

**Senate Counsel, Research,  
and Fiscal Analysis**

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JO ANNE ZOFF SELLNER  
DIRECTOR

**Senate**  
State of Minnesota

TO: Members of the Senate Tax Committee

FROM: Jo Anne Zoff Sellner, Senate Counsel (651/296-3803) *JAS*

DATE: April 4, 2005

RE: Bills to be Heard April 5, 2005

**S.F. No. 481(Vickerman)**

This bill authorizes the city of Worthington to impose a sales and use tax at a rate of up to one-half of one percent. The sales tax is subject to approval by the voters at the next general election or at a special election held before January 1, 2006. The city is also authorized to impose an excise tax of up to \$20 per motor vehicle purchased from a person engaged in the business of selling motor vehicles at retail within the city. The revenues from the taxes are required to be used to pay for the cost of a multi-purpose city facility which would include meeting rooms, a swimming pool, a senior citizens center, and to renovate the Memorial Auditorium. If the voters approve imposition of the tax, then the city is authorized to issue up to \$7,800,000 in bonds to pay for the cost of the improvements that may be financed by the tax proceeds. An additional referendum on the issuance of the bonds is not required. This bond issuance is exempt from the requirements of the ballot notice that indicate that, by voting "yes" on the ballot question, you are voting for a property tax increase, as well as the requirement that the levy for debt must be levied against the referendum market value of property in the city. The debt is not included in the municipal debt limitation and any levy of taxes to pay the debt service is not subject to any levy limitation. The tax will expire at the earlier of ten years or the time when the city council determines that the revenue from the taxes is sufficient to pay for the project financed by this tax.

**S.F. No. 1614 (Koering)**

This bill authorizes the city of Baxter to impose a sales and use tax of one-half of one percent as well as an excise tax of \$20 per motor vehicle purchased from any person in the business of selling motor vehicles at retail within the city. The revenues received from these taxes must be used to pay for the acquisition and betterment of water and wastewater facilities, a fire substation, and the Paul Bunyan Bridge over Excelsior Road. These projects and the imposition of the tax were approved by the voters in a November, 2004, election. The city is authorized to issue up to

\$15,000,000 in general obligation bonds to finance these projects. The debt is exempt from any debt limitations and taxes to pay for the debt service on the bonds are not subject to levy limitations. The taxes will expire at the earlier of 12 years after the tax has been imposed or when the city council finds that the amount of revenue raised is sufficient to pay for the cost of the projects.

**S.F. No. 1832 (Sparks)**

This bill authorizes Mower County to impose a sales and use tax of up to one-half of one percent. The proceeds of the tax must be used to pay the cost associated with a criminal justice center for Mower County. This facility would be used for jail, law enforcement, dispatch, courts, court administration, correctional services, and county attorney functions. The county is authorized to issue bonds to finance the cost of this project. The issuance is not subject to a referendum, nor to the requirement that the debt service be levied against the referendum market value and that the statement on the referendum ballot would include the notice that by voting yes on the ballot question, you are voting for a property tax increase. The taxes would expire when the county board determines that sufficient revenues have been raised to pay for the project or at an earlier time determined by the county.

**S.F. No. 1907 (Vickerman)**

As proposed to be amended by the author, this bill would provide that the property tax exemption for improvements to real property located within a job opportunity building zone, would not apply to the captured net tax capacity in a tax increment financing district to the extent necessary to meet the debt repayment obligations of the authority, if the property is also located within an agricultural processing zone.

**S.F. No. 397 (Kelley)**

NOT - HEARD

This bill provides a deduction for educator classroom expenses. The exemption is limited to \$250 for an eligible educator or \$500 for married individuals if both are eligible educators and they file a joint return. The deduction is available to the extent the amount expended is not deducted in determining federal taxable income. For tax years 2004 and 2005, federal law allows the deduction of up to \$250 for classroom expenses paid by an eligible educator. Eligible educators are elementary or secondary teachers, instructors, counselors, principals, or aides, and expenses include books, supplies, computer equipment, and other equipment and materials that are used by the teacher in the classroom.

**S.F. No. 513 (Hottinger)**

This bill extends the education expense credit and deduction to apply to expenditures incurred for enrolling a child in a prekindergarten educational program. A "prekindergarten educational program" is defined to include prekindergarten programs established by a school district, preschool, nursery schools, and early childhood development programs that are licensed by the Department of Human Services and accredited by national accreditation organizations, Montessori

programs affiliated with or accredited by national Montessori programs, and childcare programs provided by family daycare providers who hold a current early childhood development credential approved by the Commissioner of Human Services. The credit and deduction are also extended to the amounts paid by taxpayers who have a child age 18 or younger in the household for membership in a museum, zoo, historical society, or similar institution that offers educational programs for children.

JZS:ssg



1        Subd. 3. [USE OF REVENUES.] Revenues received from taxes  
2 authorized by subdivisions 1 and 2 must be used by the city to  
3 pay the cost of collecting and administering the taxes and to  
4 pay for the costs of a multipurpose city facility to include  
5 meeting rooms, a swimming pool, and a senior citizen center, and  
6 to make renovations to the Memorial Auditorium. Authorized  
7 expenses include, but are not limited to, acquiring property and  
8 paying construction expenses related to these improvements, and  
9 paying debt service on bonds or other obligations issued to  
10 finance acquisition and construction of these improvements.

11        Subd. 4. [BONDING AUTHORITY.] (a) If the tax authorized  
12 under subdivision 1 is approved by the voters, the city may  
13 issue bonds under Minnesota Statutes, chapter 475, to pay  
14 capital and administrative expenses for the improvements  
15 described in subdivision 3 in an amount that does not exceed  
16 \$7,800,000. An election to approve the bonds under Minnesota  
17 Statutes, section 475.58, is not required.

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

20        (c) The debt represented by the bonds is not included in  
21 computing any debt limitation applicable to the city, and any  
22 levy of taxes under Minnesota Statutes, section 475.61, to pay  
23 principal of and interest on the bonds is not subject to any  
24 levy limitation.

25        Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under  
26 subdivisions 1 and 2 expire at the earlier of (1) ten years, or  
27 (2) when the city council determines that the amount of revenue  
28 received from the taxes to pay for the projects under  
29 subdivision 3 equals or exceeds \$7,800,000 plus the additional  
30 amount needed to pay the costs related to issuance of bonds  
31 under subdivision 4, including interest on the bonds. Any funds  
32 remaining after completion of the project and retirement or  
33 redemption of the bonds may be placed in the general fund of the  
34 city. The taxes imposed under subdivisions 1 and 2 may expire  
35 at an earlier time if the city so determines by ordinance.

36        [EFFECTIVE DATE.] This section is effective the day after

1 the governing body of the city of Worthington and its chief  
2 clerical officer timely comply with Minnesota Statutes, section  
3 645.021, subdivisions 2 and 3.

# MINNESOTA · REVENUE

## SALES AND USE TAX City of Worthington

April 1, 2005

	Yes	No
Separate Official Fiscal Note Requested		X
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of S.F. 481 (Vickerman) / H.F. 677 (Hamilton)

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective the day after the Worthington city clerk files with the Secretary of State the required documents for local approval of special laws.

### EXPLANATION OF THE BILL

**Current Law:** Minnesota Statutes, Section 477A.016, prohibits local units of government from imposing a new tax or increasing an existing tax on sales or income.

**Proposed Law:** The bill authorizes the city of Worthington to impose by ordinance a sales and use tax of up to 0.5% if approved by the voters at the next general election or at a special election held before January 1, 2006. The city may also impose by ordinance a tax of up to \$20 per motor vehicle sold by a retail dealer in the city. The revenues must be used to fund a multipurpose city facility that includes meeting rooms, a swimming pool, and a senior citizen center, and also to renovate Memorial Auditorium. If the sales tax is approved, the city may issue bonds of up to \$7.8 million to fund the projects. The taxes expire at the earlier of ten years or when the city council determines that enough tax revenue has been received to pay for the projects and to pay the cost of the bonds' issuance and interest. Any remaining revenue may be placed in the city's general fund. The taxes may expire earlier if the council determines so by ordinance.

### REVENUE ANALYSIS DETAIL

The bill has no impact on state funds.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

sf0481(hf0677)\_1/tfe

(A)

1 Senator ..... moves to amend S.F. No. 481 as follows:

2 Page 2, line 33, delete "may be placed in the general" and

3 insert "shall be placed in a capital project"

HANDBOUT #1

**RESOLUTION NO. 2988**

**A RESOLUTION PERTAINING TO IMPOSING A LOCAL SALES TAX AND EXCISE TAX IN THE CITY OF WORTHINGTON**

**WHEREAS**, the City of Worthington has several proposed projects and improvements which cannot be adequately funded with existing resources; and

**WHEREAS**, the City of Worthington desires to submit a proposal to the Minnesota Legislature to allow the City of Worthington to propose a one-half of one percent sales tax and an excise tax of \$20.00 per motor vehicle purchased at retail. The proceeds of the sales and excise taxes would be used to pay for the projects and improvements; and

**WHEREAS**, Minnesota Statutes Section 297A.99 provides, in part, that a political subdivision may impose a local sales tax if permitted by special law and if approved by the voters of said political subdivision, and that before a governing body requests legislative approval of a special law for local sales tax, it shall adopt a resolution indicating approval of the tax and indicating, at a minimum, the proposed tax rate, how the revenues will be used, the total revenue that will be raised before the tax expires, and the estimated length of time the tax will be in effect.

**NOW THEREFORE BE IT RESOLVED** by the City Council of the City of Worthington as follows:

- 1. The City Council hereby approves a local sales tax in the amount of one-half of one percent and an excise tax in the amount of \$20.00 per vehicle purchased at retail if approved by the voters of said political subdivision.
- 2. The tax revenues will be used to pay the costs of a multi-purpose facility to include meeting rooms and a swimming pool, a senior citizen center, and additional renovations to the Memorial Auditorium.
- 3. The total revenue that will be raised before the sales tax expires is estimated to be \$7.8 million for the length of time the sales tax will be in effect, the sales tax will be in effect until the cost of the projects referenced above is paid or ten years after imposition of the tax, whichever is earlier.

A motion for the adoption of the following Resolution was made by Alderman Elsing, and seconded by Ten Haken. The following voted in favor: Elsing, Hain, Nelson, Ten Haken, and the following voted against the same: None.

Dated this 28<sup>th</sup> day of June, 2004.

(SEAL)

Attest: Keen Buchanan  
City Clerk

Alan S. Oberholzer  
Mayor

HANDOUT #2

MIKE WOLL  
INVESTMENT  
OFFICE

201 9th Street  
P.O. Box 1021  
Worthington, MN 56187

Phone: (507) 727-7777  
Toll Free: (866) 727-9436

E-mail: mwoll@swsfinancial.com

Monday, April 04, 2005

State of Minnesota  
Elected Legislators

Dear Ladies and Gentlemen:

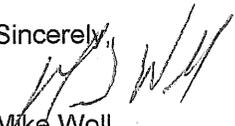
In times of tight budgets we all appreciate those who are willing to step to the plate and **pay for something themselves**. The requested local 1/2 cent sales tax is just such a effort.

Equally important, is an equitable tax that is paid for by the users of a project rather than a burden carried exclusively by local property owners. Those requesting to improve their communities through the use of the 1/2 cent sales tax are typical hub communities providing services for a significant geographical area. The cost of these improvements should be spread over the users that receive the benefits, whether from Minnesota, Iowa, South Dakota or elsewhere.

These projects are important to the vitality of our communities. As an elected official I had wanted to personally impress upon you the importance of this issue. Unfortunately, as a father of young children and business owner serving tax payers I am very busy until April 15th. Please accept this letter as an emphatic plea for your support of those making a difference throughout Minnesota.

Our local project would help support the arts at it's most basic level, it would provide badly needed services for seniors and kids. It would allow for efficiencies in redevelopment of critical areas and for combined uses of inappropriate existing facilities. This 1/2 cent local tax would represent a comprehensive, measureable and longstanding improvement in our community.

Thank you for your consideration and support!

Sincerely,  


Mike Woll  
Alderman at Large, Worthington, MN

Investment Representative

Offering General Securities  
through SVVS Financial  
Services, Inc.  
NASD / SIPC  
1201 Elm Street  
Suite 3500  
Dallas, TX 75270  
(214) 859-1800



1 taxes authorized by subdivisions 1 and 2 must be used to pay the  
2 cost of collecting and administering the tax and to finance the  
3 acquisition and betterment of water and waste water facilities, *and*  
4 a fire substation, and the Paul Bunyan Bridge over Excelsior  
5 Road, as approved by the voters at the referendum authorizing  
6 the tax. Authorized costs include, but are not limited to,  
7 acquiring property and paying construction, legal, and  
8 engineering costs related to the projects.

9 Subd. 4. [BONDS.] The city of Baxter, pursuant to the  
10 approval of the voters at the referendum authorizing the  
11 imposition of the taxes in this section, may issue general  
12 obligation bonds of the city, in one or more series, in the  
13 aggregate principal amount not to exceed \$15,000,000 to finance  
14 the projects listed in subdivision 3. The debt represented by  
15 the bonds is not included in computing any debt limitations  
16 applicable to the city, and the levy of taxes required by  
17 Minnesota Statutes, section 475.61, to pay the principal of and  
18 interest on the bonds is not subject to any levy limitation or  
19 included in computing or applying any levy limitation applicable  
20 to the city.

21 Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under  
22 subdivisions 1 and 2 expire at the earlier of 12 years after the  
23 imposition of the tax or when the city council first determines  
24 that the amount of revenues raised from the taxes to pay for the  
25 projects equals or exceeds \$15,000,000 plus any interest on  
26 bonds issued for the projects under subdivision 4. Any funds  
27 remaining after expiration of the taxes and retirement of the  
28 bonds shall be placed in a capital project fund of the city.  
29 The taxes imposed under subdivisions 1 and 2 may expire at an  
30 earlier time if the city so determines by ordinance.

31 [EFFECTIVE DATE.] This section is effective the day after  
32 compliance by the governing body of the city of Baxter with  
33 Minnesota Statutes, section 645.021, subdivision 3.

# MINNESOTA • REVENUE

## SALES AND USE TAX City of Baxter

April 1, 2005

Department of Revenue  
Analysis of H.F. 1684 (Gazelka)/ S.F. 1614 (Koering)

	Yes	No
Separate Official Fiscal Note Requested		X
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		X

	<b>Fund Impact</b>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective the day after the Baxter city clerk files the required documents with the Secretary of State regarding local approval of special laws.

### EXPLANATION OF THE BILL

**Current Law:** Local units of government are prohibited from imposing a new or increasing an existing tax on sales or income.

**Proposed Law:** The bill authorizes the city of Baxter to impose a general sales and use tax of 0.5%. The city may also impose an excise tax of up to \$20 per motor vehicle sold by retail dealer in the city. The sales and use tax would be state administered and subject to the provisions of Minnesota Statutes, including approval by voters at a general election.

Revenues would be used to finance the acquisition and betterment of water and waste water facilities, a fire substation, and the Paul Bunyan Bridge over Excelsior Road. The city may issue bonds not to exceed \$15 million to finance the projects.

The taxes would expire at the earlier of 12 years after imposition or when the city council determines the revenues raised equal or exceed \$15 million plus bond interest. Excess funds may be placed in the city capital project fund. The taxes may expire at an earlier time by city ordinance.

### REVENUE ANALYSIS DETAIL

- Enactment of this bill would have no impact on the general fund or any other state fund.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)



1        Subd. 3. [BONDING AUTHORITY.] (a) The county may issue  
 2 bonds under Minnesota Statutes, chapter 475, to finance the  
 3 capital expenditures and improvements authorized by the  
 4 referendum under subdivision 4. An election to approve the  
 5 bonds under Minnesota Statutes, section 475.58, is not required.

6        (b) The issuance of bonds under this subdivision is not  
 7 subject to Minnesota Statutes, section 275.60 or 275.61.

8        (c) The bonds are not included in computing any debt limits  
 9 applicable to the county, and the levy of taxes under Minnesota  
 10 Statutes, section 475.61, to pay principal and interest on the  
 11 bonds is not subject to levy limits.

12        Subd. 4. [REFERENDUM.] If the county of Mower proposes to  
 13 impose the tax authorized by this section, the question of  
 14 imposing the tax must be submitted to the voters at either the  
 15 next general election or a separate ballot issue.

*special election  
held before  
Jan. 1  
a or out*

16        Subd. 5. [TERMINATION OF TAXES.] The tax imposed under  
 17 this section expires when the county board first determines that  
 18 the amount of revenues raised to pay for the Criminal Justice  
 19 Center project under subdivision 2 meet or exceed approved  
 20 project costs. Any funds remaining after completion of the  
 21 projects may be placed in the general funds of the county. The  
 22 county may rescind the tax imposed under this section at an  
 23 earlier time by ordinance.

24        [EFFECTIVE DATE.] This section is effective the day after  
 25 compliance with the governing body of the county of Mower with  
 26 Minnesota Statutes, section 645.021, subdivision 3.

# MINNESOTA · REVENUE

## SALES AND USE TAX

### Mower County

April 1, 2005

Department of Revenue  
Analysis of H.F. 1903 (Poppe) / S.F. 1832 (Sparks)

	Yes	No
Separate Official Fiscal Note Requested		X
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		X

	<b>Fund Impact</b>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective the day after the chief clerical officer of Mower County files the required documents with the Secretary of State regarding local approval of special laws.

### EXPLANATION OF THE BILL

**Current Law:** Local units of government are prohibited from imposing a new or increasing an existing tax on sales or income.

**Proposed Law:** The bill authorizes Mower County to impose a general sales and use tax of up to 0.5% if approved by the voters at the next general election or a separate ballot issue. The sales and use tax would be state administered and subject to the provisions of Minnesota Statutes.

The revenue would be used to pay for all authorized expenses associated with a Criminal Justice Center, which includes facilities for the jail, law enforcement, dispatch, courts, court administration, correctional services, and the county attorney. Authorized expenses include site acquisition, infrastructure, construction, and professional fees related to the project.

The sales and use tax would expire when the county board determines that the amount of the revenues will meet or exceed approved project costs. Excess funds may be placed in the city general fund. The county may rescind the tax at an earlier time by ordinance.

### REVENUE ANALYSIS DETAIL

- Enactment of this bill would have no impact on the general fund or any other state fund.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

Mower County Sales Tax Initiative  
SF 1832

Mower County believes the local option sales tax, as proposed in SF 1832, is appropriate for the people of Mower County and respectfully requests approval from the State of Minnesota. The approval we request is only the opportunity to be able to ask the voters of Mower County to approve a local sales tax to assist in funding a new criminal justice center facility.

We feel this is good public policy for several reasons:

1. This will require a vote of the public through a referendum. The public will decide on whether to pay for the project through a combination of sales tax and property tax or solely through property taxes.
2. The sales tax, if approved by the public, can only be used for capital expenses. Ongoing operational expenses associated with the facility will not be funded by the sales tax.
3. The facility will house state functions, county functions and city functions. The state functions include courts, court administrator and probation. The city function will be the Austin Police department. County functions are the jail, Sheriff, County Attorney and local probation. This is a multi jurisdictional facility.
4. The sales tax will be coupled with tax levy dollars to fund the project. A one half cent sales tax will fund a little over 50% of the cost of the project based on a \$30 million dollar facility.
5. A sales tax is somewhat more equitable than the property tax. In Mower County 75% to 85% of the people who use the functions of a criminal justice center are from the City of Austin area. According to the Department of Revenue in CY 2000 approximately 87% of all sales tax collected in Mower County came from the sales in the City of Austin. Property taxes collected from properties in the City of Austin account for approximately 40% of all county property tax revenue.
6. Mower County is an agricultural based county. This will provide some relief to our agricultural community as over one half of the project would not come from property taxes.

We thank the legislature for considering the merits of SF 1832 and respectfully request your support.



- 2.18 the amount of revenues raised to pay for the Criminal Justice  
2.19 Center project under subdivision 2 meet or exceed approved  
2.20 project costs. Any funds remaining after completion of the  
2.21 projects may be placed in the general funds of the county. The  
2.22 county may rescind the tax imposed under this section at an  
2.23 earlier time by ordinance.  
2.24 [EFFECTIVE DATE.] This section is effective the day after  
2.25 compliance with the governing body of the county of Mower with  
2.26 Minnesota Statutes, section 645.021, subdivision 3.
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Please direct all comments concerning issues or legislation  
to your House Member or State Senator.

For Legislative Staff or for directions to the Capitol, visit the Contact Us page.

General questions or comments.

COMMISSIONERS' RECORD MOWER COUNTY, MINNESOTA

134.09 PROLINE DIST., INC		357.81 CJ RAPIEN	
262.31 SHOPKO		2127.98 DAVE SYVERSON FORD	
625.93 TERMINAL SUPPLY CO.		7790.48 ULLAND BROTHERS, INC.	
314.22 ZEP MANUFACTURING COMPANY			
6 PAYMENTS LESS THAN \$100		190.55	
ROAD & BRIDGE FUND		\$20,181.86	* TOTAL
SOLID WASTE/RECYCLING FUND			
AMOUNT	VENDOR NAME	AMOUNT	VENDOR NAME
1 PAYMENTS LESS THAN \$100		8.41	
SOLID WASTE/RECYCLING FUND		\$8.41	* TOTAL
DITCH FUND			
AMOUNT	VENDOR NAME	AMOUNT	VENDOR NAME
125.00 MINNESOTA VIEWERS ASSOCIATION		.00	
0 PAYMENTS LESS THAN \$100		\$125.00	* TOTAL
DITCH FUND			
FAMILY CONNECTIONS			
AMOUNT	VENDOR NAME	AMOUNT	VENDOR NAME
8 PAYMENTS LESS THAN \$100		668.64	
FAMILY CONNECTIONS		\$668.64	* TOTAL
****	FINAL TOTAL.....	\$82,965.62	****

Motion carried.

Motion made by Commissioner Lang, seconded by Commissioner Ellingson to approve the Consumption & Display permit for Cedar River Country Club effective April 1, 2005 to March 31, 2006. Motion carried.

Motion made by Commissioner Ellingson, seconded by Commissioner Cummings to amend the 2005 budget as follows:

1. General fund for the employment of AMCAT employee Ken Halliday for three months by increasing expenses and non-revenue receipts by \$2472.00 for estimated payroll expenses.
2. Jail budget for the purchase of a TV in the amount of \$224.00 from the Canteen Fund Reserve.

Motion carried.

Date: February 8, 2005

Res. #13-05

**RESOLUTION**

On motion of Commissioner Cummings, seconded by Commissioner Ellingson, the following Resolution was passed and adopted by the Mower County Board of Commissioners at a meeting held February 8, 2005 at the Courthouse, Austin, Minnesota.

WHEREAS, Mower County is in the process of developing a criminal justice center facility in response to jail overcrowding and tremendous growth in criminal justice related areas; and

WHEREAS, the vast majority of clients (est. 75%-85%) using this facility are from within the city limits of Austin, Minnesota; and

COMMISSIONERS' RECORD MOWER COUNTY, MINNESOTA

WHEREAS, in 2005 taxable properties within the City of Austin will account for 40% of the county property tax revenue; and

WHEREAS, Department of Revenue sales tax statistics for CY2000 estimate 87% of the sales tax revenue collected in Mower County came from sales in the City of Austin; and

WHEREAS, the State of Minnesota has the authority through legislative action to enable Mower County to enact a sales tax subject to a local referendum to fund the proposed facility;

NOW THEREFORE BE IT RESOLVED, by the Mower County Board of Commissioners that the State of Minnesota give Mower County legislative authority to impose up to a one percent (1%) sales tax for the Mower County Criminal Justice Center with the approval of the public through a referendum; and

BE IT FUTHER RESOLVED that the sales tax be authorized for all costs associated with construction of this facility and shall sunset once all bond payments have been satisfied.

Passed and approved this 8<sup>th</sup> day of February, 2005.

THE MOWER COUNTY BOARD OF COMMISSIONERS

By: Raymond J. Tucker  
Chairperson

By: Cathy Orum  
Clerk/Coordinator

Motion made by Commissioner Ellingson, seconded by Commissioner Hillier to approve the request of the County Sheriff to cancel uncashed warrants in the amount of \$88.90 issued more than one year ago in accordance with the Mower County Check Cancellation Policy. Motion carried. A list of the cancelled warrants is on file in the office of the County Treasurer.

Motion made by Commissioner Ellingson, seconded by Commissioner Lang to authorize the chair to sign the Emergency Management Performance Grant application. Motion carried.

Motion made by Commissioner Ellingson, seconded by Commissioner Lang to approve the Health Services Agreement between Mower County Public Health Nursing Service and ISD #203, ISD #492, IDS #495, IDS 497, ISD #499, ISD #500, Pacelli High

**Tom Dankert**

**From:** Pat Dalton [Pat.Dalton@house.mn]  
**Sent:** Monday, September 20, 2004 3:30 PM  
**To:** Tom Dankert  
**Subject:** Local sales tax in Mower county and the city of Austin

Hi Tom;

The Department of Revenue has not issued new information on the distribution of sales tax revenues by county or city since the data for CY 2000.

Based on CY 2000 information, a 1 % sales and use tax in Mower County would have raised about \$2,291,000 annually (this does not include a tax on motor vehicle sales).

Sales in the city of Austin would account for about 87% of the county total.

Hope this is useful.

Pat Dalton  
House Research  
651-296-7434

HANDOUT #7

## RESOLUTION

**WHEREAS**, Nobles and Jackson Counties established a Rural Development Financing Authority at the request of the City of Brewster and the Minnesota Soybean Processors (MnSP) in September 2002; and,

**WHEREAS**, in October 2002, the Rural Development Financing Authority and Nobles County approved the Project Plan for Rural Development Project Area No. 1, the establishment of Tax Increment Financing (TIF) District No. 1 and the adoption of a TIF Plan and business subsidy; and,

**WHEREAS**, in March 2003, Nobles County authorized the issuance of \$2,805,000 General Obligation Taxable Tax Increment Bonds (TIF), Series 2003 and awarded the sale of said bonds; and,

**WHEREAS**, in August 2003, an Assessment Agreement was entered into between the Nobles County Assessor and MnSP that established a minimum value on property located within the TIF District in order to assure property tax revenues generated meet the outstanding debt service obligations; and,

**WHEREAS**, the 2003 Legislature enacted the JOBZ program and in March 2004 the Minnesota Department of Revenue granted MnSP an Ag Zone designation; and,

**WHEREAS**, due to the granting of this AgZone designation, property located in the TIF District and owned by MnSP is now exempt from property taxes taking away the County's revenue source in which to repay the TIF Bonds; and,

**WHEREAS**, MnSP has otherwise failed to make payments to the County necessary to meet the outstanding debt service obligations as required under a Development Agreement between MnSP and the County; and that if the County cannot levy property taxes on the MnSP property located in the AgZone, it may be necessary for the County to exercise its general obligation authority to levy taxes on all property within the County to meet the debt service obligations; and,

**WHEREAS**, Nobles County and MnSP have been meeting to address this concern to no avail.

**BE IT RESOLVED**, that the Nobles County Board of Commissioners hereby requests the Minnesota State Legislature introduce and pass legislation to correct an oversight in the JOBZ program and allow the County to levy property taxes on property within the TIF District established prior to the AgZone designation to support existing TIF debt obligations, thereby enabling the County to secure its outstanding TIF debt obligations as originally contemplated by the County and MnSP at the time the parties entered into the Development Agreement.

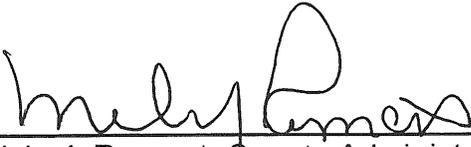
**CERTIFICATION**

STATE OF MINNESOTA       )  
  (SS  
COUNTY OF NOBLES       )

I, Melvin J. Ruppert, Administrator of said County of Nobles, do hereby certify that I have compared the foregoing copy with the original resolution adopted by the County Board on the 8th day of March, 2005, and now remaining on file and of record in my office and that the same is a correct transcript and of the whole of such original.

Witness my hand and official seal this 8th  
day of March, 2005.

SEAL

  
\_\_\_\_\_  
Melvin J. Ruppert, County Administrator  
Nobles County, Minnesota



# MINNESOTA REVENUE

## PROPERTY TAX Nobles County TIF – JOBZ Property Tax Exemption Ineligibility

April 4, 2005

	Yes	No
Separate Official Fiscal Note Requested		X
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 1907 (Vickerman) As Proposed to be Amended

	<b>Fund Impact</b>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective for taxes payable in 2005 and thereafter.

### EXPLANATION OF THE BILL

**Current Law:** Current law provides that improvements to real property and tangible personal property of a qualified business located in an agricultural processing facility zone are exempt from property tax under the JOBZ program. The exemption does not apply to levies to pay general obligation bonds or levies approved by voters prior to 2004 to pay school district operating costs.

**Proposed Law:** For property located in both an agricultural processing zone and a tax increment financing (TIF) district, **as proposed to be amended**, the property tax exemption under the JOBZ program would not apply to the captured net tax capacity in a tax increment financing district necessary to meet the debt repayment obligations of the authority.

### REVENUE ANALYSIS DETAIL

- One qualified business is currently located in the Nobles County agricultural processing facility zone and TIF District 1-1.
- The captured local tax increment increase has no impact on the state general fund. The captured increment is not subject to the general local property tax levy, so no shifting of tax burden would occur.

**Number of Taxpayers:** One business in Nobles County.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

sf1907(hf2273)\_1/nrg



1 Senator ..... moves to amend S.F. No. 1907 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. Minnesota Statutes 2004, section 272.02,  
4 subdivision 64, is amended to read:

5 Subd. 64. [JOB OPPORTUNITY BUILDING ZONE PROPERTY.] (a)  
6 Improvements to real property, and personal property, classified  
7 under section 273.13, subdivision 24, and located within a job  
8 opportunity building zone, designated under section 469.314, are  
9 exempt from ad valorem taxes levied under chapter 275.

10 (b) Improvements to real property, and tangible personal  
11 property, of an agricultural production facility located within  
12 an agricultural processing facility zone, designated under  
13 section 469.314, is exempt from ad valorem taxes levied under  
14 chapter 275.

15 (c) For property to qualify for exemption under paragraph  
16 (a), the occupant must be a qualified business, as defined in  
17 section 469.310.

18 (d) The exemption applies beginning for the first  
19 assessment year after designation of the job opportunity  
20 building zone by the commissioner of employment and economic  
21 development. The exemption applies to each assessment year that  
22 begins during the duration of the job opportunity building zone  
23 and to property occupied by July 1 of the assessment year by a  
24 qualified business. This exemption does not apply to:

25 (1) the levy under section 475.61 or similar levy  
26 provisions under any other law to pay general obligation bonds;  
27 or

28 (2) a levy under section 126C.17, if the levy was approved  
29 by the voters before the designation of the job opportunity  
30 building zone.

31 (e) This subdivision does not apply to captured net tax  
32 capacity in a tax increment financing district to the extent  
33 necessary to meet the debt repayment obligations of the  
34 authority if the property is also located within an  
35 agricultural processing zone.

36 [EFFECTIVE DATE.] This section is effective for taxes

1 payable in 2005 and thereafter."

2 Amend the title accordingly

## Agenda #5

Senators Hottinger, Marty, Moua, Skoe and Tomassoni introduced--  
S.F. No. 513: Referred to the Committee on Taxes.

1

A bill for an act

2

relating to taxation; individual income; providing  
3 that the education expense credit and deduction apply  
4 to certain expenditures for prekindergarten expenses  
5 and museum memberships; amending Minnesota Statutes  
6 2004, sections 290.01, subdivision 19b; 290.0674,  
7 subdivision 1.

8

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

9

Section 1. Minnesota Statutes 2004, section 290.01,

10 subdivision 19b, is amended to read:

11

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For

12

individuals, estates, and trusts, there shall be subtracted from

13

federal taxable income:

14

(1) interest income on obligations of any authority,

15

commission, or instrumentality of the United States to the

16

extent includable in taxable income for federal income tax

17

purposes but exempt from state income tax under the laws of the

18

United States;

19

(2) if included in federal taxable income, the amount of

20

any overpayment of income tax to Minnesota or to any other

21

state, for any previous taxable year, whether the amount is

22

received as a refund or as a credit to another taxable year's

23

income tax liability;

24

(3) the amount paid to others, less the amount used to

25

claim the credit allowed under section 290.0674 and amounts used

26

to claim the credit under section 290.067, not to exceed \$1,625

1 for each qualifying child in grades a prekindergarten  
2 educational program or in kindergarten to through grade 6 and  
3 \$2,500 for each qualifying child in grades 7 to 12, for tuition,  
4 textbooks, and transportation of each qualifying child in  
5 attending an elementary or secondary school situated in  
6 Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin,  
7 wherein a resident of this state may legally fulfill the state's  
8 compulsory attendance laws, which is not operated for profit,  
9 and which adheres to the provisions of the Civil Rights Act of  
10 1964 and chapter 363A, or for fees charged for enrollment in a  
11 prekindergarten educational program. For the purposes of this  
12 clause, "tuition" includes fees or tuition as defined in section  
13 290.0674, subdivision 1, clause (1). As used in this clause,  
14 "prekindergarten educational program" means:

15 (i) prekindergarten programs established by a school  
16 district under chapter 124D;

17 (ii) preschools, nursery schools, and early childhood  
18 development programs licensed by the Department of Human  
19 Services and accredited by the National Association for the  
20 Education of Young Children or National Early Childhood Program  
21 Accreditation;

22 (iii) Montessori programs affiliated with or accredited by  
23 the American Montessori Society or American Montessori  
24 International; and

25 (iv) child care programs provided by family day care  
26 providers holding a current early childhood development  
27 credential approved by the commissioner of human services. As  
28 used in this clause, "textbooks" includes books and other  
29 instructional materials and equipment purchased or leased for  
30 use in elementary and secondary schools in teaching only those  
31 subjects legally and commonly taught in public elementary and  
32 secondary schools in this state. Equipment expenses qualifying  
33 for deduction includes expenses as defined and limited in  
34 section 290.0674, subdivision 1, clause (3). Expenses described  
35 in section 290.0674, subdivision 1, clause (5), qualify for the  
36 deduction under this subdivision. "Textbooks" does not include

1 instructional books and materials used in the teaching of  
2 religious tenets, doctrines, or worship, the purpose of which is  
3 to instill such tenets, doctrines, or worship, nor does it  
4 include books or materials for, or transportation to,  
5 extracurricular activities including sporting events, musical or  
6 dramatic events, speech activities, driver's education, or  
7 similar programs. For purposes of the subtraction provided by  
8 this clause, "qualifying child" has the meaning given in section  
9 32(c)(3) of the Internal Revenue Code;

10 (4) income as provided under section 290.0802;

11 (5) to the extent included in federal adjusted gross  
12 income, income realized on disposition of property exempt from  
13 tax under section 290.491;

14 (6) to the extent included in federal taxable income,  
15 postservice benefits for youth community service under section  
16 124D.42 for volunteer service under United States Code, title  
17 42, sections 12601 to 12604;

18 (7) to the extent not deducted in determining federal  
19 taxable income by an individual who does not itemize deductions  
20 for federal income tax purposes for the taxable year, an amount  
21 equal to 50 percent of the excess of charitable contributions  
22 allowable as a deduction for the taxable year under section  
23 170(a) of the Internal Revenue Code over \$500;

24 (8) for taxable years beginning before January 1, 2008, the  
25 amount of the federal small ethanol producer credit allowed  
26 under section 40(a)(3) of the Internal Revenue Code which is  
27 included in gross income under section 87 of the Internal  
28 Revenue Code;

29 (9) for individuals who are allowed a federal foreign tax  
30 credit for taxes that do not qualify for a credit under section  
31 290.06, subdivision 22, an amount equal to the carryover of  
32 subnational foreign taxes for the taxable year, but not to  
33 exceed the total subnational foreign taxes reported in claiming  
34 the foreign tax credit. For purposes of this clause, "federal  
35 foreign tax credit" means the credit allowed under section 27 of  
36 the Internal Revenue Code, and "carryover of subnational foreign

1 taxes" equals the carryover allowed under section 904(c) of the  
2 Internal Revenue Code minus national level foreign taxes to the  
3 extent they exceed the federal foreign tax credit;

4 (10) in each of the five tax years immediately following  
5 the tax year in which an addition is required under subdivision  
6 19a, clause (7), an amount equal to one-fifth of the delayed  
7 depreciation. For purposes of this clause, "delayed  
8 depreciation" means the amount of the addition made by the  
9 taxpayer under subdivision 19a, clause (7), minus the positive  
10 value of any net operating loss under section 172 of the  
11 Internal Revenue Code generated for the tax year of the  
12 addition. The resulting delayed depreciation cannot be less  
13 than zero; and

14 (11) job opportunity building zone income as provided under  
15 section 469.316.

16 [EFFECTIVE DATE.] This section is effective for taxable  
17 years beginning after December 31, 2004.

18 Sec. 2. Minnesota Statutes 2004, section 290.0674,  
19 subdivision 1, is amended to read:

20 Subdivision 1. [CREDIT ALLOWED.] An individual is allowed  
21 a credit against the tax imposed by this chapter in an amount  
22 equal to 75 percent of the amount paid for education-related  
23 expenses for a qualifying child in a prekindergarten educational  
24 program or in kindergarten through grade 12. For purposes of  
25 this section, "education-related expenses" means:

26 (1) fees or tuition for instruction by an instructor under  
27 section 120A.22, subdivision 10, clause (1), (2), (3), (4), or  
28 (5), or a member of the Minnesota Music Teachers Association,  
29 and who is not a lineal ancestor or sibling of the dependent for  
30 instruction outside the regular school day or school year,  
31 including tutoring, driver's education offered as part of school  
32 curriculum, regardless of whether it is taken from a public or  
33 private entity or summer camps, in grade or age appropriate  
34 curricula that supplement curricula and instruction available  
35 during the regular school year, that assists a dependent to  
36 improve knowledge of core curriculum areas or to expand

1 knowledge and skills under the graduation rule under section  
2 120B.02, paragraph (e), clauses (1) to (7), (9), and (10), and  
3 that do not include the teaching of religious tenets, doctrines,  
4 or worship, the purpose of which is to instill such tenets,  
5 doctrines, or worship, and fees for enrollment in a  
6 prekindergarten educational program as defined in section  
7 290.01, subdivision 19b, to the extent not used to claim the  
8 credit under section 290.067;

9 (2) expenses for textbooks, including books and other  
10 instructional materials and equipment purchased or leased for  
11 use in elementary and secondary schools in teaching only those  
12 subjects legally and commonly taught in public elementary and  
13 secondary schools in this state. "Textbooks" does not include  
14 instructional books and materials used in the teaching of  
15 religious tenets, doctrines, or worship, the purpose of which is  
16 to instill such tenets, doctrines, or worship, nor does it  
17 include books or materials for extracurricular activities  
18 including sporting events, musical or dramatic events, speech  
19 activities, driver's education, or similar programs;

20 (3) a maximum expense of \$200 per family for personal  
21 computer hardware, excluding single purpose processors, and  
22 educational software that assists a dependent to improve  
23 knowledge of core curriculum areas or to expand knowledge and  
24 skills under the graduation rule under section 120B.02 purchased  
25 for use in the taxpayer's home and not used in a trade or  
26 business regardless of whether the computer is required by the  
27 dependent's school; and

28 (4) the amount paid to others for transportation of a  
29 qualifying child attending an elementary or secondary school  
30 situated in Minnesota, North Dakota, South Dakota, Iowa, or  
31 Wisconsin, wherein a resident of this state may legally fulfill  
32 the state's compulsory attendance laws, which is not operated  
33 for profit, and which adheres to the provisions of the Civil  
34 Rights Act of 1964 and chapter 363A; and

35 (5) the amount paid by a taxpayer who has a child age 18 or  
36 younger in the household at the end of the taxable year for

1 membership in a museum, zoo, historical society, or similar  
2 institution that offers educational programs for children.

3 For purposes of this section, "qualifying child" has the  
4 meaning given in section 32(c)(3) of the Internal Revenue Code.

5 [EFFECTIVE DATE.] This section is effective for taxable  
6 years beginning after December 31, 2004.

# MINNESOTA • REVENUE

## INDIVIDUAL INCOME TAX Education Subtraction and Credit

April 4, 2005

Department of Revenue  
Analysis of H.F. 136 (Slawik) / S.F. 513 (Hottinger)

	Yes	No
Separate Official Fiscal Note Requested		X
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		X

	<b>Fund Impact</b>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
	(000's)			
General Fund	(\$9,900)	(\$10,100)	(\$10,300)	(\$10,600)

Effective beginning with tax year 2005.

### EXPLANATION OF THE BILL

**Current Law:** The Minnesota education expense subtraction and credit apply to qualifying children in kindergarten through 12<sup>th</sup> grade only.

**Proposed Law:** The proposal would allow expenses incurred for enrollment in prekindergarten learning programs to qualify for both the education subtraction and credit. Such programs include those run by school districts, Montessori programs, preschools, nursery schools and early childhood development programs licensed by the department of Human Services and holding current accreditation. Additionally, allowable expenses would include memberships in museums, zoos, and similar learning institutions if there is a child aged 18 or younger in the household.

### REVENUE ANALYSIS DETAIL

- Estimated census information for 2004 indicated that there were about 332,000 children below age 5 in Minnesota.
- Information from the U.S. Department of Education for 2001 indicated that 56% of children ages 3 to 5 who had not yet entered kindergarten attended an early childhood care and education program. A spokeswoman from the Minnesota Department of Education said that the figure for Minnesota might be as high as 70%.
- The cost and time of these programs vary considerably. The cost can vary from \$50 per year to \$750 per month. The time can vary from 2 hours per week to 40 or more hours per week.
- The following assumptions were used for this estimate:
  - About 100,000 children and 77,000 families participate in a qualifying learning program.
  - One-third of the families are eligible for a credit on an estimated average expense of \$400. This includes the allowable museum and zoo memberships, etc. The credit is 75% of expenses, which is \$300.
  - Forty percent of the families are eligible for an average subtraction of \$600. A marginal rate of 7% is applied.

**REVENUE ANALYSIS DETAIL (Continued)**

- An adjustment of \$400,000 is subtracted from the credit to adjust for those taxpayers who are using programs that qualify for this more generous credit over the dependent care credit.
- It is estimated that an additional 30,000 filers who qualify for the education credit under current law will claim a credit for the cost of museum memberships, etc., estimated to average around \$60. The credit would be 75% of \$60 or \$45.
- An annual growth rate of 2% is used.
- Tax year impact was allocated to the following fiscal year.

**Number of Taxpayers:** An estimated 85,000 returns annually could be affected.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

## Agenda #6

1 A bill for an act

2 relating to the city of Minneapolis; creating a study  
3 panel on the governance and management structure of  
4 the city; providing membership of the study panel;  
5 appropriating money.

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

7 Section 1. [MINNEAPOLIS STUDY PANEL ON CITY GOVERNANCE.]

8 Subdivision 1. [CREATION.] The Minneapolis study panel on  
9 city governance, hereinafter called "the study panel," is  
10 established. The purpose of the study panel is to study the  
11 form and structure of city government in the city of Minneapolis  
12 and to make appropriate recommendations to the Minneapolis City  
13 Charter Commission, legislature, or other branch of government  
14 any proposed changes to enhance the quality of life for all  
15 citizens of Minneapolis.

16 Subd. 2. [MEMBERSHIP.] The study panel shall consist of  
17 seven members who must be residents of the city of Minneapolis.  
18 The appointing authorities of the study panel are as follows:  
19 one member to be appointed by the governor; one member to be  
20 appointed by the mayor of Minneapolis; one member to be  
21 appointed by the Minneapolis City Council; one member to be  
22 appointed by the Minneapolis Park and Recreation Board; one  
23 member to be appointed by the Minneapolis Public Library Board;  
24 one member to be appointed by the Minneapolis Downtown Council;  
25 and one member to be appointed by the Minneapolis School Board.

1 Membership on the study panel must be by unanimous consent of  
2 the other members. If any member of the study panel objects to  
3 the appointment of any other member, the appointing authority  
4 must submit another appointment to the study panel that would be  
5 subject to the unanimous consent of the members. The study  
6 panel shall elect a chair from among its members and meetings of  
7 the study panel shall be at the call of the chair.

8 Subd. 3. [COMPENSATION; EXPENSES.] Members of the study  
9 panel shall serve without compensation but may be reimbursed  
10 their necessary expenses in carrying out the business of the  
11 study panel. The city of Minneapolis may contract with any  
12 person or entity to provide staff services for the study panel  
13 and may determine the compensation of staff as it deems  
14 appropriate.

15 Subd. 4. [DURATION.] The study panel's activity shall be  
16 limited to one year from the effective date of sections 1 and 2,  
17 and the study panel shall cease to exist on that date.

18 Subd. 5. [PURPOSE AND MISSION.] The study panel shall  
19 examine the governance and management structure of the city of  
20 Minneapolis with a view toward improving and enhancing the  
21 quality of life for all citizens of Minneapolis. The  
22 examination may include, but is not limited to:

23 (1) the extent to which the current Minneapolis city  
24 governance structure enhances and carries out the goals,  
25 priorities, and budgetary constraints of the city and its  
26 citizens as a whole;

27 (2) whether there is sufficient citizen and city department  
28 input prior to city decision making;

29 (3) how the overall objectives of the city are carried out  
30 and coordinated with the various city departments;

31 (4) if the city and its taxpayers have been getting a fair  
32 return on public expenditures;

33 (5) if the city is able to receive and direct other funding  
34 sources for the purposes and objectives of the city and its  
35 citizens;

36 (6) if the current governance and management structure

1 enhances and continues the city's superior job and workforce  
2 planning;

3 (7) whether the city's planning for information technology,  
4 which has been recognized as some of the finest in the country,  
5 integrates well with the current city governance and management  
6 structure;

7 (8) if the city can continue its present commitment to  
8 long-range planning in the manner it has in the past to  
9 adequately take care of its capital assets;

10 (9) if the city governance and management structure can  
11 continue to facilitate the current favorable long-term analysis  
12 of future needs as a means of long-term decision making;

13 (10) if the citizens advisory groups and neighborhood  
14 groups, which in the past have played an outstanding role in the  
15 governance of Minneapolis, are poised to continue that process  
16 in the future;

17 (11) if the current governance and management structure of  
18 the city that has encouraged such an outstanding sense of  
19 community for the people who live, work, learn, and play in  
20 Minneapolis has the likelihood of giving an increased sense of  
21 commitment and confidence in the neighborhoods and the city as a  
22 whole;

23 (12) if the current governance and management structure of  
24 the city will continue to strengthen the civic involvement of  
25 the citizen and organizational members of the community as it  
26 has for so many years; and

27 (13) if the current governance and management structure of  
28 the city will ensure that neighborhood-based planning remains  
29 the foundation of the city and it will continue to lead to  
30 creative and innovative approaches to management and governance  
31 of the city.

32 Subd. 6. [REPORT.] The study panel shall, by February 1,  
33 2006, report to the Minneapolis Charter Commission and to the  
34 legislature on the results of its examination of the governance  
35 and management structure of the city of Minneapolis along with  
36 any recommendations to streamline or modernize that structure to

1 enhance the quality of life for the citizens of the city.

2       Sec. 2. [APPROPRIATION.]

3       \$50,000 is appropriated from the general fund to the city  
4 of Minneapolis to provide funding for the study panel created by  
5 section 1. The appropriation shall be deducted from the local  
6 government aid payable to the city of Minneapolis in fiscal year  
7 2006.

8       Sec. 3. [EFFECTIVE DATE.]

9       Sections 1 and 2 are effective July 1, 2005, and are  
10 repealed effective June 30, 2006.

**Senate Counsel, Research,  
and Fiscal Analysis**

G-17 STATE CAPITOL  
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JO ANNE ZOFF SELLNER  
DIRECTOR

**Senate**  
State of Minnesota

**S.F. No. 1234 - Relating to the City of Minneapolis**

**Author:** Senator Lawrence J. Pogemiller  
**Prepared by:** Daniel P. McGowan, Senate Counsel (651/296-4397)  
**Date:** March 11, 2005

---

**Section 1, subdivision 1,** creates the Minneapolis study panel on city governance to study the form and structure of city government in the city of Minneapolis and to make appropriate recommendations to various bodies, including the Legislature, to enhance the quality of life for Minneapolis citizens.

**Subdivision 2** provides the membership of the study panel and the appointing authorities.

**Subdivision 3** provides that the members of the study panel serve without compensation but may be reimbursed for necessary expenses and that the city of Minneapolis may contract with a person or entity to provide staff services for the study panel.

**Subdivision 4** provides a one-year duration of the study panel.

**Subdivision 5** defines the purpose and mission of the panel to study the governance and management structure of the city with a view toward improving and enhancing the quality of life by examining certain enumerated items.

**Subdivision 6** requires the study panel to report to the Minneapolis Charter Commission by February 1, 2006, on the results of its study, along with any recommendations to streamline or modernize the structure of the Minneapolis city government.

**Section 2** provides an appropriation of \$50,000 from the general fund to the city of Minneapolis to provide funding for the study panel, which appropriation would be deducted from the local government aid payable to the city in fiscal year 2006.

**Section 3** provides an effective date of July 1, 2005, and a repealer of June 30, 2006, to conform to the one-year duration of the study panel in section 1, subdivision 4.

DPM:vs

# COMMITTEE REPORT - WITHOUT AMENDMENTS

Committee on

TAXES

S. F. No. 1234

       Resolution

X Re-referred (from another committee)

**Committee recommendation:**

X do pass.

       do pass and be placed on the Consent Calendar.

       do pass and be re-referred to the Committee on

\_\_\_\_\_.

       (no recommendation) be re-referred to the Committee on

\_\_\_\_\_.

April 5, 2005 (date of committee recommendation)

1 Senator Pogemiller from the Committee on Taxes, to which  
2 was re-referred

3 S.F. No. 1234: A bill for an act relating to the city of  
4 Minneapolis; creating a study panel on the governance and  
5 management structure of the city; providing membership of the  
6 study panel; appropriating money.

7 Reports the same back with the recommendation that the bill  
8 do pass. Report adopted.

9

10

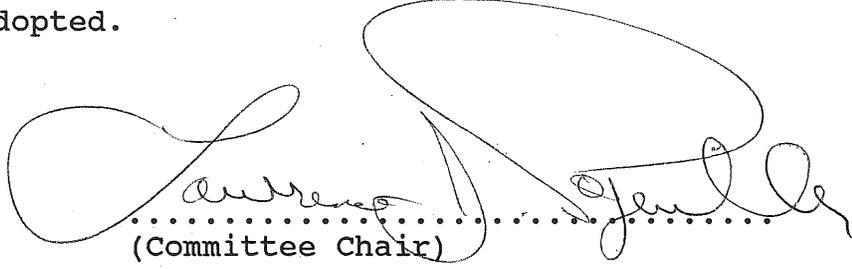
11

12

13

14

15



.....  
(Committee Chair)

April 5, 2005.....  
(Date of Committee recommendation)