

March 29, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 1757 (Nelson) As Proposed to be Amended (SCS1757A-3)

Rochester has imposed a 0.5% general sales tax since 1993. Beginning in 2016, the rate was increased to 0.75%.

The bill, as proposed to be amended, would extend the 0.5% portion of the tax. Revenue from the tax is to be used to finance the following projects in the city: \$50 million for street construction, \$40 million for flood control and water quality, \$65 million for a sports and recreation complex, and either \$50 million or \$60 million toward an economic vitality fund. The final total allocated to the economic vitality fund is dependent on passage of a city resolution. From the funds allocated to the economic vitality fund, \$5 million is dedicated for grants and loans for economic development projects within the city of Rochester and \$5 million is dedicated for grants and loans for economic development projects for communities in the Rochester metropolitan statistical area.

The bill, as proposed to be amended, would also modify the requirements for how the detail of the prospective local tax appears on the ballot for voter approval for an election in 2023.

As proposed to be amended, the bill also removes, for all local taxes, the definition of capital project for the purposes of submitting a resolution for legislative approval.

The bill, as proposed to be amended, authorizes a bond issuance of up to \$215 million plus bond costs. The 0.5% portion of the tax would terminate at the earlier of 24 years after the tax is first imposed or when the city determines that sufficient funds have been received to pay for the costs of the project and bonds. The tax may expire earlier if the city so determines by ordinance.

The bill, as proposed to be amended, would have no impact on any state fund.

Minnesota Department of Revenue
Tax Research Division
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