to by the county and the authority.

2.1 Sec. 3. Minnesota Statutes 2022, section 473.757, is amended by adding a subdivision to
2.2 read:

2.3 Subd. 1a. **Hennepin County health care facilities.** (a) To the extent funds are available
2.4 from collections of the tax authorized by subdivision 10 after payment each year of debt
2.5 service on the bonds authorized and issued under subdivision 9 and payments for the purposes
2.6 described in subdivision 1, the county may also authorize, by resolution, appropriations to
2.7 fund:

2.8 (1) the development, construction, improvement, and equipping of county-owned or
2.9 operated health care facilities;

2.10 (2) public infrastructure determined by the county to facilitate the development and use
2.11 of facilities described in clause (1);

2.12 (3) reserves for capital improvements; and

2.13 (4) other purposes related to health care facilities.

2.14 (b) Funds may be authorized pursuant to this subdivision through the county's capital
2.15 improvement budget.

2.16 Sec. 4. Minnesota Statutes 2022, section 473.757, subdivision 2, is amended to read:

2.17 **Subd. 2. Youth sports; library.** To the extent funds are available from collections of
2.18 the tax authorized by subdivision 10 after payment each year of debt service on the bonds
2.19 authorized and issued under subdivision 9 and payments for the purposes described in
2.20 ~~subdivision~~ subdivisions 1 and 1a, the county may also authorize, by resolution, ~~and expend~~
2.21 ~~or make~~ grants to the authority and to other governmental units and nonprofit organizations
2.22 in an aggregate amount of up to \$4,000,000 annually, increased by up to 1.5 percent annually
2.23 to fund equally: (1) youth activities and youth and amateur sports within Hennepin County;
2.24 and (2) the cost of extending the hours of operation of Hennepin County libraries ~~and~~
2.25 ~~Minneapolis public libraries.~~ Funds authorized pursuant to this paragraph may be expended
2.26 consistent with the terms of each grant.

2.27 The money provided under this subdivision is intended to supplement and not supplant
2.28 county expenditures for these purposes as of May 27, 2006.

2.29 Hennepin County must provide reports to the chairs of the committees and budget
2.30 divisions in the senate and the house of representatives that have jurisdiction over education
2.31 policy and funding, describing the uses of the money provided under this subdivision. The

3.1 first report must be made by January 15, 2009, and subsequent reports must be made on
3.2 January 15 of each subsequent odd-numbered year.

3.3 Sec. 5. Minnesota Statutes 2022, section 473.757, subdivision 3, is amended to read:

3.4 Subd. 3. **Initial expenditure limitations.** The amount that the county may grant or
3.5 expend for ballpark costs shall not exceed \$260,000,000. ~~The amount of any grant for capital~~
3.6 ~~improvement reserves shall not exceed \$1,000,000 annually, subject to the agreement under~~
3.7 ~~section 473.759, subdivision 3, and to annual increases according to an inflation index~~
3.8 ~~acceptable to the county.~~ The amount of grants or expenditures for land, site improvements,
3.9 and public infrastructure shall not exceed \$90,000,000, excluding capital improvement
3.10 reserves, bond reserves, capitalized interest, and financing costs. The authority to spend
3.11 money for land, site improvements, and public infrastructure is limited to payment of
3.12 amounts incurred or for construction contracts entered into during the period ending five
3.13 years after the date of the issuance of the initial series of bonds under Laws 2006, chapter
3.14 257. Such grant agreements are valid and enforceable notwithstanding that they involve
3.15 payments in future years and they do not constitute a debt of the county within the meaning
3.16 of any constitutional or statutory limitation or for which a referendum is required.

3.17 Sec. 6. Minnesota Statutes 2022, section 473.757, is amended by adding a subdivision to
3.18 read:

3.19 Subd. 3a. **Capital improvement grants.** Notwithstanding the limitations in subdivision
3.20 3, the county may make grants to the authority for capital improvement expenditures. The
3.21 amount of any grant to the authority for capital improvement expenditures must not exceed
3.22 \$9,000,000 annually. The grants are subject to agreement under section 473.759, subdivision
3.23 3, and to annual increases according to an inflation index acceptable to the county. Grant
3.24 agreements are valid and enforceable notwithstanding the fact that they involve payments
3.25 in future years. The grants do not constitute a debt of the county within the meaning of any
3.26 constitutional or statutory limitation or for which a referendum is required.

3.27 Sec. 7. Minnesota Statutes 2022, section 473.757, subdivision 4, is amended to read:

3.28 Subd. 4. **Property acquisition and disposition.** (a) The county may acquire by purchase,
3.29 eminent domain, or gift, land, air rights, and other property interests within the development
3.30 area for the ballpark site and public infrastructure and convey it to the authority with or
3.31 without consideration, prepare a site for development as a ballpark, and acquire and construct
3.32 any related public infrastructure. The purchase of property and development of public
3.33 infrastructure financed with revenues under this section is limited to infrastructure within

4.1 the development area or within 1,000 feet of the border of the development area. The public
 4.2 infrastructure may include the construction and operation of parking facilities within the
 4.3 development area notwithstanding any law imposing limits on county parking facilities in
 4.4 the city of Minneapolis. The county may acquire and construct property, facilities, and
 4.5 improvements within the stated geographical limits for the purpose of drainage and
 4.6 environmental remediation for property within the development area, walkways and a
 4.7 pedestrian bridge to link the ballpark to Third Avenue distributor ramps, street and road
 4.8 improvements and access easements for the purpose of providing access to the ballpark,
 4.9 streetscapes, connections to transit facilities and bicycle trails, and any utility modifications
 4.10 which are incidental to any utility modifications within the development area.

4.11 (b) The county or any of its subsidiaries may acquire by purchase, eminent domain, or
 4.12 gift, land, air rights, and other property interests within the county for health care facilities
 4.13 and related infrastructure.

4.14 (c) To the extent property parcels or interests acquired are more extensive than the public
 4.15 infrastructure requirements, the county may sell or otherwise dispose of the excess. The
 4.16 proceeds from sales of excess property must be deposited in the debt service reserve fund.

4.17 Sec. 8. Minnesota Statutes 2022, section 473.757, subdivision 7, is amended to read:

4.18 Subd. 7. **Local government expenditures.** The county may make expenditures or grants
 4.19 for other costs incidental and necessary to further the purposes of Laws 2006, chapter 257,
 4.20 and this act and may by agreement, reimburse in whole or in part, any entity that has granted,
 4.21 loaned, or advanced funds to the county to further the purposes of Laws 2006, chapter 257,
 4.22 and this act. The county shall reimburse a local governmental entity within its jurisdiction
 4.23 or make a grant to such a governmental unit for site acquisition, preparation of the site for
 4.24 ballpark development, and public infrastructure. Amounts expended by a local governmental
 4.25 unit with the proceeds of a grant or under an agreement that provides for reimbursement by
 4.26 the county shall not be deemed an expenditure or other use of local governmental resources
 4.27 by the governmental unit within the meaning of any law or charter limitation. Exercise by
 4.28 the county of its powers under this section shall not affect the amounts that the county is
 4.29 otherwise eligible to spend, borrow, tax, or receive under any law.

4.30 Sec. 9. Minnesota Statutes 2022, section 473.757, subdivision 8, is amended to read:

4.31 Subd. 8. **County authority.** It is the intent of the legislature that, except as expressly
 4.32 limited herein, the county has the authority to acquire and develop a site for the ballpark
 4.33 and public infrastructure, to enter into contracts with the authority and other governmental

5.1 or nongovernmental entities, to appropriate funds, to fund capital reserves and make capital
5.2 improvements, and to make employees, consultants, and other revenues available for those
5.3 purposes.

5.4 Sec. 10. Minnesota Statutes 2022, section 473.757, subdivision 9, is amended to read:

5.5 Subd. 9. **County revenue bonds.** (a) The county may, by resolution, authorize, sell, and
5.6 issue revenue bonds to provide funds to make a grant or grants to the authority and to finance
5.7 all or a portion of the costs of site acquisition, site improvements, and other activities
5.8 necessary to prepare a site for development of a ballpark, to construct, improve, and maintain
5.9 the ballpark and to establish and fund any capital improvement reserves, and to acquire and
5.10 construct any related parking facilities and other public infrastructure and for other costs
5.11 incidental and necessary to further the purposes of Laws 2006, chapter 257. The county
5.12 may also, by resolution, issue bonds to refund the bonds issued pursuant to this section. The
5.13 bonds must be limited obligations, payable solely from or secured by taxes levied under
5.14 subdivision 10, and any other revenues to become available under Laws 2006, chapter 257.
5.15 The bonds may be issued in one or more series and sold without an election. The bonds
5.16 shall be sold in the manner provided by section 475.60. The bonds shall be secured, bear
5.17 the interest rate or rates or a variable rate, have the rank or priority, be executed in the
5.18 manner, be payable in the manner, mature, and be subject to the defaults, redemptions,
5.19 repurchases, tender options, or other terms, as the county may determine. The county may
5.20 enter into and perform all contracts deemed necessary or desirable by it to issue and secure
5.21 the bonds, including an indenture of trust with a trustee within or without the state. The debt
5.22 represented by the bonds shall not be included in computing any debt limitation applicable
5.23 to the county. Subject to this subdivision, the bonds must be issued and sold in the manner
5.24 provided in chapter 475. The bonds shall recite that they are issued under Laws 2006, chapter
5.25 257, and the recital shall be conclusive as to the validity of the bonds and the imposition
5.26 and pledge of the taxes levied for their payment. In anticipation of the issuance of the bonds
5.27 authorized under this subdivision and the collection of taxes levied under subdivision 10,
5.28 the county may provide funds for the purposes authorized by Laws 2006, chapter 257,
5.29 through temporary interfund loans from other available funds of the county which shall be
5.30 repaid with interest.

5.31 (b) The county may, by resolution, authorize, sell, and issue revenue bonds to provide
5.32 funds to finance all or a portion of the costs of county-owned or operated health care facilities,
5.33 including but not limited to site acquisition, site improvements, and other activities necessary
5.34 to prepare a site for development of health care facilities, and construct, maintain, and
5.35 improve health care facilities and to establish and fund any capital improvement reserves,

6.1 and to acquire and construct any related parking facilities and related infrastructure and for
 6.2 other costs incidental and necessary to further the purposes of this act. The county may also,
 6.3 by resolution, issue bonds to refund the bonds issued pursuant to this section. The bonds
 6.4 may be limited obligations, payable solely from or secured by taxes levied under subdivision
 6.5 10, and any other revenues to become available under this act, and the county may also
 6.6 pledge its full faith, credit, and taxing power as additional security for the bonds. The bonds
 6.7 may be issued in one or more series and sold without an election. The bonds shall be sold
 6.8 in the manner provided by section 475.60. The bonds shall be secured, bear the interest rate
 6.9 or rates or a variable rate, have the rank or priority, be executed in the manner, be payable
 6.10 in the manner, mature, and be subject to the defaults, redemptions, repurchases, tender
 6.11 options, or other terms, as the county may determine. The county may enter into and perform
 6.12 all contracts deemed necessary or desirable by it to issue and secure the bonds, including
 6.13 an indenture of trust with a trustee within or without the state. The debt represented by the
 6.14 bonds shall not be included in computing any debt limitation applicable to the county.
 6.15 Subject to this subdivision, the bonds must be issued and sold in the manner provided in
 6.16 chapter 475. The bonds shall recite that they are issued under this act, and the recital shall
 6.17 be conclusive as to the validity of the bonds and the imposition and pledge of the taxes
 6.18 levied for their payment. In anticipation of the issuance of the bonds authorized under this
 6.19 subdivision and the collection of taxes levied under subdivision 10, the county may provide
 6.20 funds for the purposes authorized by this act, through temporary interfund loans from other
 6.21 available funds of the county which shall be repaid with interest.

6.22 Sec. 11. Minnesota Statutes 2022, section 473.757, subdivision 11, is amended to read:

6.23 Subd. 11. **Uses of tax.** (a) Revenues received from the tax imposed under subdivision
 6.24 10 may be used:

6.25 (1) to pay costs of collection;

6.26 (2) to pay or reimburse or secure the payment of any principal of, premium, or interest
 6.27 on bonds issued in accordance with Laws 2006, chapter 257, section 12, and this act;

6.28 (3) to pay costs and make expenditures and grants described in ~~this section~~ subdivisions
 6.29 1 and 1a, including financing costs related to them;

6.30 (4) to maintain reserves for the foregoing purposes deemed reasonable and appropriate
 6.31 by the county;

6.32 (5) to pay for operating costs of the ballpark authority other than the cost of operating
 6.33 or maintaining the ballpark; and

7.1 (6) to make expenditures and grants for youth activities and amateur sports and extension
 7.2 of library hours as described in subdivision 2;
 7.3 and for no other purpose.

7.4 (b) Revenues from the tax designated for use under paragraph (a), clause (5), must be
 7.5 deposited in the operating fund of the ballpark authority.

7.6 (c) After completion of the ballpark and public infrastructure, the tax revenues not
 7.7 required for current payments of the expenditures described in paragraph (a), clauses (1) to
 7.8 (6), shall be used to (i) redeem or defease the bonds and (ii) prepay or establish a fund for
 7.9 payment of future obligations under grants or other commitments for future expenditures
 7.10 which are permitted by this section. Upon the redemption or defeasance of the bonds and
 7.11 the establishment of reserves adequate to meet such future obligations, the taxes shall
 7.12 terminate and shall not be reimposed. For purposes of this subdivision, "reserves adequate
 7.13 to meet such future obligations" means a reserve that does not exceed the net present value
 7.14 of the county's obligation to make grants under paragraph (a), clauses (5) and (6), and to
 7.15 fund the reserve for capital improvements required under section 473.759, subdivision 3,
 7.16 for the later of (i) the 30-year period beginning on the date of the original issuance of the
 7.17 bonds the latest-issued series of bonds issued pursuant to subdivision 9, less those obligations
 7.18 that the county has already paid, or (ii) the period extending through the final term of the
 7.19 agreement in section 473.759, subdivision 4, as the agreement may be modified or extended
 7.20 from time to time.

7.21 Sec. 12. Minnesota Statutes 2022, section 473.759, subdivision 3, is amended to read:

7.22 Subd. 3. **Reserve for capital improvements.** The authority shall require that a reserve
 7.23 fund for capital improvements to the ballpark be established and funded with annual payments
 7.24 of ~~\$2,000,000~~ \$13,500,000, with the team's share of those payments to be approximately
 7.25 ~~\$1,000,000~~ \$4,500,000, as determined by agreement of the team and county. The annual
 7.26 payments shall increase according to an inflation index determined by the authority, ~~provided~~
 7.27 ~~that any portion of the team's contribution that has already been reduced to present value~~
 7.28 ~~shall not increase according to an inflation index~~ county. The authority may accept
 7.29 contributions from the county or other source for the portion of the funding not required to
 7.30 be provided by the team.

7.31 Sec. 13. **EFFECTIVE DATE.**

7.32 Sections 1 to 12 are effective the day following final enactment.