

# LOCAL OPTION SALES TAX RENEWAL- LEGISLATIVE AUTHORIZATION FOR PUBLIC VOTE

## Project Overview

The City of Rochester currently collects .5% sales tax for public infrastructure projects. In 2024, the city is projected to reach its collection for the current local sales tax authority, last renewed in 2012/2013. Local sales tax is an important financial component authorized by the Legislature and pending voter approval for cities to provide public services for the community, region, and state. The City of Rochester has a long tradition of serving as a significant regional center in Greater Minnesota and has effectively utilized local option sales taxes to meet important community, regional and state needs.

## Legislative Request

The City of Rochester seeks legislative authorization to seek voter approval of a renewal of the .5% local tax for the City of Rochester.

The City is requesting the following four projects be funded with \$205,000,000 of local sales tax revenue that would be collected over 16.4 years:

- Economic Vitality Fund (\$50,000,000)
- Street Reconstruction (\$50,000,000)
- Flood Control & Water Quality (\$40,000,000)
- Regional Sports & Recreation Complex (\$65,000,000)



Additionally, the City supports updates to the statute for local sales authorization and approval:

- Flexibility around local sales tax process and allowable uses, including option to present projects as one ballot question or individual questions for public vote
- Acknowledgment for unique needs of a regional center, city of the first class, and/or cities that provides many services that are provided by other taxing jurisdictions in other communities (i.e. airport, library, wastewater system, and public transit system).

## Background

The City has utilized local sales authority since 1983 for various projects including flood control, roads, recreational facilities, and valued regional assets. Each year, \$12-\$13M is collected by the sales tax each year. The extension of the existing authority is critical for preserving the infrastructure and Rochester community as a regional center that hosts over 10,000 visitors a day and over 2 million visitors a year.

