

Minutes: Local Taxes Advisory Task Force Public Meeting

Date: 1/3/2024, 2:00-5:00 p.m. Hybrid

Task Force Attendees: Commissioner Paul Marquart (Chair), Members Lisa Bode, Pat Dalton, Jenny Max, Jill Sims, Michael Williams

Wilder Attendees: Heather Britt, Ananya Matewos

Agenda

- Welcome and check-in (Chair Marquart) (5 min)
- Expert Panel Department of Revenue Q&A (25 min)
 - Task Force Members should bring any outstanding clarification questions for each Department of Revenue unit
 - Task Force members reflect on considerations shared by Revenue
- Work Group Activities (65 min)
 - Finalize outstanding decisions around criteria and processes

BREAK – (10 min)

- Scheduling Items (20 min)
 - Revenue shares options for public comment process on the report
 - Determine final meeting times, and reporting timelines
- Discuss Report Draft (50 min)
 - Task force will suggest ideas and feedback for report draft
- Debrief (5 min)
 - Adjournment (Chair Marquart)

Notes

- Welcome and check-in
 - Audel Shokohzadeh: Recording and Tennesen Warning Notice
 - Chair Marquart: Happy New Year and welcome everyone. All members in attendance except Member Miranda.
- Expert Panel Department of Revenue Q&A
 - Revenue has provided all information. Task Force members do not have questions.

- Department of Revenue considerations
 - Question Set 1:
 - Connections to Task Force: undue burden for taxpayers, businesses, Revenue; administrative complexity; authority for approval, oversight, and compliance; equity considerations.
 - Considerations: Should there be consideration of stacking of local sales taxes that cover a single location? What would be the impact of multiple taxes on a particular household, business, and Revenue? How to address cities and counties that currently have stacked taxes? What would count toward a stacked rate given the different types of local sales taxes that exist?
 - Member Bode: What is a stacked tax?
 - Eric Willette (Department of Revenue): State, city, metro, county-adding those all up.
 - Member Dalton: Add in lodging, admissions, food/bev. We limited county and city to 1%. Where it gets tricky is when you add admissions, amusement, and food/bev on top of that. If doing general sales taxes, you shouldn't be doing others on top of that.
 - Member Williams: Agree with Member Dalton. Took care of that when we limited to certain % for local governments. Entertainment tax sounds like they would be burdensome to those collecting the tax, and perhaps too much tax if you stack on to others. I think we have largely considered the stacking.
 - Chair Marquart: Yes, we covered a lot of that with the cap. It could go above 1%.
 - Member Dalton: Discussion to discourage food/bev and entertainment. We agreed to leave lodging as is.
 - Member Sims: Agree with Member Dalton. Utilizing food/bev and entertainment taxes to find additional revenue is not in our best interests. Confusing for businesses and customer. Is there a way to discourage the food/bev and admissions? Lodging tax goes back in to marketing. Those taxes are to market tourism opportunity. Is that something you can do with food/bev and admissions? The benefit would go into marketing for tourism versus funding for general fund. Member Williams correct me if I'm wrong, but St. Cloud area taxes go into the Convention Center fund, that is an example of a great one. But with flexibility we are giving for criteria, there isn't the need when you are up for renewal at expiration.
 - Member Dalton: I look to Eric, don't think we have food/bev or admissions taxes that expire. Maybe they do, but I don't know.
 - Chair Marquart: Outstanding issue is if we want to include food/bev and others in stacking.

- WR Matewos: Do you want to include these considerations in the final report?
- Chair Marquart: 1% limit is major part, wouldn't hurt to have an example of what it would look like.
- Member Dalton: Minneapolis has a cap on several taxes that can be imposed on city. If city, general, or county, it has automatically reduced some of their other taxes. So Legislature has to re-up each time. When Twins stadium came in, it was a big problem. Not sure I want to mess around with those special taxes. We should have something in this report of what should not be used generally and should be discouraged.
- Member Williams: Don't understand Minneapolis situation. Don't know if we should be making policies based on what the 2 largest cities do.
- Chair Marquart: Let's talk about the special taxes at the next meeting.
- Question Set 2:
 - Connections to Task Force: equity for cities and counties with project needs; equalization of funds.
 - Considerations: Should there be an equalization component in the recommendations to benefit parts of the state with little sales tax base? There are several approaches this could take:
 1. The state provides additional revenue to jurisdictions with low sales tax base,
 2. A share of new local sales taxes' revenues is collected by the state and redistributed to jurisdictions with low sales tax base,
 3. The state provides state revenues for grants to low tax base jurisdictions for qualifying regional projects.
 4. A universal sales tax that applies to all state sales and goes into a general local fund. Local areas with a project apply for funds to complete their projects.
 - Member Max: We have focused on the importance of regionality and broader benefit of areas. If we are holding on to regionality and project definition/criteria embraces that, then I don't know that anything else needs to follow with additional equalization component.
 - Member Dalton: What Member Max said, if these are for regional capital projects that are regional, then we don't have to equalize. Only need to equalize if the Legislature is not following the regionality. Universal sales tax gave all counties authority and ability to impose .5 cent sales tax. That lasted 4 years and eventually state just rolled into state tax. It was called an optional sales tax, but if a county didn't oppose it, then they couldn't get any general purpose state aid. All 87 counties imposed the tax. It went away and became state tax because that fund was going up faster than legislators wanted it to grow. Didn't want guarantee that you get this share. Eliminated and went with 6.5%

tax. If I were a Local government official, I would worry about this happening again.

- Member Bode: Struggling with this area. Common theme has been regionality, and I agree that these facilities generally benefit a surrounding region. There are parts of the state that don't have a strong local sales tax base. Not sure I like these choices, but hoped Task Force would develop a philosophy on this. How do we maintain some level of equity across state if all regional facilities are going to regional centers?
- Member Williams: Stressed regionality that goes a long ways to equity issue and overburden of regional center perhaps. Member Dalton described it, and I was with county then too. We would lose local control of all of this. Local government should have access to this source of revenue. Number 4 isn't something we should consider, 1 and 3 might make some sense, 2 does make some sense, but going to take more time to pay.
- Member Bode: Would bonding have a role? Capital project that already qualifies for bonding? As part of case, you say local sales tax was evaluated as a source, but there isn't the base to make this tax work. State has a process for it already, we wouldn't create a new process. These regional facilities are blessing and curses for hosting community because sales tax pays for capital expense, but operating expense adds to local budget. Create good economic growth opportunity and public demand, but they are not windfalls.
- Chair Marquart: Regionality covers some of the equity issues, but there will be areas of the state that don't have the where-with-all. There has to be some equalization. Looking at number 2, whatever recommendation in light of recent November forecast, probably going to need to be revenue neutral for next 2 years, next year for sure. Number 1- additional revenue. Number 3 something we should be doing as a committee to recommend increase in funding, don't know if we can do that. Mark Haveman, Minnesota Center for Fiscal Excellence, went back and looked at a different scenario. Jay Conrad, former finance commissions, bet that LGA would be cut as more pressures, services, and big expenses take up part of the budget. Mr. Haveman talked about general sales tax for general purposes, minimum population, do a sales tax for general purpose and count as net tax capacity when it comes to distribution of aids. Cited Joel Michael, looking at 42 cities, correlation between strong sales tax base and strong property tax base. Decrease disparities between cities with local sales tax authorization and with LGA at the same time. Interesting concept to use for general purpose. We are now saying we are allowing cities to have another revenue option aside from property taxes. In

1971, that was prohibited. Now we're saying legislative approval isn't required, so we have to address equalization. Talked to others that would support % of local sales tax that would go into general fund.

- Member Dalton: Likes member Bode's idea to encourage the Legislature as sales tax base as one factor in who gets bonding. Maybe it moves your project up higher on the priority list. If you have local sales tax, but then you don't get the general purpose aid. Biggest cities already are off LGA, unless you are going to put more money into the LGA. Going to suggest something outside the box, see what you think. Number 2- what if we recommended that if you weren't one of the automatic regional projects that we are trying to get definitions of, but you had to go to the Legislature because you don't have a good regionality, what if we said those are the ones that have to put money into a regional fund? Those are the ones I worry about most- that's where politics come in.
- WR Britt: Can make a set of recommendations in the report and ask them to create other task forces to discuss this as we haven't had the time, expertise, etc. to tackle these pieces?
- Chair Marquart: Recommendation is pointed toward if you follow certain criteria you don't have to go to the Legislature. Taking power from the Legislature. May have members/strong majority that want to still have power. In recommendations, we should say if the Legislature goes in the direction of keeping that they have to go to the Legislature, all the other recommendations should stay in place.
- Member Williams: Reacting to Member Dalton's suggestion, I think we would have projects that we consider regional that would be in a community/county that doesn't have ability to raise sales tax. It seems backwards, to make those that aren't able to collect the funds pay more.
- Member Dalton: I do not disagree.
- Member Sims: I think I agree. I have the least experience in bonding, but it seems reasonable and revenue neutral.
- Member Williams: I think having the consideration to use sales taxes as a factor for applications for bonding makes good sense. Gives them leverage, and I like that idea.
- Chair Marquart: Is there a set criteria, ranking order for bonding bills? PFA has a ranking order, but that goes for things we aren't allowing (sewer, water, streets).
- Member Bode: There is a process for bonding and it starts with MMB (Minnesota Management and Budget) application, and that application has a number of questions on it about project/financing. It could be put into MMB process- when they do their analysis and give the governor their recommendations. Could be highlighted and advocated for during

the process. There isn't a guarantee, but there isn't a guarantee for cities that put a question on the ballot either.

- WR Matewos: Think we should move forward and table this for now. Sounds like there is agreement for number 2, and we'll come back to that in the homework.
- Work Group Activities
 - WR Matewos: Should we go through principal order and rankings?
 - Chair Marquart: Send your rankings to Wilder.
 - WR Matewos: Some have submitted. We will talk about it at next meeting.
 - Member Williams: I didn't have it in, but I did it. Then I thought we shouldn't do this. Some overlap, some say the same things, I don't think we should rank them, but I will do it if that's what I'm supposed to do.
 - Chair Marquart: Let's do it and get a general idea of where members are.
 - Member Bode: Think of order to make it easy to read, not order of importance. They are all important.
 - Member Williams: That helps.
 - WR Matewos: Now project criteria is what we have left. Clarify definition of community center versus convention center. Also additional definitions for sports complexes. Recommendation from Members Max and Bode to fold regional aquatic and sports center. Recommendations: *Regional sports complex means a defined area of sports pavilions, stadiums, gymnasiums, swimming pools, or similar facilities where members of the public engage in physical exercise, participate in athletic competition or witness sporting events.*
 - Member Max: I pulled this from various sources online.
 - Chair Marquart: Swimming pool, hockey rinks, what if it is a large facility like a hockey rink, one sheet of ice, is that a regional sports complex, or do we need to call it something else?
 - Member Bode: Like convention center, needs to be a size or tournament size, or something for regionality. Sufficient size to host a tournament. There are probably requirements by different tournament associations that say what those requirements are. Think the activities included by Member Max are all the things included in a sports complex, but what is the regionality measurement?
 - Member Dalton: I agree with Member Bode, if you go with that, how do you differentiate from single soccer field and those that have three ball fields in one location? I would say that's not a sports complex. How many are a sufficient number? Three ball parks in rural area in northern Minnesota may be sufficient for tournament but wouldn't be in Twin Cities. Don't need to put aquatic separately.
 - Chair Marquart: Combine sports complex and aquatic center?
 - Approved
 - Member Sims: Can we make a note in the report that we voted to include aquatics with sports complex? Some may not agree they are the same. Should be able to host competitions.

- Member Bode: All the things with asterisk that need some sort of centralized review. Dilworth and Moorhead might each want an aquatic center, so you could have regional facilities right next to each other. Is there a geographic or demand measurement? We need to have some sort of evaluation.
- Member Dalton: I didn't worry about defining these things as going back to what I think is a measure of regionality for all of these things. Size could be different depending on region where it is located. Need a lot more soccer fields in metro, but only 4-6 in smaller, less-populated areas. Come back to support with resolution directly adjacent to and some geographic, 10 miles, 60% of surrounding communities. That would address Dilworth/Moorhead issue as they would have to be talking.
- Chair Marquart: Thoughts on that? Problem is with townships you may get the 60%, but they only represent 10% of the area.
- Member Dalton: 60% of surrounding communities or 60% of the population, whichever is greater. And it should be more than just a simple majority.
- Member Bode: I disagree. What is a resolution of support? Do we want to know if there is another facility? They approve of the sales tax? What exactly do we want to know? We need objective questions. Maybe there is a comment period? Maybe there is a reason why support would be withheld that has nothing to do with the community involved?
- Member Dalton: Ideally you would have everyone that is subject to sales tax vote. 50 miles from Moorhead have to vote, but if elected officials look at it, they could be supportive to represent their population.
- Member Max: I support idea of coming up with ways to improve/enhance communication- whether ensuring direct engagement with surrounding municipalities to ensure they are involved, in the loop, or providing a comment public hearing resident or non-resident. Great to do this and encourage in some way. We are trying to take some of these projects and remove layers and now we are inserting another layer of approval. Just adding back in complexity that has been done previously. Another municipality with essential veto power.
- Member Dalton: Maybe we take off criteria. If you want to do a regional project, you have to follow model of St. Cloud area cities, all get together and impose the tax, and a certain % goes to regional project and the rest is divided up. Gets to some of the inequity issues.
- Chair Marquart: Gets back to number 2. Not sure how many areas you would have like St. Cloud with regional center.
- Member Dalton: Thinking about what you do in metro area with suburbs. They will have conflict more than even some of the large state cities would face. So it worries me with suburbs that surrounding suburbs have no say.
- Member Williams: Thinking along lines of Member Max. There are ways we can encourage/force communities considering this to talk to their neighbors. Not sure we get to needing their votes. Why are we creating all this other criteria then? Asking for region to approve it. Businesses are burdened by this, and then have people outside the

area influencing it. Carrying it out too far, not that we shouldn't be considerate about neighbors. St. Cloud model doesn't fit every community.

- Member Dalton: Not saying you need for regional airports, parks and trails, etc., only suggesting for regional sports complexes and community centers. These are different.
- Member Bode: You could choose to shop elsewhere if you don't want to pay the sales tax. Your community might be ready to build a center, so I might not want to support yours, because I want to do it in a couple years- when you bring up the suburbs, and why they wouldn't want to support it.
- Member Dalton: We don't have an objective measure of regionality for these two project types. Since we don't, get approval from surrounding area or go to the Legislature.
- Chair Marquart: Let's bring this to the next meeting.
- Member Max: Member Dalton is right, for other types of projects, maybe we should give a little more thought to putting definitions to these, and if they don't meet criteria they have to go to the Legislature. Don't want to give up on defining it yet, even though we are pushing up to deadline. Let's try to drill down farther to get some comfort for a few measures of regionality.
- Chair Marquart: Get back to what Member Dalton said about what will be considered the right size for different areas in Minnesota. Great discussion, but let's come back to this.
- WR Matewos: Clarification from Member Dalton? What was radius? 10 miles?
- Member Dalton: Suggested 10 miles, maybe not for greater MN, but maybe for metro. I don't know, I would hope other people would weigh in on what makes sense.
- WR Matewos: Can we review community center. Regional Community center* where 1/3 of users reside outside of the city.
 - *Community center means any structure expressly designed and constructed for the purposes of group activities, social support, public information and education, cultural or other purposes, with access being equal between residents and non-residents. (Member Max)*
 - *A community center is defined as a facility for recreational, educational, public, or civic gatherings, but not necessarily conventions. (Member Bode)*
- WR Matewos: What do you like about each of these?
- Member Dalton: If including recreational, there are community centers that are built with athletic and social facilities. Do you want those included, or do you want sales tax to pay only for the part that is non-athletic? Gets back to having these defined, make sure criteria for sports and community centers match. Otherwise you have to be very clear about how we are going to draw that line between them. There are community centers with pools and walking tracks.
- WR Matewos: Could you have community center with sports complexes and recreational facilities, all could be covered like Member Bode has? Regionality criteria be part of the community center level?
- Member Max: Not sure I followed what you said.

- WR Matewos: Instead of the three kinds, just have community center; you have sports complex, aquatic center, community center top heading would have needs to have equal access for residents and non-residents, this large/capacity, and then a separate one for convention center. Community centers tend to have same values as recreation center or sports complex.
- Chair Marquart: I don't think you can combine them. Community centers are separate.
- Member Bode: Sports complex implies tournaments attracting large groups from other areas. Community center may have guests invited to a wedding or event for a large group of people from out of town. Also probably the capital project that will vary greatly between communities based on size and distance from other facilities.
- Member Dalton: Community center raises unique issues. How to make sure it is needed for the whole surrounding community. Also issues of competition with VFW, church, local farm that hosts weddings.
- Member Bode: We have Dilworth- a lot of wedding receptions at community centers, and we are 10 times as big, but in a community that doesn't have event centers that is critical. Going to look so different in different size communities.
- Member Dalton: Sports complexes and community centers are going to be difficult.
- Chair Marquart: Clay County, every city with 200-500 people, this is going to be a tough one to get approval on. They serve surrounding township area. Getting back to public safety facility. Every county has one, not regional, but if they go in with other counties it would be regional. Maybe community center has to go in with another city? Not seeing a lot of areas...Georgetown...how far apart are the cities, 15-20-30 miles?
- Member Bode: Is a town hall a community center?
- Chair Marquart: No. Community center is a tough one. A convention center and large floor space.
- Member Sims: On convention center, I followed up with the Minnesota Convention and Visitor Bureau. Square footage is more reasonable than capacity. Pulled some of the large ones: Duluth, Minneapolis, St. Paul, St. Cloud, Rochester, Mankato. Exhibit space is 60,000 to 6,000,000 square feet in Minneapolis. Recommend exhibit and meetings space square footage of 50,000-60,000. Smaller ones, like Alexandria event center, but you go to Arrowwood Hotel which is about 28,000 square feet of meeting space. Will provide documentation I found.
- WR Britt: Regional sports complex- host tournament or competition. If regional community center, 1/3 of users reside outside the city?
- Chair Marquart: Not sure if you can include that in the definition.
- WR Britt: Think about the work communities are doing in advance of the project. How are they going to demonstrate that eligibility? We will work on combining community center definitions.
- Chair Marquart: Community center is a tough one. Considering taking it off the list.
- Member Dalton: Contiguous support from communities. Townships are going to say they don't have one and there isn't a banquet facility within 50 miles. If you aren't charging us more than the town members, we support it.

- WR Matewos: Vote on 50,000 sq for convention center?
- Member Sims: Event and meeting space.
- Chair Marquart: You are saying 60,000 was based on Rochester?
- [Group decided to take a 10 minute break]
- Member Max: During the break I looked up the community center in Nisswa. It has 10,000 square feet. Minimum might be an option. Crosslake has 12,000 square feet.
- WR Matewos: Would like to vote on the Convention Center. *Convention center means any structure over 50,000 square feet expressly designed and constructed for the purposes of presenting conventions, public meetings, and exhibitions and includes parking facilities that serve the center and any personal property used in connection with such structure or facilities.*
- Member Sims: Have the square footage separate, convention center must have a minimum of 50,000 square feet for exhibit and meeting spaces.
- Member Dalton: Concerned with personal property, what does that mean?
- WR Matewos: *Convention center means any structure expressly designed and constructed for the purposes of presenting conventions, public meetings, and exhibitions and includes parking facilities that serve the center. The convention center must have a 50,000 square foot minimum for exhibit and meeting spaces.*
 - Approved
- WR Matewos: When and how should the public be made aware of local tax proposals in preparation for an election? Current SST requirements state 60 day notice period. Do you want to keep, change, is that correct?
- Member Bode: What does SST mean?
- WR Matewos: Streamlined Sales Tax.
- Shokohzadeh: Anyone that can verify?
- Josh Sisterman (Department of Revenue): 60 days for Department of Revenue to notify public of when tax begins.
- Member Sims: Isn't general election 45 days. What is requirement right now?
- Shokohzadeh: It's based on Secretary of State.
- Chair Marquart: When should local community be made aware?
- Member Dalton: Don't think legislatively there is a timeline related to how they inform local voters. We assume local voters have been informed. There is a hearing and shows up in the local newspaper, but nothing legislative that requires it.
- Member Bode: Don't have to have a public hearing but resolution by local council that is presented. And that is a public. Current statute requires the jurisdiction to pass a resolution by January 31 of the years of the request. The rules don't have to be extensive in this regard. It will behoove the jurisdiction to educate and inform voters if they want an affirmative vote.
- Member Sims: According to the Department of Revenue website, must be passed at least 90 days after a resolution. Does the city have to post a resolution? If not going through legislative process, then we should have at least a public hearing within city or county.

- Member Max: Another consideration is county auditor will require language for ballot a certain number of months ahead of time to prepare the ballot. Maybe mid-August, so by July 31st?
- Chair Marquart: Should have uniform language- like school referendum. I would not be opposed that by voting “yes” you are increasing the sales tax that you will pay in your city.
- Member Sims: Local transportation tax, you have to publish about public hearing and then a vote for general election isn’t required.
- Member Bode: There are those requirements, but there is no vote of the people. Our city attorney looked at it because we are building bonds. There is already a prescribed process. We should thoroughly review it. Behooves the city/county to educate voters. City passes resolution, a vote committee, and local media will pick it up.
- Member Dalton: At minimum, make it clear that requirements for the election in 279A.99, for anything even if it doesn’t go to the Legislature. I don’t think that goes far enough. Do we want someone to say that if you don’t vote for this we are going to raise your property taxes? Saying you don’t have any choice on this project, then why even vote?
- Member Bode: I look to Member Williams to talk about this further. Clay County did exactly that with building a jail. You weren’t voting for the project but the funding mechanism.
- Member Williams: Adopt resolution and inform public is natural, and what we already do. Think we should leave it to the local government to figure out how they are going to put it on the ballot.
- Chair Marquart: You go and vote for two things: do you want the project, and how you want to pay for it. One county eliminated project approval and just how to fund. I think you should vote on both of them.
- Member Dalton: Already talked about public safety. I think that language is fine if state mandates it, but if you just make a determination that you are doing it one way or another, that feels really icky to me.
- Member Williams: DOC (Department of Corrections) won’t come in and tell you you have to build a new facility. They can come in with regulatory authority and say they are going to pull your license or shut you down. We have 60 of them, not one in every county. Trying to pare them down.
- Member Dalton: Vote on project and whether sales tax will pay for it?
- Member Bode: I don’t think anything we have done in report thus far says you can’t have your project already approved. If sales tax or nothing, we don’t have anything that controls that in our current discussions.
- Member Williams: Distinction between projects versus county jail. Jail is a mandated service that counties must provide. Need to recognize that facilities typically funded with local taxes are different than aquatic center, trails, etc. It is an integral part of public safety.

- Member Dalton: But there are different ways of providing public safety and jails facilities. DOC can downgrade a jail. The county has to figure out other ways of doing it. Member Bode is right, we don't see that you have already agreed to a project, but we would be offended if they did the same for a regional park. I don't think anyone should say a project is getting funded one way or another.
- Chair Marquart: Thank you for comments. We have January 31st with resolution in place if going to voters in November. Question is if there is a public meeting required. Wouldn't have to go to the Legislature. Have to present your criteria to someone for review- the state auditor- they could check off? We can have Department of Revenue staff fill in the gaps.
- Member Bode: Maximum project cost, and also list the estimated time for collection. Recommend "maximum" time period for collection. You might estimate a bit higher because we were going to collect quicker, but I don't think we need both things. Let maximum role in, and when we have rising interest rates- maximum dollar amount and maximum duration. The Legislature has been using "estimate" as a maximum.
- Member Dalton: Or whatever is sooner. When you raise that much, or the year. Some people have come back to have the years extended. Some have "whatever is greater", but people could put 30-40 years, because people don't issue 40 year bonds. Someone should look into that.
- Chair Marquart: Department of Revenue can fill in some of the timeline/law requirements.
- Member Sims: Still recommend they pass resolution by January 31st even if they are going to the Legislature.
- Member Dalton: Want State auditor to determine if they meet criteria so they have time to go to voters.
- Chair Marquart: Is anyone opposed to having that resolution at a public hearing?
- Member Williams: No, I don't have a problem with public meeting. A city will usually go out to 30 years for bonding.
- Member Bode: And 30 year max?
- Chair Marquart: Yes, and let's put a 30 year max.
- Member Bode: \$20M and your funding cost, and \$20M is just an example.
- Member Dalton: Public hearing is where the resolution is passed. Extending no longer than 30 years, cost of project and funding costs.
- Chair Marquart: The cost of the project plus all associated financing costs up to a maximum of 30 years collection period.
- WR Matewos: We will finagle this language a bit. Move on to vendor allowance piece. A service provider could be an option.
- Member Dalton: Given the potential state cost issue, this should come off the top of the sales tax. Not sure how certified service provider costs work. Recommend 5% of revenue collected goes to pay service providers. Start with smallest businesses and work our way up. There are dollar limits on what defines small, for annually/quarterly/monthly, and use that to fund small businesses. I'm not worried

about Target Corporation. I'm worried about food trucks going to multiple locations, or person selling on Etsy or Ebay and runs \$10,000 jewelry business out of their home. Great starting point, and will increase as there is more money.

- Member Bode: Want to understand what 5% is, the logistics and volume. I don't understand the streamlined service tax provider enough to have an opinion.
 - Member Max: Don't have enough knowledge to understand the system to provide detailed recommendations. This probably involves a full sales tax analysis from local to state level. Maybe another group in future should look at this?
 - Member Williams: That's where I am at on this too. Priority should be to make this as easy as possible to use technology for those to collect and remit it, rather than automatically say we are going to give them money. Description made it sound burdensome, and it could be made more efficient. Hate to throw money at something because we don't have a good system in place. That's general because I don't understand the mechanics of this for businesses or the state. Uncomfortable coming to a specific recommendation too.
 - Chair Marquart: Admin is 1.35%, that leaves 3.65% for state auditor. I had 5% for all of the administration.
 - Member Dalton: Multi-state corporations located in Minnesota already get some time of allowance through SST, either paid administratively to do this, or they are provided with a certified service provider. This is an issue for a multi-jurisdictional local business. Reason certified service providers were developed by SST was that it was the easiest and cheapest way to make multi-state filings easy on businesses. Developed for smaller businesses, that's why I tend to favor them. Compensate smallest businesses first that don't qualify under other.
 - Member Sims: I agree with everything Member Dalton said. I don't think we have to get very prescriptive in this. We can provide a recommendation but keep it more higher level. We did have testifiers come in to address this issue.
 - Member Bode: I don't know if 5% is right number and it's millions and millions of dollars. I want better analysis and a number, but I agree with the process.
 - Member Dalton: Can we get information on what a certified service provider would cost? Average charge for businesses below a certain point and how many businesses do we have that file annually, quarterly, and monthly? That would go a long way for us to calculate what is a reasonable amount to withhold.
- Scheduling Items
 - Chair Marquart: Both chairs and both leads agreed with extension to February 2nd, so we have more time.
 - WR Matewos: Department of Revenue has recommendations on when to meet again and public feedback.
 - Shokohzadeh: Public feedback on report- 2 options. If we identify 2 meetings and one of those would be for public testimony- that is subject to availability. The other option is we can provide draft report on website and have mechanism to collect public comment

online for a week or so, then synthesize results. It is a wider net and might be a lot more information.

- Chair Marquart: If we held public hearing/testimony- it could be hybrid. Would we do testimony and workgroup?
- Shokohzadeh: It's up to the Task Force.
- Chair Marquart: Public testimony set time and divide by testifiers, we could plan that way too. Thoughts?
- Shokohzadeh: Both scenarios could have draft report out next Monday.
- Chair Marquart: Public testimony versus survey?
- Member Sims: Prefer submitted comments. Best to utilize our work time together. I'm a visual person, helpful to read through comments.
- Member Dalton: Online commenting as well. Not sure we would hear from anyone new. Having them in the room to hear the same things won't necessarily inform our decision. Agree, rather use time to debate and figure out where we are going.
- Chair Marquart: Any objection to online?
- [All agreed to provide draft report online for public comments]
- Shokohzadeh: We will make sure Task Force members have access to that. Need to identify new times to meet.
- Member Williams: I can make a number of times work. Will likely have to be virtual for any meetings in January.
- Member Dalton: Scheduled vacations in January. One is 16-18 will be in state park with no internet. Next week I can make anything work. The following week, the 22nd through 27th.
- Chair Marquart: January 11th, afternoon, maybe after 2pm. Afternoon of the 25th.
- Shokohzadeh: Will get it online soon.
- Chair Marquart: Very appreciative of everyone's work.
- Discuss Report Draft
 - WR Matewos: Initial feedback on report structure. Headings you want to see, flow and narrative structure, feedback on content of what needs to be changed or added, and additional ideas for sections?
 - Member Bode: Summaries of testifiers and of tax chairs looked like they need polish. Sometimes they contradicted themselves. I didn't go through and edit them, but they don't flow the way they should.
 - WR Matewos: Will look at those.
 - Member Dalton: Reach out to testifiers and ask if they agree?
 - Member Bode: They can include in online comment.
 - Chair Marquart: Page 5, local sales taxes were prohibited should be included there.
 - Member Dalton: County LGA was replaced with a different program- county program aid.
 - Chair Marquart: Structure? What do you think?

- Member Williams: We have a list of projects on page 6, and there is an asterisk, no asterisk on public safety facility. We have kicked this down the road. Need to finish discussion on how we are going to deal with them.
- Member Max: Summary of public testimony. I would suggest instead of providing specific comments from individuals, maybe identifying themes within testimony so we aren't picking and choosing.
- Chair Marquart: Good point. As I looked at passed reports, I don't know if they listed public testimony separately.
- Member Dalton: My concern is there is a lot of explanation before you get to conclusions. Put principles and recommendations first, and then this is how we got there.
- Chair Marquart: That's a good idea.
- Member Dalton: More than an executive summary.
- Member Sims: Offer public testimony to drop letters in appendix. Some people spoke a lot of time, some of those people will submit a formalized letter.
- Chair Marquart: I think we list everyone that testified at the end.
- Shokohzadeh: Report for public comment will not have direct quotes.
- Debrief/Adjournment
 - Chair Marquart: Thank you Ananya and Heather for keeping us moving. Discussing things I never thought we would talk about. Thank you for putting things together.
 - WR Matewos: I'll use Member Williams as an example, if there is something you disagree with on public safety, you can write a letter. Specific to topics or process.
 - Member Bode: So, what do you want the Legislature to know.
 - Member Dalton: I might write something about the certified service provider and small businesses because that is very important for me.
 - Shokohzadeh: And keep it to one page.
 - Member Bode: What North Dakota funds and how they do things, from Moorhead perspective.
 - WR Matewos: These are optional letters.
 - Shokohzadeh: Except for the Chair.
 - Chair Marquart: Thank you members, staff, etc. See you on January 11th.