

Minutes: Local Taxes Advisory Task Force Public Meeting

Date: 1/11/2024 2:00-4:30 p.m., Hybrid

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

Wilder Attendee: Ananya Matewos

Agenda

- Welcome and check-in (Chair Marquart) **(5 min)**
- Work Group Activities
 - Discuss (2:10-3:10 p.m.)
 - **Language for ballots (15 min)**
 - **Equalization (1%) (15 min)**
 - **Public Safety (30 min)**
 - Determine final project criteria (3:10-3:40 p.m.)
 - **Confirm public safety facility/community center/sports complex**
 - Provide final recommendations (3:40-4:10)
 - **Local tax approval process (5 min)**
 - **Business support (10 min)**
 - **Regional voter support (10 min)**
 - **Finalize public awareness process (5 min)**
 - Review items for legislature to consider for future task forces **(4:10-4:20)**
- Expert Panel Department of Revenue Q&A **(4:20-4:30)**
 - Task Force Members may ask clarification questions for each Revenue unit
- Adjournment **(4:30)**

Notes

- Welcome and check-in
 - Chair Marquart: Members present except Dalton and Miranda
- Work Group Activities
 - Discuss
 - Language for ballots
 - Chair Marquart: Provided example from Clay County. A uniform ballot language requirement, Statute 275.60 requires any local governmental subdivision having

a bond or referendum to have this language: By voting “yes” on this ballot question, you are voting for a property tax increase. We can replace property tax with local sales and use tax.

- Member Williams: Agree with what the Chair shared.
 - Member Max: Is there a scenario where sales tax is being extended so it’s not another increase but a continuation?
 - Member Sims: Build off of Member Max’s comment. By voting on this you are voting on a [fill in the blank] as sometimes projects are put on the ballot multiple times. Maybe they could add the %?
 - Chair Marquart: With school ballots, if you are extending there is some language.
 - Member Bode: I have our ballot question. The meat of the question, you could use impose or extend. [Read the question from the Moorhead ballot]. If you added by voting “yes” on this ballot question, you are voting for a X% local sales and use tax.
 - WR Matewos: Edited to By voting “yes” on this ballot question, you are voting for a X% local sales and use tax.
 - Chair Marquart: How many members think there should be some uniform language. [All members agree]. Who is willing to put together examples for the next meeting?
 - Member Bode: I will be gone until the next meeting, so maybe I could provide the information I shared?
 - Chair Marquart: Member Max, Member Williams, and myself will work on it? Need to clarify what is on the ballot, need to iron that out.
- Equalization
 - Chair Marquart: Looking at revenue raising in addition to local sales tax. As an equalizer, we could add a local property tax minimum effort of 1% of net tax capacity. The amount raised from this property tax would be subtracted from the total project cost to get the final net local sales tax amount to be levied. If you have a 20M project that takes 20 years. I played around with 1% on some of the current ones.
 - Member Williams: I did some calculations for some areas, and it makes sense to me.
 - Member Bode: Does it have to be property tax or can it come from donations, etc.
 - Chair Marquart: Thought it should be property tax. Should put in more to property tax than local tax. Trying to measure some sort of revenue raising capacity.
 - Member Max: Local tax payer may have impact from new sales tax and the increase in property tax, struggled with that part of it although I understand where it is coming from. Broader question, does the Task Force want to have a specific recommendation or be comfortable with providing options/ideas as

paths to further vet. Struggle with knowing what the true impact is. Provided suggestion in my homework, with money going back to other cities in the county.

- Chair Marquart: I think you are right. I don't think we will come to a consensus on the equalization issue. But we can offer recommendations to the Legislature to think about.
- Member Bode: These are not money makers. We get the construction costs, but these do increase the burden on property tax payers.
- Chair Marquart: Throw out other equalization plans. Member Max talk about yours.
- Member Max: If the Task Force wants to make a recommendation regarding non-regional, in theory those that go to Legislature, 5% of tax would be redistributed to the cities in the same county to keep the money local, but also seeing the broader regional impact.
- Chair Marquart: Outside the list of regional approval?
- Member Max: Correct
- WR Matewos: [Reading from slide] A share of new local sales taxes revenues is collected by the state and redistributed to jurisdictions with low sales tax base. Option A: If not qualified for pre-approval for regionality, upon legislative approval would have to contribute 5% (or 10%) to a fund for low tax base cities. Option B: bonding options for less regional centers.
- Chair Marquart: I will need to leave for an hour, and Member Sims has agreed to chair the meeting.
- Member Bode: I like Member Max's suggestion to have it stay local. Developing the process by which these funds would be redistributed is not clear to me, but I do think it is raised in that local region and it is appealing to neighbors for projects like this.
- Member Williams: I did analysis if we did the 5%, it would take another year to pay off the project. If you do 10% it would be 2 years. Could money go into LGA program, would that be helpful? But it makes more sense to keep it regional based on what others are sharing.
- Member Max: I'm trying to summarize ideas. Contribution to statewide fund to redistribute, maintain a county-wide fund to keep it more regional (keep local dollars in that area), and 1% minimum property tax effort. These are the three we are considering for the final report?
- Chair Marquart: Should bonding be a part of this? What do you think Member Bode?
- Member Bode: Bonding process is mysterious, and you don't know the outcome until the 11th hour. Don't think it's a perfect solution. If community doesn't have a sales tax base, I would recommend they try for bonding. The sales tax Moorhead approved last year was the first we have ever had. Have done it through bonding and fundraising before. Bonding is not predictable.

- Chair Marquart: You were talking about state not local bond?
- Member Bode: A local bond is through property tax. We can contribute this money, but there has to be a system for how that money gets used. Part of pre-approved list? There is the collection and how it is redistributed. Won't be able to delve in, but I'm curious.
- Chair Marquart: For Member Max's % going back to county, instead of city, might be enough to go to township. If it goes to county, it would be a capital improvement fund that the county could decide where to send it. Instead of individual cities, it goes to the county, and then they have to apply. Anything else on equalization at this time?
- Audel Shokohzadeh: The questions member Bode and others asked can be embedded into the report for the legislators to consider with these options. These are considerations not recommendations.
- Chair Marquart: We have something on equalization as a principal. Recommendation is for them to look at an equalization system with these considerations.
- Public Safety
 - Chair Marquart: Member Williams, thanks for providing the committee with this documentation. Would Member Williams like to comment on this a bit?
 - Member Williams: As I was hearing discussion, I thought it was important to get a picture of jails in Minnesota and reviewed all. There aren't 87 jails, there is a combination of facilities. There are 20 that are quite aged that need to be brought up to standards, retired, etc. There are a number of counties without facilities. I developed a map with arrows where counties have worked together to meet needs. Next step would be to show where there is a system in each county. Facility houses multiple services, they are not siloed. When you start to separate facilities there are negative consequences even for those being held. There are inefficiencies. If they are being held far away from their community, it keeps them away from their families and support system. We don't want to build jails or have residents in jails, but because they are needed, we want facilities that will help people and are not traumatizing. Facilities that are built are going to be more normative. I'm taken aback that we are trying to instruct local governments on how we are going to do these. Minnesota counties are good at working together. It makes sense to combine some of these facilities. Happy to answer questions and will continue to work on it a bit.
 - Chair Marquart: I didn't realize there were 9 counties without a jail. Another 6 with 72 hour holding. Meeting the needs of the state's criminal justice system, there are interactions and a network. My thought is counties are not here often asking for local sales taxes. I didn't want to incentivize having 87 county jails. What if we put something in here that the project demonstrates collaboration to meet the needs of the state's corrections system? Maybe they provide documentation that there is collaboration to meet the needs. It can be with

DOC, another county, another mental health agency, to show documentation that there is collaboration. Please record that Member Dalton has joined us.

- Member Dalton: Sorry I'm late. Have we had discussion of what is a public safety facility?
- Chair Marquart: No
- Member Dalton: They are coming with jails, police departments, mental health, fire department, etc. What should be funded? Maybe this needs legislative approval? I would feel better if there was someone like the commissions on parks and trails saying this is a regional facility, because I can't and I can't figure out how we parse out regional and non-regional components in there. I think courts are regional, but I'm not sure some of the other things are regional.
- Member Williams: The answer to the Commissioner's question, is that I did offer some language. Going to where, must be fully licensed, not a 72-hour hold, DOC certified or be a joint facility between at least two counties. Disagree that they should still go to the Legislature. In a county, all of this goes together. When people say jail, they mean jail, sheriff's office, and courts. In our system it's county attorney and others. Criminal justice facilities may be better than public safety.
- Chair Marquart: Parse out what is correctional part of it versus courts. There is a part of this that could go forward without legislative approval. Member Williams, can we see what you put down again. Not just talking sheriff's office and court room?
- WR Matewos: Will pull up the document. [Added Member Williams' comments to slide deck and read comments]. "County safety/justice facilities are regional in nature and provide essential, mandated services, some of which are the State responsibility in other states. In addition, these services are provided by an interdependent system that includes multiple counties, multiple cities, and the state which includes courts, corrections, law enforcement, emergency management and more. Please see the attached analysis of jails. If we did a similar survey of joint county/county law enforcement efforts, you would see interdependency in those services/facilities, too. I don't think we need criteria because of the regional nature of these facilities – see analysis in the white paper. In addition, our Local Sales Tax Task Force Principles do not include encouraging or forcing certain behaviors by local governments. Our principles are the opposite – the enhancement of local decisions and local control. I'm not sure why we are moving toward exerting pressure for certain solutions with safety facilities. Local governments know best how to provide services and join with other local governments when it is mutually beneficial – every county in MN is a part of many JPAs. What is really needed is more modern facilities that provide treatment opportunities and a more normative experience. If there must be criteria, I offered the suggestion above."

- Chair Marquart: Doesn't zero in on corrections. Member Williams, what can we fill in on corrections more?
- Member Williams: Whole system is regional, trying to use corrections as the best example of it. I don't think we should limit local sales tax, they all go hand-in-hand as regional facilities.
- Chair Marquart: Looking at sheriff's office. You have 9 counties that have a jail. I don't know of any counties that don't have a sheriff's office, and that's where I lose the regionality of it.
- Member Dalton: I had less of a problem with the portion of the building related to district court system, because it is a district system, and district decides where to place courts. I think there are sheriff's that have fiefdoms, that want the biggest facility, and they may push for that. Someone should look at it and review it.
- Member Williams: Sheriff's are elected officials. If you think someone over built, counties have to approve, sheriff's don't do it independently. Yes, that is offensive to me.
- Member Max: Listening to conversation and thinking through it as we look at other project definitions and criteria. I'm not familiar with county system like Member Williams. Is there a way to combine uses- talked about court, sheriff's office, just multiple things that add to broader benefit of the need and check boxes. I know we will get to finalizing other definitions, but is it as simple as the size of the facility? I am support of including this.
- Member Sims: I'm supportive as well. Do we include a JPA if there is discomfort over the public safety facility?
- WR Matewos: What is a JPA?
- Chair Marquart: Joint Powers Agreement. Corrections/jail, sheriff's office, courtroom- that is what I see as public safety. And I want to see a show of collaboration. Sheriff's offices are not regional for me. They could always go to the Legislature if it is part of it. I look to other members as we try to define this.
- Member Dalton: I like the suggestion of anything with a Joint Powers Agreement. It is a clear cut thing someone can manage. They can submit JPA to the State Auditor. I think that goes a long way to proving regionality. What I am concerned about is a public safety facility could get so broad that it includes multiple other services because it doesn't have a good definition. I'm not saying they shouldn't be funded with local sales taxes. I'm saying someone else should have the oversight, because we can't define where we draw those lines at this point.
- Member Bode: I really struggle with this one, too. We've talked about fire stations not being eligible, but a lot of them have mutual aid agreements and they do provide some regional benefit. City is paying significant lease fees to pay for running law enforcement out of center. Sometimes seems like they are being taxed twice.

- Member Williams: Member Dalton, are you referring to JPA being connected to sheriff's office. I'm hearing courtroom and corrections?
- Chair Marquart: Member Sims is the one that talked about the JPA.
- Member Sims: I would be comfortable if the sheriff's department has a JPA.
- Chair Marquart: I'm concerned about JPA because it may not apply to a jail or correctional facility. I do think those are part of a statewide system. We have 9 minutes left. I would be willing to go with corrections and courtroom as long as there is demonstrated, documented collaboration that it meets the needs of a state criminal justice system, but not in favor of a sheriff's office.
- Member Dalton: I have 2 questions: What if a project is \$64M. They have to portion it into the portion going to sheriff's office and the courts/holding facilities, and we will let you do a sales tax on that portion?
- Chair Marquart: Yes
- Member Dalton: I like the idea of having to demonstrate regionality, but we don't have one measure of it, and I think it's a big burden to put on the State Auditor to decide if submission is adequate. We need to give them a clear definition of regionality. Maybe we recommend that the DOC has to weigh in on these? Make them the people that actually certify that this is a regional project?
- Chair Marquart: Member Williams you put this together and mentioned the statewide system. Does the Department of Corrections have a general board that looks at all of this? That's why I don't know if jails fall into regional definition as part of statewide system. We could document more about collaboration from DOC, agency, or county stating the need for that jail. I don't know if regionality fits a jail the same way we are talking about a community center or something else.
- Member Max: Could we offer it as a category we think should be included, but we think the Legislature should be tasked with coming up with that definition? Provide ideas and context from discussions? It's difficult as we don't have a measure like we do for parks and trail. We could offer that it needs to be further defined in our report.
- Member Williams: It's interdependent. Even state is placing people in county facilities. That's the point I was trying to make in the white paper. Do you want that to continue and be considered? I don't know how we go about that exactly. Could lean on DOC inspection report and see words they used in the document I submitted saying facility needs to start making plans. New facilities are going to look different. I'm struggling with how to show the regionality, but if we gave the DOC some guidance, they could weigh in on it.
- Member Bode: If we come up with a definition of an acceptable public safety facility that we think could be funded. We are considering a library without a lot of additional documentation. There is a system, and people that need corrections are not limited by a border. Come up with definition of what would qualify, then we don't have to focus on defining regionality.

- Member Sims: I would bring it back to court/jail being inclusive.
- Member Dalton: I worry if we don't focus on regionality, then we have to focus on equity, and what do we do about places that don't have local sales tax bases. We said it had to be regional to not go to the Legislature.
- Chair Marquart: When it comes to counties, they are not at the table often asking for sales tax. This is the one big area. I'd like to somehow make it so it would be pre-approved. I don't know if regionality fits on this one. I think collaboration with another county or DOC.
- Member Dalton: Counties already have a very large sales tax authority for road and transit projects that they don't have to prove are regional. This is taking burden off their property taxes already, and it is causing inequities between poorer counties. I don't think we need to exacerbate that.
- Member Williams: We talked about creative suggestions to level the field and address equity issues. I hope we can put some of those into place. Stearns County used transportation tax, did .25 %. Counties are reasonable, and make decisions based on their needs.
- Chair Marquart: How do we move ahead with this? Should people work on this before the next meeting? I don't think we can do it today.
- Member Max: Is this to ensure we are all on the same page to come up with a definition based on our discussion today, and what we want to see in the final report? A couple members could work on the definition like we are doing with the other item.
- Chair Marquart: Yes, definition and how to move into pre-approved project with regionality. I think it's going to be an area we deal with now in a consistent fashion, or the Legislature will deal with it in a haphazard way. Setting criteria helps lessen inequalities around state and keeping regionality. If it's arbitrary it only increases inequality. I think it's important that we try to get this on the list. Member Williams, are you willing to be on the group that would work on that?
- Member Williams: Sure.
- Chair Marquart: Member Dalton?
- Member Dalton: Yes.
- Chair Marquart: I'm going to ask Member Williams, Dalton and Sims to work on this. Thank you very much.
- [Chair Marquart leaves for meeting. Member Sims will serve as Chair after 10 minute break]
- Determine final project criteria
 - Sports complex
 - WR Matewos: 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 competitions and tournaments, or witness sporting events.

- Member Dalton: Have we discussed adding sufficiently large to host a tournament?
- WR Matewos: Physical size?
- Member Sims: I think the ability to host, but not concrete number of square footage.
- Member Dalton: But 3 fields wouldn't be enough in the metro area. Add "and host regional tournaments".
- WR Matewos: Going to move host to end of statement.
- Member Sims: Members on Teams- any comments?
- WR Matewos: Is there a need to put in square footage?
- Member Sims: That would be challenging.
- Member Dalton: Will be different based on the sport, soccer vs. volleyball, etc.
- Member Williams: We haven't agreed on requiring surrounding community support. I agree on the first part.
- Member Sims: We are going to come back to community support.
- Member Bode: On library it should say as approved by the regional library board.
- Member Sims: Do we have agreement on the definition? 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 competitions, witness sporting events, and host regional tournaments.
- Approved
- Library
 - WR Matewos: A library that is part of a regional public library system as approved by the regional library board.
 - Member Dalton: Regional library board provides documentation that goes to state.
 - Member Sims: Do they need to provide a resolution?
 - Member Dalton: May not require resolution. City has to include that it is part of the planning.
 - Shokohzadeh: Make note for final report to include those details.
 - Member Bode: Not saying it has to be the regional headquarters, it can be part of a regional library system. Do we agree on that?
 - Member Sims: Yes, as approved by the regional library board.
 - Approved
 - Member Williams: Are we saying the regional library board has to designate that it is a regional facility? It doesn't read right to me.
 - Member Bode: Maybe as "certified" by the regional library board.
 - WR Matewos: Designated like you said Member Williams?

- Member Dalton: I think designated makes more sense.
- WR Matewos: A library that is part of a regional public library system as designated by the regional library board.
- Re-approved
- Community center
 - WR Matewos: A minimum 10,000 square foot structure expressly designed and constructed for the purposes of recreational, cultural educational or public group activities, or for civic engagement or social support.
 - Member Dalton: Add clause “serving residents and non-residents of the community”.
 - Member Sims: I think that makes sense based on what we have discussed earlier.
 - WR Matewos: A minimum 10,000 square foot structure expressly designed and constructed for the purposes of recreational, cultural educational or public group activities, or for civic engagement or social support, serving both residents and non-residents of the community
 - Approved
- Provide final recommendations
 - Parameters for regionality
 - WR Matewos: [Reviewed slide]. Serves a city wide and regional population. Provide economic development benefit to community and opportunities for the region. Equal fees charged for residents and non-residents for access to facilities funded by local sales tax. Allow regional jurisdiction input at public hearing. Provides opportunities for residents and draws in individuals from other regions.
 - Regional voter support
 - WR Matewos: We may only need to gather recognition within a region that a capital project will meet a regional need, not whether that specific project should be funded.
 - Member Williams: I said we didn’t need active support from communities. Do think it’s appropriate that neighboring communities are heard by accepting comments or public hearing, that they are notified of what is going on and be heard by the local government. I think Commissioner Marquart had this in his homework, don’t think neighboring community can veto a project.
 - Member Dalton: Neighboring community has authority to say they aren’t happy with you going forward. It just says they have to go to the Legislature to get the project approved. I think it’s important that you demonstrate that it has regional support. And the only way you can do that is to do something. I suggested 3 options: resolution showing support from contiguous communities representing at least 60% of the

population in all contiguous communities; proposing a multijurisdictional sales tax with at least two other communities with at least 80% of the revenue going to the regional project and the remainder distributed as agreed upon for other local capital projects (ala the St. Cloud Model); a public hearing with a public comment period that includes an electronic straw poll requiring at least a 50% favorable vote from respondents/commenters located outside of the jurisdiction.

- WR Matewos: Other feedback looks closest to last option with public hearing.
- Member Dalton: 50% is a high bar I think.
- Member Williams: Communities aren't going to build a facility based on anecdotal evidence. We conducted thorough analysis by independent consultants to tell us if we would draw in people from region to attend events or use facilities. Could use that to show it is truly going to be a regional project or not. They do their homework before.
- Member Bode: People are going to tie the project with the sales tax. Resolutions of support are nice, but they don't demonstrate regionality. Multijurisdictional tax is good idea for interconnected communities. Wouldn't work in our community and surrounding. I don't think that could be applied in many areas around the state. Straw poll is not the same as an election. I think a comment period or opportunity to weigh in on regionality question. They can choose by not voting.
- Member Dalton: If there is only one hardware store or grocery store, they can't make that decision. You had to do the project planning because it was required by the Legislature. We are now trying to say we are going to allow these projects without legislative approval. Having a public opinion and letting people comment, that doesn't demonstrate regionality. It demonstrates a good faith effort to be transparent to public, but doesn't demonstrate everyone in the area agrees it is a regional project. We have to give enough information to the State Auditor to make a decision without too much effort on their part.
- Member Max: Keep coming back to the definitions and the criteria, then we have established what the regional consideration it. Community center suggesting minimum size because that should help to establish for a bigger purpose than a small meeting room. If we add another layer, we aren't simplifying the process.
- Member Williams: Using St. Cloud area as the model. That model would not have happened with townships. If Long Prairie has a regional project, there is no city to consult with. Doesn't seem this model fits. We don't quantify everything we do, and we do things by public hearing

all the time. Allowing public input is a good step so governing body gets feedback. Get feedback on use of local sales tax and the project.

- Member Sims: I think we are hearing we need a public comment period. Can we do this in a subgroup with Member Dalton and two other members?
- Member Dalton: Such a fundamental issue for me. Me sitting on this isn't going to help. This provision will apply to suburbs. They have been opened up to local sales tax. 10,000 square feet is not very big in a suburb of 50,000. Will only serve a local population. I can agree to this definition if we agree on the approval process.
- Member Sims: Tiered systems for a certain subset of cities and do larger square footage for a bigger city?
- Member Max: Member Dalton, do you think it's too difficult to come up with a definition with more parameters that will provide more comfort? What a community center looks like in the metro compared to greater Minnesota? Is there anything that can be added?
- Member Dalton: We have cities in Greater Minnesota that are the same population as the suburbs. But I would argue they serve a regional purpose. Sometimes there are rivalries across cities, nothing in Greater Minnesota that would be like the metro area about who gets what. They need to find a way. Looking at it from Greater Minnesota perspective, legislature opened it up for suburbs, there would be inequity...let suburbs between metro and Greater Minnesota in terms of services they can provide. This isn't just a local issue, but a statewide issue. Need to find a way to force people, people in Greater Minnesota jump through more hoops than they are comfortable with, but if you don't put in the hoops, there will be problems in metro area.
- Member Max: We made the recommendation to cap the sales tax at 1% for cities and counties, I think that mitigates some of this. It is a good tool to have in our report.
- Member Bode: Is it primarily any of these facilities that we are talking about, or are we talking specifically about community centers? I can see Member Dalton's point about community centers in 7-county metros. What if communities in 7-county area will require legislative approval? We are getting to the point, like Member Sims said, getting to a two-tier system.
- Member Williams: Member Dalton, I'm trying to envision the problem created. I'm looking for an example. You think neighboring communities will both want to build convention centers?
- Member Sims: The community center and sports complex is certainly something that could be a race for who could build the biggest in the suburbs.

- Member Dalton: Yes, I'm seeing this requirement that you demonstrate support from surrounding communities to apply only to community centers and sports facilities. I don't see it applying to anything else on this list right now. It would be easy to say, we have different criteria for metro area, but then I think you're going to get into 7-county, 11-county metro area. Suburbs go a long way up and down 35-W. If you look at development, population, and demographics, the suburbs are no longer the 7-county area. There is an issue in Hermantown, Proctor, and Duluth. There may be an issue in Rochester- why they were forced to share local taxes when they got the money for Mayo Clinic. There are standalone regional centers in Greater Minnesota, but they are becoming rarer. Population is concentrating around surrounding communities, that's the demographic reality of this.
- WR Matewos: What if instead of requiring a 50% favorable vote, if enough people complained about it, then you would proceed. 50% of people coming in and saying they don't want something.
- Member Dalton: Statistically it works out the same.
- Member Bode: There is no statistical significance. This seems problematic and it doesn't feel fair.
- Member Williams: Agree with Member Bode. I think if we are going to do anything, it should be through the governing bodies. If we are going to count something, it needs to be more reliable than whoever shows up.
- Member Bode: It's like Facebook comments.
- Member Dalton: That's why I suggested they can do any of these ways. If someone can come up with a fourth way, I'd probably be in favor of it. But you have to prove the surrounding community is in favor of it. You have to have a way to demonstrate it so the State Auditor can say, "yes, they've done this".
- WR Anaya: We will have to table this one, and it will have to be a sub-group. Who would like to be on it?
- Member Dalton: I will be on the sub-group.
- Member Max: If needed.
- Member Sims: I'm willing.
- Member Bode: I will be away and can't serve in this capacity. I have concerns about all of these ideas. The first option had a 60%, third had 50%. I hope that is considered. Public vote needs 50%, think it should stay at that. Like Member Williams said, governing bodies. I would recommend it be related to elected bodies.
- Member Sims: So Member Max, Dalton, and myself.
- Member Dalton: That's what the first option is for the governing bodies, and it can be XX % right now.

- Local tax approval process
 - WR Matewos: [Reading from slide] Current statute requires the jurisdiction to present a resolution to the Legislature by January 31 of the year of the election. Presenting of criteria to state auditor for review should happen within 30-60 days for resolution. The cost of the project plus all associated financing costs should total up to X for a maximum of 30 years collection period.
 - Member Dalton: Must give to the Legislature by January 31, or the State Auditor. The State Auditor may say they need those days adjusted, but they should be on parallel tracks.
 - Member Williams: If local government wants to put 20 years in there, they should be able to do that.
 - Chair Marquart: Good to be back, thanks for chairing Member Sims.
 - Member Bode: When I did my homework, if the State Auditor does not agree with jurisdictions determination of regionality and you have to go to the Legislature, if state auditor takes some time, you are really behind the curve ball if you have to go to the Legislature. If you know you have a regional project and OSA [Office of the State Auditor] will concur, then no problem, but can see in some situations you may miss committee deadlines for presentation to the Legislature and the tax committee.
 - Member Max: I made a recommendation that the local jurisdiction approve/pass by Nov 15, submitted by Nov 30th to the State Auditor, Dec 30 deadline for the State Auditor.
 - Member Dalton: Makes sense, change Dec 30th to January 15, because hard to get done between Thanksgiving and Christmas. Give the State Auditor more than 30 days to cover all of them.
 - Shokohzadeh: Should we do the first Tuesday, the 2nd, so they don't fall on the weekends. 3rd Tuesday of January?
 - Member Dalton: I don't think we need to do that. We say by this date. If public holiday, then they adjust. We have a lot that says January 1, and that means they get in by December 31.
 - Member Sims: I like timeline Member Max laid out and Member Dalton's suggestion for the 15th.
 - Member Williams: Looks good, but one issue I see if the Auditor gets back to local on the 15th, that doesn't give time for local governing body to meet. Between January 15 and January 31, some cities might not have a meeting in there.
 - Member Max: From the city perspective, they can have a special meeting if needed. It's doable, not sure about counties.
 - Member Williams: If it were the 10th county board might be able to meet too.

- Member Dalton: This timeline is good with understanding people will come to the Legislature if these dates don't work to talk about how they need to be adjusted. We say this should go to the State Auditor first. Then giving time to make it to the Legislature if not approved by the Auditor.
- Member Bode: We need to talk to the State Auditor to make sure it is feasible.
- Chair Marquart: I think that's something for the Legislature. [laughing]. That is a good point.
- Approved
- Member Dalton: Need to add. [Reading from homework, added to slide deck by Matewos]. The authority of the tax shall run until the earlier of (1) revenues received by the taxing jurisdiction are sufficient to cover the cost of the voter approved projects plus all associated financing costs, subject to termination requirements in Minn Stats. Sec297A.99, or (2) thirty years, cost of the project plus all associated financing costs should total up to X for a maximum of 30 years collection period.
- Member Williams: I agree we can max it out at 30 years or until the financing is paid. I agree with the concepts here.
- Chair Marquart: We want to get to the dollar amount.
- Member Max: I think Member Bode lost audio.
- Member Bode: If you can hear me, I agree
- Approved
- Business support
 - WR Matewos: [Reading from slide] From all local taxes, 5% should be set aside for administrative costs, of which a percentage is allotted for either vendor allowance, or certified service providers for qualifying small businesses with under \$100,000 profit (or revenue?) a year.
 - Member Dalton: Look at businesses that file annually. It would cost 5.6 million dollars a year to provide CSP [Certified Service Provider] for the 73,000 filers that file annually. That's the food trucks and folks selling on Etsy.
 - Member Max: Are these similar to the equalization to provide set of ideas for the Legislature to consider. Do we have enough information?
 - Chair Marquart: We already know 1.35% goes to Revenue. I would lean more towards a recommendation than a suggestion. That number could change at 5%, recognize there is an administrative cost. Must set aside 5% of annual local sales tax revenues for administration to 1) Department of Revenue, 2) State Auditor, 3) Business Support.
 - Member Sims: We heard a lot from small business, would be good to support them that can gradually build. Burden has been on small businesses for a long time.

- WR Matewos: Can you vote on 5% at this time?
- Member Max: 5% feels like a lot with 1.35% for revenue.
- Member Dalton: Maybe Department of Revenue can help us, what does 1.35% raise?
- Josh Sisterman (Department of Revenue): I don't have figures available right now, but can provide it.
- Member Dalton: Basically, at a minimum help our very smallest business filers. Acknowledgement that you are going to let them continue a little longer to account for it. Increase their drop-dead date by 5% to cover this cost. With ones that have passed recently, lucky enough in 2023, but if you have one in 2025, you will be, seems a little unfair.
- Member Sims: No more than 5%?
- Chair Marquart: Why don't we wait until we get a dollar amount? Put a place holder for administrator costs.
- Member Dalton: Start with annual filers.
- Chair Marquart: Member Sims?
- Member Sims: Yes.
- Member Bode: Member Dalton- you had mentioned the application of tax to existing sales taxes. Would that also extend the time for that collection?
- Chair Marquart: I don't think we are talking about existing ones.
- Member Dalton: Let it fall on the ones passed in 2023, with adjustment made to their maximum timeline to account for it. There were a lot passed in 2023, and I don't think we should ignore them at least.
- Member Williams: I think we are okay with all of this. The State Auditor hasn't been involved in the process, but they weren't part of the approval process.
- Chair Marquart: Let's vote on what is just in red. Must set aside X% of annual Local Sales Tax revenues for administration to 1) Department of Revenue, 2) State
- Approved
- Adjournment
 - Chair Marquart: We have some subgroups. We are meeting again on January 25th. Thanks to everyone.

Action Items:

- Subgroups
 - Language for ballots: Chair Marquart, Member Max, Member Williams
 - Public safety: Member Dalton, Member Sims, Member Williams
 - Regional voter support: Member Dalton, Member Max, Member Sims
- Department of Revenue to provide figures regarding administrative costs and business support