

ARTICLE 3
MINNEAPOLIS CONVENTION CENTER

Section 1. [297A.994] CITY OF MINNEAPOLIS SALES TAX; ALLOCATION OF REVENUES.

Subdivision 1. **Scope.** Notwithstanding the provisions of section 297A.99, subdivision 11, the provisions of this section govern the remittance of the proceeds of taxes imposed by the city of Minneapolis under the special law.

Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "City" means the city of Minneapolis.

(c) "Special law" means Laws 1986, chapter 396, sections 4 and 5, as amended.

(d) "Tax" means the sales taxes imposed by the city under the special law.

(e) The terms defined under section 473J.03 apply for purposes of this section.

Subd. 3. **General allocation of revenues.** The commissioner shall remit the revenues from the taxes, less the deductions listed in this subdivision, to the city at least quarterly. The commissioner shall make the following deductions in the order listed before distribution to the city:

(1) refunds of any of these taxes due to taxpayers, if any;

(2) the direct and indirect costs of the department to administer, audit, and collect the tax, according to the applicable law and agreements between the commissioner and the city. For revenues from the general local sales and use tax, the commissioner must deduct a proportionate share of costs described in section 297A.99, subdivision 11; and

(3) notwithstanding the provisions of any agreement between the commissioner and the city providing for collection and remittance of these taxes, the commissioner must deposit to the general fund the amounts specified in subdivision 4.

Subd. 4. **General fund allocations.** The commissioner must retain and deposit to the general fund the following amounts, as required by subdivision 3, clause (3):

(1) for state bond debt service support beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, periodic amounts so that not later than December 31, 2046, an aggregate amount equal to a present value of \$150,000,000 has been deposited in the general fund. To determine aggregate present value, the commissioner must consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedules of annual amounts. The present value date or dates must be based on the date or dates bonds are sold under section 16A.965, or the date or dates other state funds, if any, are deposited into the construction fund. The discount rate or rates must be based on the true interest cost of the bonds issued under section 16A.965, or an equivalent 30-year bond index, as determined by the commissioner of management and budget. The schedule of annual amounts must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city;

(2) for the capital improvement reserve appropriation to the sports facilities authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 4;

(3) for the operating expense appropriation to sports facilities authority beginning in

calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 2;

(4) for recapture of state advances for capital improvements and operating expenses for calendar years 2016 through 2020 beginning in calendar year 2021, and for each calendar year thereafter until all amounts under this clause have been paid, proportionate amounts periodically until an aggregate amount equal to the present value of all amounts paid by the state have been deposited in the general fund. To determine the present value of the amounts paid by the state to the authority and the present value of amounts deposited to the general fund under this clause, the commissioner shall consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedule of annual amounts. The present value dates must be based on the dates state funds are paid to the authority, or the dates the commissioner of revenue deposits taxes for purposes of this clause to the general fund. The discount rates must be based on the reasonably equivalent cost of state funds as determined by the commissioner of management and budget. The schedule of annual amounts must be revised to reflect amounts paid under section 473J.13, subdivision 2, paragraph (b) for 2016 to 2020, and subdivision 4, paragraph (c) for 2016 to 2020, and taxes deposited to the general fund from time to time under this clause, and the schedule and revised schedules must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city, and are transferred as accrued from the general fund for repayment of advances made by the state to the authority; and

(5) to capture increases in taxes imposed under the special law, for the benefit of the sports facilities authority, beginning in calendar year 2013 and for each calendar year thereafter through 2046, there shall be deposited to the general fund in proportionate periodic payments in the following year, an amount equal to the following:

(i) 50 percent of the difference, if any, by which the amount of the net annual taxes for the previous year exceeds the sum of the net actual taxes in calendar year 2011 plus \$1,000,000, inflated at two percent per year since 2011, minus

(ii) 25 percent of the difference, if any, by which the amount of the net annual taxes for the preceding year exceeds the sum of the net actual taxes in calendar year 2011 plus \$3,000,000, inflated at two percent per year since 2011.

Sec. 2. Laws 1986, chapter 396, section 4, as amended by Laws 1987, chapter 55, sections 5 and 6, and Laws 2009, chapter 88, article 4, sections 11 and 12, is amended to read:

Sec. 4. SALES AND USE TAX.

Subdivision 1. **Imposition.** Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, upon approval by the city's board of estimate and taxation by a vote of at least five members, the city of Minneapolis may by ordinance impose an additional sales tax of up to one-half of one percent on sales taxable pursuant to Minnesota Statutes, chapter 297A that occur within the city, and may also by ordinance impose an additional compensating use tax of up to one-half of one percent on uses of property within the city, the sale of which would be subject to the additional sales tax but for the fact such property was sold outside the city. ~~The tax may not be imposed on gross receipts from sales of intoxicating liquor that are~~

~~exempt from taxation under sections 297A.25 to 297A.257 or other provision of chapter 297A exempting sales of intoxicating liquor and use from taxation, including amendments adopted after enactment of this act is imposed on the tax base defined in Minnesota Statutes, section 297A.99, subdivision 4, and is subject to the exemptions and credits in Minnesota Statutes, section 297A.99, subdivisions 7 and 8.~~

~~For purposes of this subdivision, sales that occur within the city shall not include (a) the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minneapolis by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minneapolis and thereafter used in a trade or business outside Minneapolis, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minneapolis, places in the United States mail or parcel post directed to the purchaser outside Minneapolis, or delivers to the purchaser outside Minneapolis by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce; or (b) sales which would be described in clause (e) or (u) of Minnesota Statutes, section 297A.25, subdivision 1 if the word "Minneapolis" were substituted for the words "Minnesota" or "state of Minnesota" in such clauses. A tax may be imposed under this section only if the taxes imposed under section 5 are imposed at the maximum rate allowed under that section. The tax authorized by this section shall be imposed, must not be terminated before January 1, 2047. The tax must be imposed and may be adjusted periodically by the city council in conformity with Minnesota Statutes, section 297A.99, subdivision 12, such that the rate imposed, rounded to the next highest one-tenth of one percent, does not exceed the rate estimated to be required to produce revenue sufficient to finance the costs purposes described in subdivision subdivisions 3 and 4, and in Minnesota Statutes, section 297A.994, but in no case may the rate exceed one-half of one percent.~~

Subd. 2. **Enforcement; collection.** (a) Except as provided in paragraph (b), these taxes shall be subject to the same interest, penalties, and other rules imposed under Minnesota Statutes, chapter 297A. The commissioner of revenue may enter into appropriate agreements with the city to provide for collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes, as provided in Minnesota Statutes, section 297A.99, subdivision 11.

(b) A taxpayer located outside of the city of Minneapolis who collects use tax under this section in an amount that does not exceed \$10 in a reporting period is not required to remit that tax until the amount of use tax collected is \$10.

Subd. 3. **Use of property.** Revenues received by the city from the tax may only be used:

~~(1) to pay costs of collection;~~

~~(2) (1) to pay or secure the payment of any principal of, premium or interest on bonds issued in accordance with this act;~~

~~(3) (2) to pay costs to acquire, design, equip, construct, improve, maintain, operate, administer, or promote the convention center or related facilities, and other capital projects or economic developments under subdivision 4, including financing costs related to them;~~

~~(4)~~ (3) to pay reasonable and appropriate costs determined by the city to replace housing and the ice arena removed from the site;

~~(5)~~ (4) to maintain reserves for the foregoing purposes deemed reasonable and appropriate by the city; and

~~(6)~~ (5) to fund projects and for other purposes under subdivision 4.

Money for replacement housing shall be made available by the city only for new construction, conversion of nonresidential buildings, and for rehabilitation of vacant residential structures, only if all of the units in the newly constructed building, converted nonresidential building, or rehabilitated residential structure are to be used for replacement housing.

Subd. 4. **Minneapolis downtown and neighborhood projects.** (a) For revenues collected in calendar years 2009 and 2010, to the extent that revenues from the tax authorized in subdivision 1 exceeds the amount needed to fund the purposes in subdivision 3, the city may use the excess revenue to fund any city services. The total amount used in both years for this purpose may not exceed the total amount of aid and credit reductions under Minnesota Statutes, sections 273.1384 and 477A.011 to 477A.014 in calendar years 2008, 2009, and 2010 due to a governor's unallotment or due to statutory reductions.

(b) Beginning with revenues collected in calendar year 2011, to the extent that revenues from the ~~tax~~ taxes authorized in subdivision 1 ~~exceeds or in section 5 exceed~~ the amount needed to fund the purposes in subdivision 3, the city may use the excess revenue in any year to fund capital projects to further residential, cultural, commercial, and economic development in both downtown Minneapolis and the Minneapolis neighborhoods, to fund other city expenditures in support of the basketball arena, other capital projects, or for other economic development, provided the city may direct excess revenue first to convention center debt, operations, capital improvements, and marketing. The city may issue bonds to fund any such projects or improvements using these taxes or any other available city resources to finance or secure the bonds.

Sec. 3. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article 12, section 87, is amended to read:

Sec. 5. **LIQUOR, LODGING, AND RESTAURANT TAXES.**

The city may, by resolution, levy in addition to taxes authorized by other law:

(1) a sales tax of not more than three percent on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages ~~described in section 473.592~~ occurring in the when sold at licensed on-sale liquor establishments located within the downtown taxing area, provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from taxation under chapter 297A;

(2) a sales tax of not more than three percent on the gross receipts from the furnishing for consideration of lodging ~~described in section 473.592~~ for a period of less than 30 days at a hotel, motel, rooming house, tourist court, or trailer camp located within the city by a hotel or motel which has more than 50 rooms available for lodging; the tax imposed under this clause shall be at a rate that, when added to the sum of the rate of the sales tax imposed under Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any other taxes on lodging in the city of Minneapolis, equals 13 percent; and

(3) a sales tax of not more than three percent on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment

as defined by resolution of the city that occur within the downtown taxing area. The taxes authorized by this section must not be terminated before January 1, 2047. The taxes shall be imposed and may be adjusted periodically by the city council such that the rates imposed produce revenue sufficient, together with the tax imposed under section 4, to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4, subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes, section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay costs of collection and to pay or, secure, maintain, and fund the payment of any principal of, premium on, and interest on any bonds or any costs referred to other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter into appropriate agreements with the city to provide for the collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes. These taxes shall be subject to the same interest, penalties, and enforcement provisions as the taxes imposed under section 473.592 Minnesota Statutes, chapter 297A.

Sec. 4. **CHARTER LIMITATIONS, REQUIREMENTS NOT TO APPLY.**

Any amounts expended, indebtedness, or obligation incurred including, but not limited to, the issuance of bonds, or actions taken by the city under this act, are deemed not an expenditure or other use of city resources within the meaning of any law or charter provision. The city may exercise any of its powers under this act to spend, borrow, tax, or incur any form of indebtedness or other obligation for the improvement, including, but not limited to, acquisition, development, construction, or betterment of any public building, stadium, or other capital improvement project, without regard to any charter limitation, requirement, or provision, including any referendum requirement. Any tax exemption established under this act shall be deemed not an expenditure or other use of city resources within the meaning of any charter provision.

Sec. 5. **SEVERABILITY; SAVINGS.**

If any part of this article is found to be invalid because it is in conflict with a provision of the Minnesota Constitution or for any other reason, all other provisions of this article shall remain valid and any rights, remedies, and privileges that have been otherwise accrued by this article, shall remain in effect and may be proceeded with and concluded under the provisions of this article.

Sec. 6. **LOCAL SALES TAX REQUIREMENTS NOT TO APPLY.**

The taxes authorized under Laws 1986, chapter 396, sections 4 and 5, as amended, are exempt from the requirements of Minnesota Statutes, section 297A.99, subdivisions 2 and 3.

Sec. 7. **EFFECTIVE DATE; LOCAL APPROVAL.**

This article is effective the day after the governing body of the city of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Notwithstanding any law to the contrary, the city of Minneapolis and its chief clerical officer have 30 calendar days following final enactment of this act, to comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.