

CITY OF MARSHALL, MINNESOTA

RESOLUTION NO. 23-009

Resolution supporting the extension of the authority to impose a local sales tax to fund specific capital improvements providing regional benefit, to establish the duration of the tax and the revenue to be raised by the tax, and to authorize the city to issue bonds supported by the sales tax revenue.

WHEREAS, Minnesota Statutes, Section 297A.99 (the “Local Tax Act”), provides the City of Marshall, Minnesota (the “City”) with authority to impose a local sales tax if that tax is approved by the voters at the November 7, 2023 election and the State Legislature approves the local sales tax through the creation of a special law; and

WHEREAS, the Local Tax Act requires the City Council of the City (the “Council”) to adopt a resolution indicating its approval of the tax, outlining the details of the proposed local sales tax, and setting forth the regional significance of the proposed projects prior to submitting the request for a local sales tax to the State Legislature; and

WHEREAS, the Minnesota Legislature has by Minnesota Laws 2011, First Special Session, Chapter 7, Article 4, Section 14 (the “Special Legislation”), authorized the City to impose a one-half of one percent (0.50%) sales and use tax within the City (the “Local Sales Tax”) to provide revenues to pay for the cost of collecting and administering the taxes, certain costs related to the property acquisition, design, construction and other capital costs with respect to the new and existing facilities of the Minnesota Emergency Response and Industry Training Center and the new facilities of the Southwest Minnesota Regional Amateur Sports Center, plus the costs related to the issuance, and debt service on bonds or other obligations issued by the City to finance the capital costs of the such capital projects (collectively, the “Designated Projects”), subject to approval by voters at a general election held within two years of final enactment of the Special Legislation; and

WHEREAS, at the general election held November 6, 2012, the voters of the City approved the Local Sales Tax to pay for the cost of collecting and administering the taxes and to pay for certain costs related to the funding of the Designated Projects (the “Referendum”); and

WHEREAS, under the terms of the Special Law, the City issued its \$15,735,000, General Obligation Sales Tax Bonds, Series 2014B (the “Series 2014B Bonds”) pursuant to Minnesota Statutes, Section 475, as amended, to pay all or a portion of the costs of the Designated Projects; and

WHEREAS, the Series 2014B Bonds mature on February 1, 2028 and are subject to optional redemption on February 1, 2024; and

WHEREAS, the City continues to grow as a regional center for employment, retail trade, and recreation opportunities; and

WHEREAS, the City has engaged community residents and businesses and in order to facilitate strategic investment in the region and community, and proposes to request special legislation to extend the Local Sales Tax approved by the voters pursuant to the Referendum and by the Legislature pursuant to the Special Legislation in order to raise revenues to fund the following capital project (the “Project”):

1. Aquatic Center

Construction of a new municipal aquatic center that will provide a wide variety of activities for all ages, will be safe, and will add to the recreational opportunities in the City. The proposed aquatic center is proposed to include two pools and a splash pad (a large play area with fountains and other interactive water features but without any standing water), a bath house, and new concessions.

Projected Project Cost: \$18,370,000

WHEREAS, the Project will result in benefits to both the residents and businesses of the City of Marshall and to non-resident visitors and businesses; and

WHEREAS, funding the Project with a local sales tax will more closely distribute the cost of the Project to the users of the facilities; and

WHEREAS, the Project is estimated to cost approximately \$18,370,000 plus an amount equal to interest on and the costs of issuance of any bonds; and

WHEREAS, the City estimates that a local sales tax of one-half of one percent (0.50%) would generate \$37,500,000 over 20 years; and

WHEREAS, the City has provided documentation of the regional significance of each project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction, including but not limited to the materials attached hereto as Exhibit A; and

WHEREAS, the estimated local sales tax revenue and estimated time needed to raise that amount of revenue for each project and a proportional amount for the estimated interest on and the costs of issuing bonds to finance the Project is as follows:

1. Aquatic Center: The City will collect approximately \$37,500,000 over 20 years.

WHEREAS, the Local Tax Act authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature; and

WHEREAS, the Local Tax Act requires a political subdivision to wait one year after the expiration or termination of a local sales tax before imposing a new tax, but the Legislature has granted extensions of existing sales taxes without the required break; and

WHEREAS, the Local Tax Act requires the City to pass a resolution authorizing such a local tax and to obtain Legislative approval prior to approval by the local voters to enact the local tax.

THEREFORE, BE IT RESOLVED the following:

1. The Council supports the extension of the authority to impose a general local sales tax of *one-half of one percent (0.50%)* for a period of *20 years* to fund the aforementioned Project.
 - a. The extended sales tax collection for the Project will begin immediately following retirement of the Series 2014B Bonds, currently anticipated to occur in 2027.
 - b. Legislative authorization, along with approval by voters of the City at the November 7, 2023 election, will allow construction of the Project to begin in 2024.
 - c. Interest on bonds or other obligations to be issued by the City to finance the Project is anticipated to be financed by such bonds or paid with local funds until the extended sales tax collection begins.
2. Upon approval of this resolution, the City will submit the adopted resolution and documentation of regional significance to the chairs and ranking minority members of the House and Senate Taxes

committees for approval and passage of a special law authorizing the tax, by January 31 of the year that it is seeking the special law.

3. Upon Legislative approval and passage of the special law authorizing the tax, the City will adopt a resolution accepting the new law, which will be filed with a local approval certificate to the Office of the Secretary of State before the following Legislative session.
4. The City will put the detailed ballot question on the November 7, 2023 election ballot for local voter approval of the imposition of the sales tax within two years of receiving legislative authority.
5. If the ballot question passes, the City will also pass an ordinance imposing the tax and notify the commissioner of Revenue at least 90 days before the first day of the calendar quarter that the tax will be imposed.
6. Upon completion of the aforementioned requirements, the local sales tax will commence and run 20 years or until a sum sufficient to fund the voter approved project plus amounts sufficient to pay interest on and the costs of issuing any bonds, is raised, whichever comes first.
7. The Council further finds that it is in the best interest of the health, welfare, and safety of the City and its residents and it is necessary and expedient to the sound financial management of the affairs of the City that the acquisition and betterment of the Project, or any part thereof, be financed in whole or in part by the issuance and sale of the City's general obligation bonds pursuant to Minnesota Statutes, Chapter 475, as amended, in one or more series in an aggregate principal amount not to exceed \$18,370,000 plus an amount equal to interest and the costs of the issuance of any bonds. The City may accept an offer to purchase the Bonds, and the City may sell the Bonds, at a price that results in the receipt of original issue premium in any amount.

Approved by the City Council of the City of Marshall, Minnesota this 24th day of January 2023.

CITY OF MARSHALL, MINNESOTA

Robert J. Byrnes
Mayor

Attest:

Steven Anderson
City Clerk