

ORDINANCE NO. 2023-29

**AN ORDINANCE AMENDING CHAPTER 4 OF THE CITY CODE RELATED TO
A LOCAL SALES AND USE TAX**

The City Council for the City of Bloomington, Minnesota, ordains:

Section 1. That Chapter 4 of the City Code is hereby amended by adding those words that are underlined, to read as follows:

CHAPTER 4: TAXES

* * *

ARTICLE V: LOCAL OPTION SALES AND USE TAX

§ 4.70 AUTHORITY.

Pursuant to Session Laws 2023, Chapter 64, Article 10, Section 27, the Minnesota Legislature has authorized the City of Bloomington to impose, collect, and administer a local sales and use tax to pay for Designated Projects in the City, including associated bonding costs to finance all or part of the Designated Projects. The voters of the City of Bloomington approved the imposition of the local sales and use tax at the general election on November 7, 2023.

§ 4.71 DEFINITIONS.

For purposes of this article, the following definitions apply unless the context clearly indicates or requires a different meaning.

CITY. The City of Bloomington, Minnesota.

COMMISSIONER. The Commissioner of Revenue of the State of Minnesota or a person to whom the Commissioner has delegated functions.

DESIGNATED PROJECTS.

- (1) \$35,000,000 plus associated bonding costs for new construction and rehabilitation of the Bloomington Ice Garden and associated infrastructure; and
- (2) \$100,000,000 plus associated bonding costs for construction of a new Community Health and Wellness Center and associated infrastructure; and
- (3) \$20,000,000 plus associated bonding costs for new construction and restoration of the Nine Mile Creek Corridor Renewal and associated infrastructure.

STATE SALES AND USE TAX LAWS AND RULES. Those provisions of the state revenue laws applicable to state sales and use tax imposition, administration, collection, and enforcement, including Minn. Stat. § 297A.99, Chapters 270C, 289A, 297A, and Minn. Rules, Part 8130.

§ 4.72 LOCAL SALES AND USE TAX IMPOSED.

A local sales tax is imposed in the amount of one-half of one percent (0.5%) on the gross receipts from sales at retail sourced within city limits which are taxable under the state sales and use tax

laws and rules. A local use tax is imposed in the amount of one-half of one percent (0.5%) on the storage, use, distribution or consumption of goods or services sourced within city limits which are taxable under the state sales and use tax laws and rules. All of the provisions of the state sales and use tax laws and rules apply to the local sales and use tax imposed by this article. The local sales and use tax imposed by this article shall be collected and remitted to the commissioner on any sale or purchase when the state sales tax must be collected and remitted to the commissioner under the state sales and use tax laws and rules and is in addition to the state sales and use tax.

§ 4.73 EFFECTIVE DATE OF TAX; TRANSITIONAL SALES.

Except as otherwise provided herein, the local sales and use tax imposed by this section shall apply to sales and purchases made on or after April 1, 2024, and shall be in addition to all other taxes now in effect. The sales and use tax is governed by Minn. Stat. Chapter 297A regarding sales that occur during the transition.

§ 4.74 EXEMPTION CERTIFICATES.

A fully completed exemption certificate taken from a purchaser to the effect that the property purchased is for resale or that the sale is otherwise exempt from the application of the tax imposed by this article will conclusively relieve the retailer from collecting and remitting the tax to the extent the seller is also relieved of liability for the sales and use tax under Minn. Stat. § 297A.665. A person who has obtained from the commissioner an exemption certificate pursuant to the Minn. Stat. § 297A.72 may use such exemption certificate for the purposes of the sales tax imposed by the City.

§ 4.75 TAX CLEARANCE; ISSUANCE OF LICENSES.

- (a) Pursuant to Minn. Stat. § 270C.72, the City may not issue or renew a license for the conduct of a trade or business within the City if the Commissioner notified the City Clerk of the City that the applicant owes delinquent City taxes as provided in this article, or penalties or interest due on such taxes.
 - (1) City taxes include sales and use taxes provided in this article. Penalties and interest are penalties and interest due on taxes included in this definition.
- (b) Delinquent taxes does not include a tax liability if: (i) an administrative or court action which contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the applicant has entered into a payment agreement and is current with the payments.
- (c) Applicant means an individual if the license is issued to or in the name of an individual or the corporation or partnership if the license is issued to or in the name of a corporation or partnership.
 - (1) A copy of the notice of delinquent taxes given to the City Clerk of the City shall also be sent to the applicant taxpayer. In the case of renewal of a license, if the applicant requests in writing, within 30 days of receipt of the notice of hearing, then, a contested hearing shall be held under the same procedures as provided in Minn. Stat.

§ 270A for the state sales and use tax imposed under Minn. Stat. § 297A; provided further that if a hearing must be held on the state sales and use tax, hearings must be combined.

§ 4.76 DEPOSIT OF REVENUES; COSTS OF ADMINISTRATION; TERMINATION OF TAX.

- (a) All of the revenues, interest, and penalties derived from the local sales and use tax imposed by this article collected by the commissioner and remitted to the City shall be deposited by the director of finance in the City treasury and shall be credited to the fund established to pay the costs of collecting the local sales and use tax imposed by this article and to finance the capital and administrative costs directly related to completing the Designated Projects.
- (b) The local sales and use tax imposed by this article shall terminate at the earlier of (1) 20 years after the tax is first imposed, or (2) when the City Council determines that the amount received from the tax is sufficient to pay for the costs of the Designated Projects as required under Minn. Stat. § 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized pursuant to City Code § 4.77 and Minn. Stat. Chapter 475, including interest on the bonds. Except as otherwise provided in Minn. Stat. § 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minn. Stat. § 297A.99, subdivision 12, must be placed in the general fund of the City. The tax imposed by this article may expire at an earlier time if the City so determines by ordinance.

§ 4.77 BONDING AUTHORITY.

The City may issue bonds under Minn. Stat. Chapter 475, to finance all or a portion of the costs of the Designated Projects. The aggregate principal amount of bonds may not exceed: (1) \$35,000,000 for new construction and rehabilitation of the Bloomington Ice Garden and associated infrastructure, plus an amount to be applied to the payment of the costs of issuing the bonds; and (2) \$100,000,000 for construction of a new Community Health and Wellness Center and associated infrastructure, plus an amount to be applied to the payment of the costs of issuing the bonds; and (3) \$20,000,000 for new construction and restoration of the Nine Mile Creek Corridor Renewal and associated infrastructure, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the City, including the sales and use tax issued by this ordinance. The issuance of bonds is not subject to Minn. Stat. §§ 275.60 and 275.61. The bonds are not included in computing any debt limitation applicable to the City, and any levy of taxes under Minn. Stat. § 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minn. Stat. § 475.58 is not required.

§ 4.78 AGREEMENT WITH THE COMMISSIONER.

The City may enter into an agreement with the commissioner regarding each party's respective roles and responsibilities related to the imposition, administration, collection, enforcement, and termination of the local sales and use tax imposed by this article. Any such agreement shall not

abrogate, alter, or otherwise conflict with the state sales and use tax laws and rules, this article, or Session Laws 2023, Chapter 64, Article 10, Section 27.

Section 2. Effective Date. This Ordinance shall be effective April 1, 2024.

Passed and adopted this 4th day of December 2023.

/s/ Tim Busse
Mayor

ATTEST:

/s/ Matt Brillhart
Secretary to the Council

APPROVED:

/s/ Melissa J. Manderschied
City Attorney