



May 9, 2022

**Re: H.F. 3669 DE Amendment  
S.F. 4543, Moorhead local sales tax authorization modification**

Chair Nelson and Members of the Senate Committee on Taxes:

The City of Moorhead respectfully provides the following testimony on H.F. 3669 DE amendment.

First, we know that Moorhead was just one of the cities that received authorization to pursue local option sales tax approval from voters in 2021 and is now seeking an adjustment due to inflation and extreme market conditions. We appreciate that the DE Amendment includes provisions to allow cities to increase project costs, but we emphasize that the language currently in the bill will have little or no benefit to Moorhead's situation.

The City of Moorhead's sales tax modification legislation was heard on April 28 as S.F. 4543. Specifically, that bill would not have modified the project cost estimates but would have extended the approved sales tax collection period by 8 years, from 22 to 30 years, necessary to address rising interest rates. Rising interest rates add \$10.4 million in bond financing cost to Moorhead's community center and regional library project that will not be recovered in 22 years.

Some jurisdictions may benefit from the 10% increase in project budget included in Article 7, Section 25 of the DE Amendment. However, without an increase in collection term, Moorhead would be unable repay the existing \$31.59M authorized construction and financing cost. The additional 8-year term the City requested was specifically identified by our financial advisors at Baker-Tilly as necessary to ensure that annual sales tax collections are sufficient to keep pace with the principal and interest on the bonds the city would use to finance our regional library and community center project.

As the Tax bill moves forward this session, the City respectfully requests authorization to extend the sales tax collection term from 22 to 30 years to allow our Community Center and Regional Library project to move to the November 8 ballot with a sound financial plan.

This request is vital to the viability of Moorhead's project.

Sincerely,

A handwritten signature in black ink that reads "Lisa J. Bode". The signature is written in a cursive, flowing style.

Lisa J. Bode  
Governmental Affairs Director

cc: Senator Kent Eken, District 4  
Rep. Heather Keeler, District 4A  
Rep. Paul Marquart, District 4B