

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

S.F. No. 1395

(SENATE AUTHORS: DRAHEIM)

DATE
02/08/2023

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Introduction and first reading
Referred to Taxes
See HF1938

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxes; local sales and use; authorizing the city of Fairmont to impose
1.3 an additional sales and use tax.

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

1.5 Section 1. **CITY OF FAIRMONT; TAXES AUTHORIZED.**

1.6 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
1.7 section 297A.99, subdivisions 1 and 3, paragraph (d), or 477A.016, or any other law,
1.8 ordinance, or city charter, and if approved by the voters at a general election as required
1.9 under Minnesota Statutes, section 297A.99, subdivision 3, the city of Fairmont may impose
1.10 by ordinance a sales and use tax of one-half of one percent for the purpose specified in
1.11 subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota
1.12 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement
1.13 of the tax authorized under this subdivision. The tax imposed under this subdivision is in
1.14 addition to any local sales and use tax imposed under any other special law.

1.15 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
1.16 under subdivision 1 must be used by the city of Fairmont to pay the costs of collecting and
1.17 administering the tax and to finance up to \$20,000,000, plus associated bonding costs,
1.18 construction of a community center and ice arena.

1.19 Subd. 3. Bonding authority. (a) The city of Fairmont may issue bonds under Minnesota
1.20 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
1.21 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
1.22 not exceed \$20,000,000, plus an amount to be applied to the payment of the costs of issuing
1.23 the bonds. The bonds may be paid from or secured by any funds available to the city of

2.1 Fairmont, including the tax authorized under subdivision 1. The issuance of bonds under
2.2 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

2.7 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
2.8 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 25 years
2.9 after the tax is first imposed, or (2) when the city council determines that the amount received
2.10 from the tax is sufficient to pay, plus an amount sufficient to pay the costs related to issuance
2.11 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
2.12 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
2.13 any funds remaining after payment of the allowed costs due to the timing of the termination
2.14 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the
2.15 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
2.16 if the city so determines by ordinance.

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