

PARK FINANCE FEASIBILITY STUDY | APRIL 2017

SAINT PAUL, MINNESOTA





CITY OF SAINT PAUL
Mayor Christopher B. Coleman

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December 14, 2016

Mr. Will Abberger
Director of Conservation Finance
The Trust for Public Land
306 N. Monroe Street
Tallahassee, FL 32301

Dear Mr. Abberger,


By this letter, The City of Saint Paul officially requests technical advice and assistance from your organization in connection with our efforts to develop a program to finance land conservation and recreation and a potential related ballot measure. As part of your advice and assistance, I understand you may conduct public opinion research, study local laws and recent elections, and evaluate the feasibility of acquisition, in fee or through conservation easements, of key properties.

We are interested not only in the factual information that you can provide to us, but also your organization's opinions and recommendations on public funding measures available to us and strategies to enact such measures. That would include understanding the public's priorities and attitudes regarding land conservation and other issues currently facing the City of Saint Paul and how the public would respond to different methods of presenting those issues. Although your submissions will be directed to the Department Parks and Recreation's attention, I understand that your responses to this request will be for the general use of the City of Saint Paul.

This request will continue in effect for any advice you offer or presentations you submit related to such matters. In addition, we would like to take this opportunity to request that you continue to be available to provide technical advice and assistance in this area and on related matters in the future.

Thank you for your organization's contributions to the work of the City of Saint Paul.

Sincerely,


Chris Coleman
Mayor

AA-ADA-EEO Employer

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INTRODUCTION

The Trust for Public Land (TPL) works to protect the places people care about and to create close-to-home parks and trails—particularly in and near cities, where 80 percent of Americans live. Our goal is to ensure that every child has easy access to a safe place to play in nature. We also conserve working farms, ranches, and forests; lands of historical and cultural importance; rivers, streams, coasts, and watersheds; and other special places where people can experience nature close at hand. Since 1972, TPL has protected more than three million acres and completed more than 5,200 park and conservation projects. In Minnesota, TPL has helped protect more than 96,000 acres – ranging from close to home park projects to the North Woods. In 2015, TPL worked with the City of Saint Paul and local partners to open Frogtown Park and Farm, one of the largest urban farms in the country.¹

To help public agencies acquire land, build and improve parks, and fund park maintenance, The Trust for Public Land assists communities in identifying and securing public financing. TPL’s conservation finance program offers technical assistance to elected officials, public agencies and community groups to design, pass and implement public funding measures that reflect popular priorities. Since 1996, TPL has been involved in more than 500 successful ballot measures and twenty successful legislative campaigns that have created more than \$68 billion in new funding for parks, restoration, and land conservation across the nation. Voters have approved 81 percent of the ballot measures assisted by TPL. In Minnesota, TPL worked with the Minneapolis Park and Recreation Board in 2016 to provide technical assistance that helped lead to a historic agreement with the Minneapolis City Council and Mayor to provide a dedicated funding stream for neighborhood parks in the amount of \$220 million over twenty years. This agreement was an alternative to a potential ballot measure to decide on the funding. Since 1997, TPL has been involved in nine ballot measures creating over \$5.8 billion for land conservation in Minnesota, including the Clean Water, Land, and Heritage state constitutional amendment in 2008.

The City of Saint Paul asked TPL to explore funding options available to support park needs in the City of Saint Paul. Given the substantial investment of time and resources required for a successful park finance initiative, preliminary research is essential to determine the feasibility of such an effort. The study presents several viable local public options for funding parks and recreation in the city and provides analysis of which local options and funding levels are feasible, economically prudent, and likely to be publicly acceptable. This research provides a stand-alone, fact-based reference document that can be used to evaluate financing mechanisms from an objective vantage point.²

¹ “Frogtown Park and Farm Opens in Saint Paul.” The Trust for Public Land. October 3, 2015. Accessed January 23, 2017. <https://www.tpl.org/media-room/frogtown-park-and-farm-opens-saint-paul>

² This report is based on the best information publicly available at the time of drafting. January – April 2017

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EXECUTIVE SUMMARY

The Trust for Public Land undertook a feasibility analysis to explore the public funding options available to support parks and recreation purposes in the City of Saint Paul. In order to understand what would be an appropriate funding source or sources, this report first provides a brief overview of existing park and recreation programs, governance and funding as well as some background about the city. Next, the report analyzes possible alternatives for funding parks, including the authority for their use and revenue raising capacity. Finally, since a variety of revenue options may require approval by voters, this report provides pertinent election information, such as voter turnout history and election results for local finance measures.

In Minnesota, local governments have utilized several different public finance options to support parks and recreation improvements and maintenance. The primary revenue options include the sales tax, general obligation bonds, and property taxes. This study focuses on three options that present opportunities for financing in the City of Saint Paul, which are presented below.

- Sales Tax: The city could increase its sales tax rate. A half-cent increase would generate approximately \$18 million annually in new revenue. Historically, the use of local sales tax revenue is restricted to capital improvements. The primary avenue to raise the rate is described below.
 - Amend Existing Authority: The city could seek to amend its existing sales tax to increase the rate and modify the allowed uses. This option would require state legislative action. The Minnesota Legislature would have to enact special legislation to change the city's sales tax authorization. Local support is required. Local support historically comes in the form of voter approval, although local ordinance, including an option for reverse referendum, may also be an acceptable form of local support.
- General Obligation Bonds: The city could issue general obligation bonds. A \$60 million bond would add approximately \$4.4 million to the city's annual debt service and would cost the median homeowner in Saint Paul approximately \$32 per year over the life of the bond. Use of bond proceeds is limited to capital projects and bond proceeds may not be used for operations and maintenance. The city must seek voter approval and receive support from the majority of votes cast on the measure.
- Property Tax: The city could increase its property tax levy. A four percent increase over the current levy would generate approximately \$4.6 million per year and would cost the median homeowner about \$33 per year. The City Council could raise the levy through the standard budget process or seek voter approval. Revenue could be used for capital projects as well as operations and maintenance.

This study also briefly explores the use of revenue bonds, food and beverage taxes, soda taxes, and hotel/motel taxes for parks, trails, and recreation purposes.

As these funding options will either require or likely require voter approval, the next steps for the City of Saint Paul should include narrowing funding options to those that match the needs identified in the city's planning processes and testing voter attitudes toward a specific set of funding proposals. The Trust for Public Land recommends conducting a public opinion survey of Saint Paul voters that tests ballot language, tax tolerance, and program priorities of voters in throughout the city.

This feasibility study is not a legal document and should not be relied upon for legal purposes.

CITY OVERVIEW AND GOVERNMENT

Saint Paul is the state capital and Minnesota’s second largest city. The 2015 city population was 300,353.³ The city covers 56 square miles and is situated entirely in Ramsey County.

The City of Saint Paul uses a “strong mayor” and city council system of government. This model is rare in Minnesota and is in use in only Saint Paul, Duluth, and Saint Cloud.⁴ The city council is the primary legislative body and the mayor is the chief executive responsible for all agencies and departments. The mayor is elected by the voters of the city at-large for a four year term and is not a voting member of the city council.⁵ The city is divided into seven wards. Voters in each ward elect a member of the city council. The mayor may veto council actions and the council may override a veto with a vote of five members.⁶

City Council	
Ward	Name
Ward 1	Dai Thao
Ward 2	Rebecca Noecker
Ward 3	Chris Tolbert
Ward 4	Russ Stark (Council President)
Ward 5	Amy Brendmoen
Ward 6	Dan Bostrom
Ward 7	Jane L. Prince

Chris Coleman is the current mayor. In December 2016, Mayor Coleman, a three-term incumbent, announced he will not seek re-election. Saint Paul voters will choose their next mayor at the November 2017 municipal election.⁷

As the legislative body, the city council is responsible for setting city policy through ordinances and resolutions. The council also has sole responsibility for adopting the city’s budget. The council legislates by passing ordinances, which become city laws. The council also makes performance auditing decisions and monitors the operation and performance of city agencies and holds regular oversight hearings on city departments to determine how programs are working and whether budgeted funds are being spent well.⁸ Councilmembers are elected to a four-year term. The current term runs through the end of 2019.⁹

In Minnesota, home rule charter cities operate under the city charter as well as state law. A charter is like a local constitution – it gives the charter citywide discretion in its municipal affairs. A charter may provide any power to the city government as long as it is not in conflict with state or federal laws. A charter may also restrict powers of a city.¹⁰ Saint Paul is a charter city.

Saint Paul is also one of four cities classified as a first class city – a division based on population for legislative purposes. Other first class cities, which must currently or previously have a population of greater than 100,000, are Minneapolis, Rochester, and Duluth.^{11 12}

³ 2015 Comprehensive Annual Financial Report page 235.

⁴ “Handbook for Minnesota Cities – Chapter 1 – Local Government in Minnesota.” League of Minnesota Cities. Accessed January 23, 2017.

⁵ Home Ruler Charter Sec. 3.01.2

⁶ Largely excerpted from 2015 Comprehensive Annual Financial Report. Page vi.

⁷ Van Berkel, Jessie. “St. Paul Mayor Chris Coleman will not run for re-election.” *Star Tribune*. December 2, 2016. Accessed January 23, 2017. <http://www.startribune.com/st-paul-mayor-chris-coleman-to-make-announcement-about-his-political-future/404027606/>

⁸ Largely excerpted from <https://www.stpaul.gov/departments/city-council>

⁹ <https://www.stpaul.gov/departments/city-council>

¹⁰ Stangl, Alexis. “Structures of Counties, Cities, and Towns.” Senate Counsel, Research, and Fiscal Analysis – State of Minnesota. January 2017. Accessed January 23, 2017. http://www.senate.leg.state.mn.us/departments/scr/treatise/Structures_of_Counties_Cities_Towns.pdf

¹¹ “Information Brief- Classification of Cities.” Research Department – Minnesota House of Representatives. October 2016. Accessed January 23, 2017. <http://www.house.leg.state.mn.us/hrd/pubs/cityclass.pdf>

Parks and Recreation

The mission of the Saint Paul Parks and Recreation department is to “help make Saint Paul the most livable city in America, Saint Paul Parks and Recreation will facilitate the creation of active lifestyles, vibrant places, and a vital environment.”

Between 2006 and 2015, the number of city parks increased by 10. As of 2015, there are 179 parks in Saint Paul totaling 4,395 acres. The city operates 26 recreation centers and four golf courses. Parks and recreation is also responsible for the municipal stadium and an accredited zoo/conservatory.¹³ The department has over 100 miles of paved, off-street trails. Recreation centers serve 2.5 million visitors each year. The department hosts more than 14 million visitors annually at parks and facilities.

In 2013, the city released its River Passage Master Plan, a document that details ways the city can improve access to its riverfront parks and 17 miles of Mississippi River waterfront over the next 30 to 50 years.¹⁴

In 2015, the department opened the CHS Field stadium, a minor league baseball stadium that is the home of the St. Paul Saints and hosts youth and amateur baseball teams. The approximately 7,000-seat stadium is owned by the City of Saint Paul and operated by the St. Paul Saints.¹⁵ The ballpark was funded with \$13.3 million in private contributions and \$51.4 million in public money.¹⁶

In its 2016 ParkScore ranking, The Trust for Public Land ranked Saint Paul as the second best city park system in the nation. In 2015, Saint Paul tied for first place.

Asset Management and Deferred Maintenance

As is the case with parks, trails, and recreation facilities in many major American cities, city parks and recreation centers in Saint Paul are reaching a point in their life spans where significant capital maintenance and improvements are needed to keep park assets in good working order.

In 2016, the city hired a consultant to conduct a facilities condition assessment and identify the need for maintenance and capital improvements to park and recreation facilities. The assessment will provide a recommendation on what level of funding is needed annually to maintain facility levels. It will also provide information on future asset liabilities and on deferred maintenance costs for each building. The city previously identified significant maintenance and operation gaps at parks and recreational facilities throughout the city. Budget issues in previous years led the city to fall behind on maintaining parks infrastructure.^{17,18}

¹² Although Duluth has a population of less than 100,000, Duluth remains a first-class city until its population decreases to below approximately 75,000

¹³ 2015 Comprehensive Annual Financial Report page 253.

¹⁴ Kimball, Joe. “Great River Passage plan will guide St. Paul’s Mississippi River vision for decades.” *Minn Post*. April 16, 2013. Accessed January 23, 2017. <https://www.minnpost.com/two-cities/2013/04/great-river-passage-plan-will-guide-st-pauls-mississippi-river-vision-decades>

¹⁵ “Saint Paul Parks and Recreation 2015 Annual Report.” Accessed January 23, 2017

<http://stpaul.maps.arcgis.com/apps/MapJournal/index.html?appid=d58babb44104656acb26fa865edb3c8>

¹⁶ 2015 Comprehensive Annual Financial Report Page viii.

¹⁷ <http://m.startribune.com/rundown-st-paul-parks-need-repairs-and-it-s-looking-expensive/409411675/>

¹⁸ <http://www.twincities.com/2016/12/22/as-minneapolis-mandates-millions-more-for-parks-st-paul-studies-its-own-gap/>

Parkland Dedication Ordinance

The City of Saint Paul enacted a revised parkland dedication ordinance in October 2015. Under the revised ordinance, any development that increases the number of residential dwelling units, increases the floor area of commercial, industrial, or storage buildings, or any combination thereof, will be required to dedicate land for park space as determined by the city council or pay a fee in lieu of dedicating land.¹⁹ Prior to this revision, the dedication was based on the number of parking spaces associated with a particular development project. The new law requires dedication or fees at the time when building permits are approved, rather than when subdivisions are platted.²⁰ In 2015, the city planning director estimated that this change would increase the amount of parkland dedication fees the city collects.²¹ Between when the initial fee was first imposed in 2007 and 2015, the fee has generated hundreds of thousands of dollars for the city.²²

FISCAL HEALTH AND BUDGET

Budget

In December 2016, the city council approved its 2017 budget. The fiscal year is the calendar year.²³ In 2017, the overall combined operating levy is \$113.9 million and the total spending budget is \$563 million. This includes the library and port authority. The tables on the following page provides a detailed breakdown of the city’s revenue sources and budget

The budget contained a 7.9 percent levy increase. The city council originally called for an 8.6 percent increase, which Mayor Coleman vetoed in favor of a

2017 Capital Budget		
Revenue Source	Amount	% of Total
Local General Obligation Bonds	\$ 41,972,000	68.3%
Other Local Financing Sources	\$ 7,063,000	11.5%
State Grants and Aids	\$ 8,400,000	13.7%
Federal Grants and Aids	\$ 4,000,000	6.5%
Total	\$ 61,435,000	100.0%

Source: 2017 Adopted Budget, CIB Book.

2017 Adopted Budget		
Revenue Source	Net Total Amount	% of Total
Use of or Contribution to Fund Balance	\$ 11,724,197	2.1%
Taxes	\$ 133,911,362	23.8%
Assessments	\$ 49,026,717	8.7%
Fees, Sales and Services	\$ 187,161,514	33.3%
Franchise Fees	\$ 25,466,879	4.5%
Fines and Forfeitures	\$ 958,365	0.2%
Intergovernmental Revenue	\$ 103,108,240	18.3%
Debt Financing	\$ 12,718,088	2.3%
Interest	\$ 4,196,822	0.7%
Licenses and Permits	\$ 14,105,127	2.5%
Transfers and Other Financing	\$ 19,553,418	3.5%
Total	\$ 561,930,728	100.0%

Source: City of Saint Paul 2017 Adopted Budget

Spending By Department - 2017 Adopted Budget		
Department	Net Total all Budgets	% of Total
Attorney	\$ 9,701,915	1.7%
Council	\$ 3,436,050	0.6%
Debt Service	\$ 48,982,320	8.7%
Emergency Management	\$ 2,032,662	0.4%
Financial Services	\$ 14,234,782	2.5%
Fire and Safety Services	\$ 68,531,997	12.2%
General Government Accounts	\$ 13,956,505	2.5%
STP-RC Health	\$ 3,010,400	0.5%
HREEO	\$ 4,737,354	0.8%
Human Resources	\$ 9,378,297	1.7%
Libraries	\$ 19,060,679	3.4%
Mayor's Office	\$ 2,495,178	0.4%
Parks and Recreation	\$ 57,806,713	10.3%
Planning and Economic Development	\$ 27,986,228	5.0%
Police	\$ 107,177,083	19.0%
Public Works	\$ 139,324,441	24.7%
Safety and Inspection	\$ 19,703,525	3.5%
Technology	\$ 11,758,277	2.1%
Total	\$ 563,314,406	100.0%

Source: City of Saint Paul 2017 Adopted Budget. Net Total represents sum of general funds and special funds, minus transfers and subsequent year debt.

¹⁹ Excerpted from FY2015 Comprehensive Annual Financial Report.

²⁰ Melo, Frederick. "St. Paul: Developers' contributions to parks debated." St. Paul Pioneer Press. October 25, 2015. Accessed January 23, 2017. <http://www.twincities.com/2015/07/14/st-paul-developers-contributions-to-parks-debated/>

²¹ Largely excerpted from 2016 CAFR.

²² Email communication from Matt Kramer, Saint Paul Area Chamber of Commerce, to City Council President Russ Stark. July 14, 2015. Accessed via Google Search April 10, 2017.

²³ Home Rule Charter Sec. 10.1

6.9 percent increase.²⁴ Eighty-two percent of all general fund spending is for personnel costs.²⁵ The 2017 proposed budget includes \$30.2 million in the general fund and \$31.4 million in the special fund for the Parks and Recreation Department. Approximately \$32 million of the budget may be frozen due to the ongoing right of way assessment issue, discussed below.

The city also expected to receive approximately \$3 million in state legislative aid. However, the city did not receive that funding when a state tax bill was never signed into law in 2016.²⁶

The city holds a AAA bond rating from Standard & Poor’s and Fitch Ratings.

Right of Way Fees

In August 2016, the Minnesota Supreme Court ruled that “right-of-way assessments,” a key source of revenue for the city, should be considered taxes and not fees. The city charges right of way maintenance assessments on properties by calculating a property classification rate by the amount the property touches a city street or alley. Charges are intended to cover routine street services such as for the maintenance of streets, alleys, sidewalks, lighting, and trees within the city right-of-way.^{27 28} Approximately one third of the city’s property value is exempt from property taxes. The city collects about \$30 million a year in annual right-of-way assessments and a total property tax bill of roughly \$100 million.²⁹ While the decision does not ban the city from collecting fees or decide that the city does not have authority to charge these assessments, it does call into question whether the current structure of assessments is legal. This creates some uncertainty in the budget as existing assessments may be put on hold; money collected may not be spent, and will likely force the city to redesign the program.³⁰ A working group of city staff is meeting to discuss this issue and its impact on the budget – the working group is projected to continue through March.³¹

Economy

The 2015 annual average unemployment for the city was 3.7 percent, slightly above the state unemployment

City of Saint Paul Principal Employers - 2015		
Employer Name	Number of Employees	Percentage of Total City Employment
University of Minnesota	18,000	10.17%
State of Minnesota	15,427	8.72%
3M Company	10,500	5.93%
Health East	7,500	4.24%
Saint Paul Public Schools	6,100	3.45%
Ramsey County	4,390	2.48%
Regions Hospital	3,740	2.11%
United Hospital	3,400	1.92%
City of Saint Paul	2,893	1.64%
Ecolab	2,500	1.41%
Total	74,500	42.07%

Source: 2015 CAFR Page 250

²⁴ Callaghan, Peter. “St. Paul council approves budget; city’s tax levy to increase 7.9 percent.” MinnPost. December 15, 2016. Accessed February 17, 2017. <https://www.minnpost.com/politics-policy/2016/12/st-paul-council-approves-budget-citys-tax-levy-increase-79-percent>

²⁵ 2017 Proposed Budget page 21.

²⁶ Melo, Frederick. “St. Paul City Council Oks \$251M budget for next year, but with caveat.” Pioneer Press. December 14, 2016. Accessed March 2, 2017. <http://www.twincities.com/2016/12/14/st-paul-city-council-oks-251m-budget-for-next-year-but-with-caveat/>

²⁷ Melo, Frederick. “St. Paul right-of-way fees are taxes, Minnesota Supreme Court rules.” Pioneer Press. August 24, 2016. Accessed March 2, 2017. <http://www.twincities.com/2016/08/24/st-paul-minnesota-right-of-way-taxes-supreme-court-rules-assessments/>

²⁸ “ROW Maintenance Assessment.” City of Saint Paul. Accessed March 2, 2017. <https://www.stpaul.gov/departments/financial-services/assessments/row-maintenance-assessment>.

²⁹ Nelson, Tim. “MN Supreme Court: St. Paul ‘assessments’ are really taxes.” MPR News. August 24, 2016. Accessed January 23, 2017. <http://www.mprnews.org/story/2016/08/24/stpaul-assessments-count-as-taxes-mn-supreme-court>

³⁰ <http://www.lmc.org/page/1/ROWcase.jsp>

³¹ Melo, Frederick. “St. Paul City Council to vote on uncertain budget.” *St. Paul Pioneer Press*. December 14, 2016. Accessed January 23, 2017. <http://www.twincities.com/2016/12/14/st-paul-city-council-to-vote-on-uncertain-budget/>

rate of 3.6 percent and below the national average of 5.3 percent.

Saint Paul has a balanced, diversified employment base with no single industry sector dominating.

Employment is not overly reliant on slowing and cyclical sectors, like manufacturing, but is centered with stable and growing employment

sectors. Saint Paul’s largest employment sector is education and health services. Other large sectors include public administration, professional and business services, and trade, transportation, and utilities. For 2015, Saint Paul employers paid an average of \$55,692 annually compared to the 2014 average of \$55,523, which represents an increase of 0.3 percent. The average wage in the metro area increased by 3.1 percent (\$62,383 vs. \$60,502) and by 2.7 percent statewide (\$52,780 vs. \$51,389) during the same period.³² The median household income rose slightly to \$48,855 in 2014. Poverty rates in the city continue to increase. Communities of color are experiencing poverty at a greater rate than populations that identify as white.

Principal Industries		
Sector	Number of Employees	Percentage of Total City Employment
Education and Health Services	60,176	33.7%
Public Administration	23,040	12.9%
Professional and Business Services	20,687	11.6%
Trade, Transportation, Utilities	19,243	10.8%
Source: Minnesota Department of Employment and Economic Development.		

Saint Paul is expected to add more than 40,000 jobs by 2040 – a 20 percent growth. The total city population is projected to grow by 13 percent by 2040 – from approximately 300,000 to 340,000. Total employee count in the city is currently estimated at nearly 180,000.³³ The number of jobs in the city continues to increase over previous years. Nearly 39 percent of the city’s population holds a bachelor’s degree or higher.³⁴ The percentage of residents with a college or graduate degree continues to grow moderately, while the percentage of residents who have obtained a high school diploma declines moderately.

Building and development activity in the city remains strong. More than \$560 million in permits were issued during 2015. This is the highest dollar amount in the past seven years, surpassing the previous record set in 2014. The total number of permits per year has decreased slightly since 2013. However, 50 building permits worth more than \$1 million were issued in 2015, more than double last year’s total of 18 permits.

While the number of building permits for single-family homes has remained steady in the past few years, the combined value of those permits is steadily increasing year over year. Yearly foreclosures have decreased by nearly 80 percent since 2008. The number of vacant buildings and total building demolitions show similar downward trends.³⁵

Great Recession

Like many governmental bodies, Saint Paul faced budgetary and fiscal challenges in recent years due to the difficult economy.

³² Largely excerpted from 2015 Comprehensive Annual Financial Report page 25.

³³ 2015 CAFR page vii.

³⁴ 2015 CAFR page vii.

³⁵ Portions of this section are excerpted or reference figures from the City of Saint Paul Market Watch Report – Spring 2016. Accessed April 10, 2017.

The unemployment rate in the Minneapolis – Saint Paul – Bloomington MSA grew from a low of 3.9 percent in December 2007 to a high of 8.2 percent in June 2009. The unemployment rate steadily decreased to a low of 3.6 percent in December 2016.³⁶ Unemployment in the city of Saint Paul grew from 4.4 percent in December 2007 to 8.8 percent in 2009. The rate steadily decreased to a low of 3.5 percent in December 2016.³⁷

Per capita personal income in the MSA decreased from \$47,410 to \$44,412 between 2008 and 2009, but rose to \$55,148 by the end of 2015.³⁸

Additional demographic and economic statistics are included in Appendix A.

CHOOSING A LOCAL FUNDING STRATEGY

Generally, there are three types of broad-based revenue sources available to local governments to pay for parks and recreation purposes: discretionary annual spending (i.e. budget appropriation), creation of dedicated funding streams such as voter-approved special taxes, and the issuance of bonds. The financing options utilized by a community will depend on a variety of factors such as taxing capacity, budgetary resources, voter preferences, and political will. While most local governments can create funding for parks and recreation through their budgetary process, this either happens infrequently or does not yield adequate funding.

In TPL’s experience, local governments that create funding via the budget process provide substantially less funding than those that create funding through ballot measures. As elected officials go through the process of making critical budgetary decisions, funding for parks and land conservation often lags behind other public purposes and well behind what voters would support. It is often quite difficult to raise taxes without an indisputable public mandate for the intended purpose.

The power of park and conservation finance ballot measures is they provide a tangible means to implement a local government’s vision. With their own funding, local governments are better positioned to secure scarce funding from state or federal governments or private philanthropic partners. Having a predictable funding source empowers the city, county, or special district to establish long-term conservation and recreation priorities that protect the most valuable resources, are geographically distributed, and otherwise meet important community goals and values.

Nationwide, a range of public financing options has been utilized by local jurisdictions to fund parks and open space, including general obligation bonds, the local sales tax, and the property tax. Less frequently used mechanisms have included special assessment districts, real estate transfer taxes, impact fees, and income taxes. The ability of local governments such as Saint Paul to establish dedicated funding sources depends upon state enabling authority and a local charter.

³⁶ U.S. Bureau of Labor Statistics, Unemployment Rate in Minneapolis-St. Paul-Bloomington, MN-WI (MSA) [MINN427URN], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MINN427URN>, February 16, 2017.

³⁷ Data from U.S. Bureau of Labor Statistics. Last updated Feb 2, 2017. Accessed via Google Public Data.

³⁸ U.S. Bureau of Economic Analysis, Per Capita Personal Income in Minneapolis-St. Paul-Bloomington, MN-WI (MSA) [MINN427PCPI], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MINN427PCPI>, February 16, 2017.

Park and conservation finance measures are not right for every local government or they might not be the best approach at the time. Budget appropriations and other revenue mechanisms, such as developer incentives, that can be implemented by the local government may provide short-term funding options while parks and conservation proponents develop a strategy and cultivate broad support for longer-term financing options.

The State of Minnesota authorizes local communities to use various revenue sources for open space, parks, and recreation purposes. These include including general obligation bonds, property taxes, and local sales and use taxes. These funding mechanisms often require approval by the electorate and have enjoyed widespread support in communities throughout the state.

POTENTIAL FUNDING MECHANISMS

Parks and Conservation Finance Ballot Measures in Minnesota

Local governments in Minnesota enjoy a high rate of success for park and conservation ballot measures. Voters approved 79 percent of local land conservation finance – ballot measures that provide funding for land conservation - measures (23 of 29) on the ballot in Minnesota between 1990 and 2016. The passage rate for local land conservation ballot measures in Minnesota is higher than the national passage rate of 75 percent for such ballot measures. Appendix B contains a chart summarizing public questions for open space approved by voters for local jurisdictions in Minnesota.

Minnesota voters also consistently approve local ballot measures that dedicate funding to support and improve parks and recreation facilities. Voters approved 75 percent of local ballot measures (24 of 32) that contained funding for parks, trails, and recreation facilities between 2008 and 2016. Appendix C contains a chart summarizing public questions that contain funding for parks.

The most common dedicated funding mechanism for parks and conservation purposes are general obligation bonds, which are often backed by a corresponding levy increase, and a dedicated property tax. Few jurisdictions vote for direct levy increases. Only one Minnesota community has voted on a property tax levy increase to finance parks or conservation in recent years.

Communities also turn to the local sales tax to finance park improvements and land conservation, often by combining these with other public purposes.^{39 40}

SALES TAX

State Sales Tax in Minnesota

The general state sales tax is 6.875 percent. In 2008, Minnesota voters approved an additional levy of three-eighths of one percent (0.375) in the state sales and use tax to provide revenue to protect natural resources of the state, create parks and trails, and to preserve arts and cultural heritage.

Local Sales Tax in Minnesota

³⁹ The Trust for Public Land. Land Vote database, www.landvote.org

⁴⁰ The Trust for Public Land. Park Vote database.

Combined state and local sales tax rates in Minnesota range from 6.875 percent to 8.375 percent. The combined state and local sales tax rate in Saint Paul is 7.625 percent.

Minnesota cities lack the independent authority to impose new taxes on sales. State statutes generally prohibit political subdivisions of the state from imposing or increasing a local sales or income tax.⁴¹

The Minnesota Constitution, however, allows the legislature to enact special laws relating to local government units, provided that the local unit approves the law.⁴² A majority of the legislature must approve each special law. The legislature will indicate whether, and how, local approval may be expressed through the voters or the governing body. The legislature may also indicate the majority required for approval. It is under this constitutional authority that special sales tax legislation is passed.

While state statutes describe the local sales tax in detail and provide instruction regarding the enactment and administration of the local sales tax, these statutes do not explicitly allow local governments to impose a tax. The authority to authorize and subsequently for a city to impose a local sales tax is derived from the legislature’s constitutional authority to enact special law.⁴³

Generally, these statutes indicate that the tax must be for a specified use and that legislative action, followed by local approval, is required to implement a sales tax. These statutes describe enactment procedures that apply only to a new tax. These statutes do not describe the procedure for amending an existing sales tax, such as the one currently imposed in Saint Paul. A special law granting enabling authority to impose a local sales tax may be amended, just like any other state law. Common purposes of amending a special sales tax law are to give a city authority to extend their tax, modify the allowed uses, or increase their rate. This authority varies by the individual enabling legislation. Special legislation could also override the typical voter approval requirement.

State lawmakers historically resist allowing cities the option to impose a local sales tax, unless it goes to funding designated capital projects.⁴⁴ A 2004 Minnesota Department of Revenue report, the most recent major piece of research on the topic by the Department, stated “state policymakers have been reluctant to provide broad authority for local-option sales taxes or other local revenue sources out of concern over the uneven distribution of revenues across communities. Other policy concerns about administrative and compliance costs, accountability, inter-jurisdictional

Combined State and Local Sales Tax Rates	
(Selected Cities)	
City	Percent
Duluth	8.375
Mankato	7.875
Rochester	7.875
Minneapolis	7.775
Saint Paul	7.625
St. Cloud	7.375
Edina	7.275
Bloomington	7.275
Plymouth	7.725
Brooklyn Park	7.275
Blaine	7.125
South St. Paul	7.125
Mendota Heights	7.125
Eagan	7.125
Woodbury	7.125

⁴¹ Minnesota Statutes 2015 477A.016

⁴² Minnesota Constitution Article XII, Sec 2.

⁴³ Email communication with Margaret Reisdorf. Minnesota Department of Revenue. September 17, 2015.

⁴⁴ Rolenc, Sharon. “Looking for the money: What about local sales taxes,” Twin Cities Daily Planet. April 14, 2011, Accessed September 17, 2015. <http://www.tcdailyplanet.net/looking-money-what-about-local-sales-taxes/>

competition, and fairness might explain this reluctance to provide broader local revenue-raising authority.”⁴⁵

Additionally, the report states “many more local sales and use taxes have been proposed than have been approved by the legislature. In general, there is no substantial difference between the types of projects approved and those not approved.”⁴⁶ The Trust for Public Land did not further examine proposed bills for local sales taxes for purposes of this report.

As of January 2017, there are 28 locally imposed general sales taxes authorized under special law. Prior to 1990, only three cities imposed a local sales tax. Beginning in 2005, cities increasingly began to seek authority to impose a sales tax for specific capital purposes. A list of currently imposed sales taxes is included in Appendix D.

While state law requires the use of revenue for specific uses, the enabling authority of a city may allow for a very general purpose. For example, Duluth is the only city with a local sales tax that does not have a specific purpose. In Duluth, revenues may be used for “any city purpose, as determined by the city council” with no expiration date. As a result, the sales tax revenue is deposited in the general fund. In addition, the special authority provided to the central Minnesota cities in the St. Cloud region, such as St. Cloud and Sartell, also provide for a very broad set of allowed uses that include airport improvements and capital projects in each city.

There are three additional general statutes that authorize local governments to impose a sales tax. They are: authorizing a city or town to impose a local lodging tax of up to three percent to be used for tourism promotion, authorizing the seven metropolitan area counties (Anoka, Hennepin, Carver, Scott, Dakota, Ramsey and Washington) to impose a sales tax for transit or transportation, and authorizing those counties outside the metropolitan area to impose a sales tax for transit or transportation purposes. The local lodging tax is discussed in a subsequent section of this report.

The Minnesota Commissioner of Revenue administers and collects local sales and use tax for each taxing jurisdiction.⁴⁷ Net local tax revenue is paid to the local jurisdiction on a quarterly basis. The imposition of a tax may only begin on the first day of a calendar quarter year. The political subdivision must notify the Commissioner of Revenue at least 90 days before imposing or changing the rate of a local sales tax.⁴⁸

In order to impose or substantially amend a local sales tax, cities must request and receive enactment of special authorizing legislation from the Legislature.

Using the Local Sales Tax for Parks and Recreation in Minnesota

The proceeds derived from the local sales tax must be used for capital expenditures, unless otherwise specified under special law.⁴⁹ Beyond this, there is no general restriction of allowed uses; the special law provision drafted by the legislature for each instance creates the framework for allowable uses. Cities must commit to a specific purpose or purposes for the revenue as part of the

⁴⁵“Minnesota’s Local Sales and Use Taxes.” Minnesota Department of Revenue, Page 2 February 2014. Accessed September 17, 2015 http://www.revenue.state.mn.us/research_stats/research_reports/2004/research_reports_content_local_sales_tax_study.pdf

⁴⁶Minnesota’s Local Sales and Use Taxes, Page 3.

⁴⁷ Minnesota’s Local Sales and Use Taxes, Page 5.

⁴⁸ Minn. Statute 297A.99 Subd. 12(b).

⁴⁹ Minn. Statute 297A.99 Subd. 3(a)

enactment procedure. The general state legislation does not mention specific allowable purposes. The legislature could potentially specifically override the requirement that expenditures be used for capital purposes in a piece of special law and allow for non-capital park expenditures such as the ongoing operations and maintenance of parks.

By all indications, capital projects for parks, recreation and open space are potential eligible uses of local sales tax proceeds. Multiple political subdivisions of the state, including a number of cities, currently use local sales tax proceeds for parks, trails or recreation purposes, including Bemidji, Cloquet, Clearwater, Proctor, and the central Minnesota cities in the St. Cloud area.

In an article written about the local sales tax by the League of Minnesota Cities, examples of types of capital improvements include: convention or civic centers, public safety, transportation, sewer and water, and parks and recreation.⁵⁰

These examples only suggest that parks and recreation are eligible uses under the general framework. The cities listed above received the authority to use their tax proceeds for parks and recreation purposes under the authority of their individual special laws. Saint Paul’s sales tax must be viewed from the lens of its own special law, which is explored in detail in the next section. This description does not imply that Saint Paul currently has such authority.

Saint Paul currently does not have explicit authority to dedicate a significant amount of its proceeds from the local sales tax for parks, recreation, and land acquisition purposes.

The city may fund limited parks projects through its STAR program, discussed later in this section, which is backed by sales tax revenue.

Ballot language for previous successful local sales tax measures for parks or conservation purposes is included in Appendix E.

Local Sales Tax in Saint Paul

Saint Paul began imposing a half-cent local sales tax in 1993.^{51 52}

Saint Paul’s authorizing legislation is unlike that of many other Minnesota cities. In most cases, a tax’s duration is determined by the time necessary to generate enough revenue to finance general obligation bonds for a project, and will terminate upon raising that amount.⁵³ However, Saint Paul’s authority does not provide a specific dollar amount necessary. It instead grants authority with an expiration date (December 31, 2042), and not a

Currently Imposed Local Sales Tax			
Saint Paul			
Type	Date Implemented	Rate	Expiration Date
Sales Tax	9/1/1993	0.50%	12/31/2042
Use Tax	1/1/2000	0.50%	12/31/2042
Lodging Tax (50+ Rooms)	4/1/2004	6.00%	No Expiration
Lodging Tax (less than 50 rooms)	4/1/2004	3.00%	No Expiration

⁵⁰ Naughton, Susan. “The Ins and Outs of City Sales Tax.” The League of Minnesota Cities. January- February 2013. Accessed September 17, 2015. http://www.ci.owatonna.mn.us/sites/default/files/documents/2011/01/Ins_Outs_of_City_Sales_Tax.pdf

⁵¹ A corresponding half cent use tax was implemented in 2000.

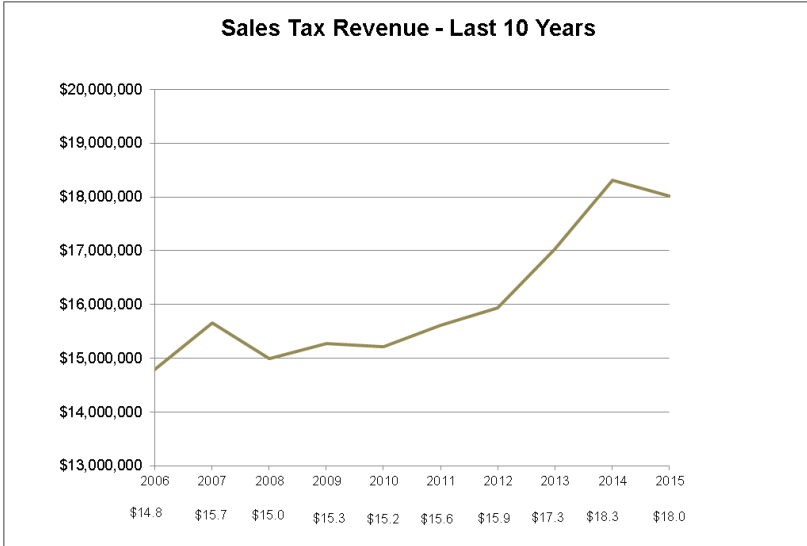
⁵² Saint Paul Office Statement, Accessed September 22, 2015 <http://emma.msrb.org/EA669036-EA519839-EA916022.pdf>

⁵³ Kelly, Scott. “Local Sales and Use Taxes” Minnesota Cities, December 2006. Accessed September 22, 2015, <http://www.lmc.org/media/document/1/localsalesandusetaxes.pdf?inline=true>

specific amount amount.

In addition, Saint Paul’s authority does not provide a breakdown of dollar limits for specific uses authorized. The law uses percentage amounts to guide the distribution of tax proceeds. Based upon a review of authorized taxes currently imposed, it is uncommon for jurisdictions to have an authority based on percentage amounts.

Sales tax revenue is a substantial portion of the city’s overall revenue. In FY15, the city sales tax equaled 10 percent of city revenue. Annual net sales and use tax revenues have increased from \$8.4 million in 1994 to \$17.0 million in 2013.⁵⁴ The tax generated \$18.31 million in 2014 and \$18.02 million in 2015.



Current Uses of the Local Sales Tax in Saint Paul

The Trust for Public Land did not complete a detailed examination of, or reach out to the City of Saint Paul for financial information on the uses of sales tax proceeds. Further research could examine expenditures in greater detail. Prior to 2011, the city sales tax was budgeted in the Capital Improvement Budget. Starting in 2011, the city sales tax program was entirely budgeted in the Planning and Economic Development department’s operating budget.⁵⁵

Distribution of City of Saint Paul Sales Tax Revenue (As Authorized by Special Law)	
Purpose	% of Sales Tax Revenue
Cultural STAR Program	10%
Neighborhood STAR Program	50%
Civic Center, Hockey Arena, Other Allowed Uses	40%
Note 1: Any revenue raised from the 40 percent of the tax not needed for the civic center and hockey arena may be used for any economic development purpose	
Note 2: If the revenue from the tax exceeds the amount needed to fund the authorized uses, the excess revenue may be used to fund other capital projects of regional significance such as a sports facility	

Generally, at least 60 percent of proceeds must go to neighborhood development projects. The remaining 40 percent may be used for projects relating to the Civic Center site, with the option to

⁵⁴ City of Saint Paul Comprehensive Annual Financial Report. Page viii. <http://www.stpaul.gov/DocumentCenter/View/73532>

⁵⁵ “2014 Capital Improvement Budget” City of Saint Paul, Accessed September 22, 2015

place any excess revenue into an economic development fund. Lastly, any revenue not needed for the Civic Center may be used to fund a large capital project such as a sports stadium.

Short term adjustments may be made to fund debt service. For example, in 2013, sales tax helped finance the debt service on bonds for the City Housing and Redevelopment Agency. The next subsection describes the practice of using sales tax dollars for debt service in greater detail.

STAR Program

The STAR (Sales Tax Revitalization) program was created in 1994 to utilize funds for capital improvements to further residential, cultural, economic, and commercial development in downtown Saint Paul and Saint Paul neighborhoods.⁵⁶ It consists of two primary components.

The Neighborhood Star program is funded with 50 percent of the sales tax proceeds. Of that 50 percent, 60 percent go to loans and 40 percent go to grants.⁵⁷ While projects relating to parks and recreation are eligible recipients of the STAR program and have received funding in the past, these are not primary purposes of the program. For example, in 2013, STAR funding was dedicated towards the Frogtown Park and Farm project, which opened to the public in 2015.⁵⁸ This was a one-time appropriation. STAR funding benefits a wide variety of community purposes. The STAR program does not represent an opportunity to create dedicated and substantial funding for parks, recreation and land acquisition.

Detailed Distribution of Current Authorized Distribution City of Saint Paul	
Targeted Resource	% of Total
Cultural STAR - within downtown Cultural District	8%
Cultural STAR - outside of Cultural District, within city boundaries	2%
Neighborhood STAR - Loans	30%
Neighborhood STAR - Grants	20%
Civic Center and Hockey Arena	Up to 40%
Any Economic Development Purpose/ Capital Project of Regional Significance	40-X
X= any revenue raised from 40 percent not needed for Civic Center Complex	

In 2003, the mayor and city council approved the use of Neighborhood STAR dollars for city debt service. Special legislation adopted in 2005 and amended in 2009 capped funding for this at \$3.5 million per year. The 2013 amendment removed this cap, and allowed expenditures for “any economic development purpose,” which may include debt service. To date, more than \$43.2 million in neighborhood STAR dollars have supported city debt service.⁵⁹ Sales tax revenue is also projected to finance bonds issued in support of the Neighborhood STAR program.⁶⁰

The Cultural Star Program receives 10 percent of total sales tax revenue. Of that 10 percent, at least 80 percent must go within the area known as the Cultural District, and the remaining funds may be allocated to projects outside of the district but within the limits of the city. The cultural district is defined as geographic area bordered by Interstate 94 to the North, the Lafayette Bridge to the East, the Mississippi river to the South, and Chestnut Road to the West.⁶¹

⁵⁶ “2014 Neighborhood STAR Annual Report,” City of Saint Paul, Accessed September 17, 2015, <http://stpaul.gov/DocumentCenter/View/77079>

⁵⁷ Neighborhood STAR Program,” City of Saint Paul, Accessed September 22, 2015, <http://www.stpaul.gov/index.aspx?nid=2894>

⁵⁸ Melo, Frederick. “St. Paul: Frogtown Farm park debuts in Coleman budget” August 20, 2012. Accessed September 24, 2015.

http://www.twincities.com/ci_21358386/st-paul-frogtown-farm-park-debuts-coleman-budget

⁵⁹ “2014 Neighborhood STAR Annual Report,” City of Saint Paul, Accessed September 17, 2015, <http://stpaul.gov/DocumentCenter/View/77079>

⁶⁰ City of Saint Paul Official Statement, Accessed September 22, 2015, <http://emma.msrb.org/EA669036-EA519839-EA916022.pdf>

⁶¹ “Cultural STAR Program,” City of Saint Paul, Accessed September 22, 2015 <http://www.stpaul.gov/index.aspx?nid=1166>

In March 2015, the Ordway Center for the Performing Arts' new 1,100 seat concert hall opened. Funding for this \$42 million project included \$20 million in state bonds and a 10 year, \$3 million Cultural STAR grant back by the half-cent sales tax.⁶²

Civic Center Complex and Other Uses

Saint Paul may use all or a portion of the remaining 40 percent of its sales tax revenue to finance projects related to the Civic Center Complex, for any economic development purpose, and for the financing of sports stadiums. The original law effectively dedicated 40 percent of sales tax revenue to the Civic Center complex. The special authority has been amended a number of times by the legislature, most recently in 2013. The most recent revision, currently in place, allows the city to place any amount not needed to meet the obligations for the civic center complex into an economic development fund. The money in this fund can be used for any economic development purpose, which includes debt service. If sales tax revenue exceeds the amount needed to fund these authorized uses, excess revenue may be used to fund "capital projects of regional significance" such as a sports facility.

Sales tax revenue previously went to construction of the Xcel Energy center, a sports arena on the civic center site that is the home of the National Hockey League's Minnesota Wild. It is likely that the city is still paying debt service on revenue bonds backed by the sales tax. Funds also go to the St Paul RiverCentre, a convention center on the site of the old civic center complex.⁶³

Sales tax revenue is currently being used to finance the construction of a stadium for the St. Paul Saints, a minor league professional baseball team. The existing sales tax will be used to repay an \$8.5 million bond issued by the city for the project.⁶⁴ STAR grant funding, backed by the sales tax, also went to this project. The stadium is an eligible use of funds under the 2013 state law revisions. It is unclear if Saint Paul used sales tax revenue under this authorization or under its capacity as an "economic development purpose." The city owns the ballpark and the city's Parks and Recreation Department oversaw construction.⁶⁵

2012 Revision to General State Law

In 2012, state law was amended to give cities of the first class, which include Saint Paul, the option to spend excess revenue from the local sales tax, which is defined as revenue in addition to the amount needed to fund the uses authorized in the special law, on "capital projects of regional significance." The statute defines "capital project of regional significance" as the construction, expansion, or renovation of a sports facility or convention or civic center, that has a construction cost of at least \$40 million.⁶⁶

This subsection is intended to allow the financing of sports stadiums, convention centers, or civic centers in Minneapolis, Saint Paul, Rochester, and Duluth. While the clear intent of this section

⁶² 2015 CAFR Page Viii.

⁶³ "2014 Neighborhood STAR Annual Report," City of Saint Paul, Accessed September 17, 2015, <http://stpaul.gov/DocumentCenter/View/77079>

⁶⁴ Melo, Frederick. "St. Paul Saints ballpark bond plan goes before Port Authority." St. Paul Pioneer Press. July 22, 2013. Accessed September 17, 2015, http://www.twincities.com/politics/ci_23709524/saints-ballpark-bond-plan-be-taken-up-by

⁶⁵ Johnson, Brian. "Slide show: New St. Paul Saints ballpark nearly ready." Finance & Commerce, March 27, 2015. Accessed September 17, 2015, <http://finance-commerce.com/2015/03/slide-show-new-st-paul-saints-ballpark-nearly-ready/>

⁶⁶ Minn. Statute § 297A.9905

was to allow Minneapolis to use sales tax proceeds to fund part of the newly constructed Minnesota Vikings stadium, it also permits Saint Paul to use proceeds for the construction of such facilities.

Special Law and the Minnesota Legislature

The enactment of a special state law does not impose a tax; it just gives the city the authority to do so. The local government must still approve the piece of enabling legislation in order to enact the tax.

The process for enactment of a local sales tax may depend greatly on the terms of the special law.

For example, special law could define the window in which local approval is needed, the percentage of votes required in a public vote, or whether voter approval is needed at all.

Using the Local Sales Tax for Parks and Recreation in Saint Paul

The Trust for Public Land examined the possible methods to make changes to the local sales tax in Saint Paul that could create additional funding for parks, recreation or land acquisition. The city could seek to amend its existing local sales tax authority to increase the rate and modify the allowed uses. The city could also seek to amend its existing local sales tax authority to modify the allowed uses, although this would not generate new, additional revenue.

This report also describes the process for creation of a new local sales tax. While Saint Paul could seek to create a new local sales tax in addition to its current tax, this option is highly unlikely and without precedent for a Minnesota city.

Each these options would require special state legislation and is explained below

A sales tax rate increase of 0.5 percent would generate approximately \$18 million in additional revenue and could cost the median household approximately \$63 annually. The chart to the right shows revenue and cost estimates for various local sales tax rate increases.

Estimated Revenue and Cost of a Sales and Use Tax Saint Paul, MN				
Sales Tax Rate Increase	Annual Revenue*	Household Spending on Taxable Goods	Annual Cost/ Median Household	Total Revenue Attributed to Resident Spending
0.25%	\$9,011,500	\$12,666	\$32	\$3,766,973
0.50%	\$18,023,000	\$12,666	\$63	\$7,533,946
1.00%	\$36,046,000	\$12,666	\$127	\$15,067,892
Estimate based on 2015 taxable sales of \$3,604,600,000 - calculated using 2015 sales tax revenue of \$18.023 million. Assumes 25 percent of household income is spent on taxable items, or \$12,666. Based on 2015 median household income of \$50,662. Total revenue from resident spending is based on average household spending multiplied by number of households. The remainder comes from purchases of taxable items by businesses and visitors. Average household spending multiplied by estimated number of households in the city (118,968). Information from City of Saint Paul 2015 Comprehensive Annual Financial Report and 2016 Official Statement.				

Lastly, this report acknowledges that the city could use a portion of its existing sales tax revenue to fund parks purposes without amending the allowed uses in limited circumstances. However, this would only be possible after all other funding obligations are met and would not create a dedicated source of funding. This option is not pursued in detail.

Amending the Existing Sales Tax Authority to Increase the Rate and Modify the Allowed Uses

Saint Paul could seek to amend its existing sales tax authority. The city could seek to increase its maximum rate and modify the allowed uses of its proceeds. Saint Paul currently does not hold the authority to impose a sales tax greater than its current rate of one half of one percent (0.5) or use proceeds for purposes other than those described in general and special state law.⁶⁷

Special legislation is required for Saint Paul to increase its sales tax rate and modify its allowed uses. These two changes could be carried out in a single piece of legislation.

There is precedent in Minnesota for special legislation that amends the original enabling legislation to allow a city to increase its tax rate.⁶⁸

Historically, local sales tax increases occurred in 0.5 and 1.0 percent increments. However, there is no state statute that prevents cities from seeking to amend an existing rate by a different increment. In fact, the city of Rochester recently increased its rate by 0.25 percent. This example is discussed in greater detail in a following section. It is unclear if an increase in an increment of less than 0.5 percent would be permitted for Saint Paul.

Process for Implementation⁶⁹

Special legislation is required in order to substantially modify an existing sales tax. A single act of special legislation could both amend the allowed uses and increase the rate of an existing tax. It could also address the allowable increment. A public vote is likely required.

State statutes are largely silent on the actions needed to amend an existing local sales tax. However, custom and previous examples offer guidance on likely requirements.⁷⁰ The state legislature would ask for indication that a local jurisdiction supports the change in the sales tax authority, most likely through either a city resolution or local vote.

Historically, the legislature does not require local voter approval for minor changes such as a short-term extension or slight modification of uses. Major changes to a sales tax authority, such as a change in rate or use of revenues will most likely require voter approval.

The special legislation would only become effective if approved by the city of Saint Paul. The special legislation would indicate the terms necessary for local approval.

While no specific action is required of local governments in order to pursue amending legislation, local public support is necessary. In order to pursue an amendment to existing special legislation, it must be introduced as a bill by a member of the legislature. The bill would then be sent to committee, likely the tax committee. The committee would ask an individual testifying on behalf of the bill to provide evidence of the city supporting the change in law in the form of a city council resolution or the result of a public vote, potentially prior to passage of the special state law.

⁶⁷ Dalton, Pat. "Information Brief: Local Sales Taxes in Minnesota" Research Department – Minnesota House of Representatives. Page 4. Updated July 2014, Accessed September 17, 2015.

⁶⁸ Email communication with Pat Dalton. Research Department – Minnesota House of Representatives. September 16, 2015.

⁶⁹ This section based on email communication with the Minnesota House Research Department.

⁷⁰ Email communication with Pat Dalton. Research Department – Minnesota House of Representatives. September 16, 2015.

Previous changes to Saint Paul’s sales tax authority that restructured the allowed uses did not require voter approval, although these changes did not include an increase in the tax rate

While the special legislation to amend a local sales tax for many Minnesota cities often requires voter approval, there are instances where the legislature permits a city to increase its rate either by city council resolution. This may or may not include a provision for a “reverse referendum,” where citizens may petition to place the increase on the ballot. For example, the city of Rochester increased its sales tax rate by ordinance. The legislation for the city of Mankato provided authority for the city to initially impose its tax by ordinance, subject to reverse referendum. Mankato residents invoked the reverse referendum process to petition for a public vote at the 1992 general election. Legislation for the city of North Mankato to extend its tax provided the city with authority to extend its tax by ordinance, subject to reverse referendum.

A subsequent section of this report explores that various options available to place a sales tax measure on the ballot, should the city’s special legislation indicate that voter approval is necessary for implementation of the modified sales tax.

Appendix F contains additional information on the timing for the state legislative sessions.

Below is a hypothetical scenario for amending an existing sales tax authority.

If Saint Paul sought voter approval after receiving special legislation in 2017, the sales tax could be imposed in April 2018 at the earliest. If Saint Paul sought voter approval prior to receiving special legislation, the sales tax could be imposed in the second half of 2018 or January 2019 at the earliest.

There are previous instances of efforts to amend an existing local sales tax authority for parks, recreation, and conservation purposes. Successful examples are provided below, as well as an unsuccessful previous attempt in Saint Paul.

Possible Path for Amending Existing Sales Tax Authority	
Step	Action and Notes
Saint Paul expresses support	City Council resolution or public vote
Bill introduced in both House and Senate	Sponsor needed in each chamber
Bill referred to Committee	Committee looks for evidence of local support
Bill passed by legislature	Must pass each body, subject to procedure of each body and conference committee if two bills differ
Bill becomes a law	Signed by Governor
Bill becomes effective upon local approval of Saint Paul	City Council resolution or public vote (if instructed by terms of special law)
This process assumes that the sales tax authority is the only part of a bill.	

Case Study: 1999 Saint Paul Attempt to Increase Sales Tax

There is precedent in Saint Paul for attempting to increase its local sales tax. In November 1999, Saint Paul voters rejected a half-cent sales tax increase to build a new stadium for the Minnesota Twins, the professional major league baseball team.^{71 72} Then-Mayor Norm Coleman and supporters used the initiative process in the City Charter to place question 1 on the ballot.

71 Nelson, Tim. “St. Paul council not on board with sales tax for Vikings stadium.” MPRNews May 31, 2011. Accessed September 17, 2015, <http://www.mprnews.org/story/2011/05/30/vikings-stadium-sales-tax>

Under this process, voter approval would not have resulted in the immediate enactment of the tax. If voters had approved this measure, the city council would have needed to adopt a resolution that indicated its support of the tax and requested legislative approval of a special law.

Question 1: Ballpark Initiative Ordinance November 2, 1999		
	Votes	Percent
Yes	32,022	42.3%
No	43,769	57.7%

While this ballot measure was posed as an increase, it appears to follow the process for enactment of a new tax. It is unclear whether this example would be considered an amendment to existing authority or an authority to impose a new tax. In either circumstance, a public vote and special legislation was required, and the end result would be a tax increase.

Ballot language for this measure is included in Appendix E.

Case Study: Rochester

The sales tax rate in the city of Rochester, in Olmsted County, increased on January 1, 2016 from one-half percent (0.5) to three-fourths (0.75) percent.

In 2013, the Minnesota legislature amended the city of Rochester’s local sales tax authority to allow the city to impose an additional general sales tax of up to one-quarter of one percent (0.25) without voter approval, from one-half percent (0.5) to three-fourths percent (0.75). The legislature also authorized the city to extend the duration of the existing sales tax rate to 2049 and require that the additional one-quarter sales tax expire by 2049. The legislature further amended the law to require that any additional funds generated by either an increase in the sales tax rate or extension of the duration of the tax be used to fund the city share of public infrastructure costs related to the Destination Medical Development Plan.⁷³ The legislation authorized the Rochester City Council to impose the tax increase by ordinance and without a public vote. The city council voted to increase the rate in 2015.

Rochester voters previously approved a ballot measure to extend the existing sales tax, impose a motor vehicle excise tax, and issue \$139.5 million in bonds in 2012 in order to partially finance the Destination Medical Development Plan. Ballot language for this measure is included in Appendix E. This ballot measure did not directly impact the subsequent sales tax increase. The Destination Medical Center received substantial state funding and revenue from these local tax sources will serve as the revenue for a required local match.

Case study: Hermantown

The city of Hermantown received special legislation to increase its sales tax from one half (0.5%) to one percent (1%) and to amend its uses to a narrower set of purposes. City voters approved the increase at the November 2012 election. The Minnesota legislature provided authorization for the rate increase in 2011. Ballot language is included in Appendix E.

⁷² “General Election Results November 2, 1999” Ramsey County, MN. Accessed September 17, 2015 <https://www.co.ramsey.mn.us/NR/rdonlyres/B578D6E2-7800-40D9-9A5A-65A45266318B/32948/1999GeneralStPaul6252.pdf>

⁷³ http://www.revenue.state.mn.us/law_policy/Documents/2013%20Sales%20and%20Use%20Taxes.pdf

Case Study: Proctor

In November 2014, voters in the city of Proctor, located in Saint Louis County, voted to increase their local sales tax rate from one-half percent (0.5%) to one percent (1.0%) for the purposes of making improvements to city facilities and infrastructure. In addition to authorizing an increase to the sales tax rate, the state legislation modified the allowed uses. City officials stated that 60 percent of revenue from the additional tax would be used to support roads and utilities and 40 percent would support parks and trails.⁷⁴

Ballot language is included in Appendix E.

Other Options

There are other options in Minnesota to either modify an existing local sales tax rate. These would not generate new, additional sources of revenue. The city could also explore creation of a new, additional sales tax that would be separate to its existing tax, although this option would likely not be viable. Each of these options is discussed below.

Amending the Existing Sales Tax Authority to Modify the Allowed Uses

The allowed uses of sales tax revenue from the existing sales tax could be modified to provide for park purposes. Any substantial change to the allowed use of tax proceeds would require special legislation and local approval, likely in the form of a public vote.⁷⁵ This method would not create any new revenue.

Special law amending a local sales tax authority is commonplace in Minnesota. This includes amendments to both original enabling legislation as well as changes to subsequent amending legislation.

PROCESS FOR IMPLEMENTATION

Special legislation is required to amend the existing legislation. Approval from the city would be required, likely by approval of the city council. While major changes to local sales tax authority frequently require voter approval – the allowed uses in Saint Paul’s authority have been modified many times without the requirement of voter approval.

The table in Option 1 would also be a hypothetical scenario applicable to the process of amending existing legislation. The process of local approval, including whether or not a public vote is required, would ultimately depend on the special legislation.

AMENDING THE ALLOWED USES IN SAINT PAUL

There is significant precedent for special legislation to change the allowed uses of the local sales tax in Saint Paul. The law has been revised many times. For example, the funding distribution and general structure of the STAR cultural program are defined in the 1998 amended law. City descriptions of the sales tax also indicate that its uses are dictated by state law. Additional state law

⁷⁴ “An Increase in Proctor’s sales tax to be on November’s ballot” KBJR News, October 8, 2014. Accessed October 1, 2015, <http://www.northlandsnewscenter.com/news/local/An-increase-in-Proctors-sales-tax-to-be-on-Novembers-ballot--278601121.html>

⁷⁵ Email communication with Pat Dalton. Minnesota House of Representatives, House Research Department. September 16, 2015

amending Saint Paul's authority has included language authorizing the details of the STAR program, specific actions at the Civic center complex, and the issuance of bonds.

Appendix G includes additional information on previous amendments to special law.

Creation of a New, Additional Sales Tax

It is technically possible for a local government to impose two separate taxes if authorized to do so by special legislation. For example, Hennepin County imposes a 0.15 percent sales tax to fund the baseball stadium and then also imposes a 0.25 percent sales tax as part of the metropolitan transportation area.⁷⁶ However, The Trust for Public Land is unaware of any cities that impose two separate sales taxes. It is highly unlikely that the Minnesota legislature would provide Saint Paul with the authority to impose a new, additional local sales tax.

Special legislation would be required for Saint Paul to implement an additional, separate sales tax for any purpose including parks, recreation, and land conservation.

A half-cent sales tax increase, from 0.5 percent to 1 percent, would double the amount of sales tax revenue collected. Using data from 2015, the tax could generate an additional **\$18 million annually**— for a total of approximately **\$36 million** in annual sales tax revenue.⁷⁷

PROCESS FOR IMPLEMENTATION:

Unlike the process for amending an existing sales tax authority, the process for imposing a new local sales tax is clearly explained in state statutes.

The following table explains the steps needed to impose a local sales tax.⁷⁸

⁷⁶ Excerpted from email communication with Pat Dalton. Minnesota House of Representatives, House Research Department. September 17, 2015.

⁷⁷ 2015 Comprehensive Annual Report. City of Saint Paul. Page 29. Accessed January 17, 2017.

⁷⁸ Dalton, Pat. "Information Brief: Local Sales Taxes in Minnesota" Research Department – Minnesota House of Representatives. Page 3. Updated July 2014, Accessed September 17, 2015. <http://www.house.leg.state.mn.us/hrd/pubs/localsal.pdf>

Process for Imposing a Local Sales Tax
In order to impose a local sales tax, a political subdivision must obtain enactment of a special law authorizing it to do so by taking the following steps (in the order listed):
1. The governing body of political subdivision must pass a resolution proposing the tax stating (at least) the: proposed tax rate, amount of revenue to be raised and its intended uses, and the anticipated date the tax will expire.
2. The proposed tax, then, must be submitted to and passed by the majority of the voters at a general election held at least 90 days after the resolution was passed.* The political subdivision must provide notice to the county at least 74 days before the election.
3. The political subdivision must request and get enacted a special law authorizing imposition of the tax. A request is proposed as a bill in the legislature, and is either approved or denied.
4. The political subdivision must file local approval with the secretary of state.
5. The political subdivision must pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter on which the tax is to be imposed.
*A general election is defined as the state general election, held in November of even-numbered years, or a regularly scheduled election for local public officials for that political subdivision.

If the measure was approved at the November 2018 general election, the city could seek special law during the 2019 legislative session. If enacted, the tax could be imposed on the first day of a calendar quarter (Jan 1, April 1, July 1, Oct.1) that occurs at least 90 days after the city of Saint Paul passed an ordinance imposing the tax and notified the Commissioner of Revenue.

CASE STUDY: EXCELSIOR

A 2004 study by the Minnesota Department of Revenue noted that many more local sales taxes are proposed than are actually authorized by the legislature. The requirement that cities receive voter approval prior to seeking the enactment of special legislation allows for the possibility that a city may go through the process of receiving voter approval but not receive enactment of special legislation. One such example is the City of Excelsior, a city on Lake Minnetonka in Hennepin County. In 2014, Excelsior voters approved a ballot measure to express their support for up to a one percent sales tax increase to support the city’s lakeside park. Revenue would be used to meet the need for an estimated \$5 million in improvements to the park, which is a regional destination.⁷⁹ However, state lawmakers did not enact the necessary special legislation. Excelsior officials will request enactment of special legislation again in 2017.⁸⁰

⁷⁹ Smith, Kelly. “Excelsior voters OK sales-tax increase for Lake Minnetonka park, *Star-Tribune*. November 6, 2014. Accessed February 17, 2017. <http://www.startribune.com/excelsior-voters-ok-sales-tax-increase-for-lake-minnetonka-park/281864501/>

⁸⁰ Smith, Kelly. “From St. Paul to Excelsior, more cities rely on conservancies to fund public parks.” *Star Tribune*. January 14, 2017. Accessed February 17, 2017. <http://www.startribune.com/from-st-paul-to-excelsior-more-cities-rely-on-conservancies-to-fund-public-parks/410739335/>

Extending the Currently Imposed Sales Tax

There is precedent for the state legislature to allow local jurisdictions throughout the state, including Saint Paul, to extend the duration of their local sales tax authority. On multiple instances, the state has passed special legislation that amends Saint Paul's authorization in order to extend its sales tax option, most recently in 2013. Saint Paul's sales tax currently expires December 31, 2042. Special legislation is required to extend the sales tax.

Using Sales Tax Revenue for Parks and Recreation under Current Authority

Under the current uses authorized in the special law, it is possible that the City of Saint Paul could use a portion of the revenue from its existing sales tax to fund capital parks, recreation and open space projects. However, this would not be a primary purpose of the available revenue and would likely be a small amount.

Any excess revenue not needed for expenses of the civic center complex could potentially be used for capital parks and recreation projects, if those projects are considered an "economic development purpose." However, this is unlikely to be a reliable option to generate substantial funding for parks, recreation and land acquisition, as the city would be required to fully fund other project obligations prior to allocating funding to other economic development activities which could include parks and recreation.⁸¹

Placing a Sales Tax Measure on the Ballot⁸²

There are multiple methods for the city to place a sales tax measure on the ballot. They are briefly described below.

Ramsey County would need to be notified of any question to be placed on the ballot at least 74 days before the election for any of these options.

Council Resolution

The city council may pass a resolution placing the public question on the ballot.⁸³ A majority approval of votes cast on the measure would be sufficient to indicate local support. This action would be done under implied authority and may be subject to challenge.⁸⁴

Ordinance Initiative

Saint Paul voters could seek an ordinance initiative conditioned upon approval by voters and the legislature. The citizens have the right to propose ordinances and require ordinances to be submitted to a vote.⁸⁵

An ordinance may be proposed by petition. A petition must be filed with the city clerk, whom must examine the sufficiency of the petition and report it to the city council within twenty calendar days. After receiving the report from the city clerk, the city council shall determine by resolution the

⁸¹ "2014 Neighborhood STAR Annual Report," City of Saint Paul, Accessed September 17, 2015, <http://stpaul.gov/DocumentCenter/View/77079>

⁸² This section excerpted from information provided by the City of Saint Paul.

⁸³ Minn. Statutes, 297A.99

⁸⁴ Based on information received from City of St. Paul September 2016.

⁸⁵ St. Paul City Charter Sec. 8.01

sufficiency of the petition.⁸⁶ The petition must be signed by eight percent of those who voted for the office of the mayor in the last city election.⁸⁷ For a petition prior to the November 2017 mayoral election, this is equal to 2,442 voters. For a measure on the November 2018 ballot, this number will be determined by the voter turnout at the November 2017 election.

If a majority of those voting on the ordinance vote in its favor, it becomes effective immediately.

If the city council fails to enact the ordinance without change within 60 days after the petition is filed with the city clerk, it shall be placed on the ballot at the next general election that occurs on or after the 120th day from the filing of the petition with the city clerk. If a majority of votes cast on the ordinance are in favor, the ordinance becomes effective immediately.⁸⁸

Charter Amendment

There are multiple methods to place a charter amendment on the ballot. Each is discussed below.

Minnesota statute dictates that a charter commission must submit ballot questions at least seventeen weeks prior to the date of the general election.⁸⁹ For the November 6, 2018 election, this date is July 10, 2018.

Fifty-one percent of votes cast on the amendment are required for passage. The amendment will become effective 30 days from the date of the election or at a date specified in the amendment.⁹⁰

PROPOSED BY INITIATIVE

The Charter Commission must consider proposed charter amendments that are signed by a petition of voters equal to at least five percent of votes cast at the last state general election. For a measure on the November 2018 ballot, this number would be 7,011 registered voters.⁹¹

PROPOSED BY CITY COUNCIL

The City Council may also propose charter amendments by ordinance. Any ordinance proposing an amendment will be submitted to the charter commission. The charter commission has 60 days to review the proposed amendment, but may request an extension of 90 days for additional reviews. After reviewing the proposed amendment, the charter commission will approve the proposed amendment, reject the proposed amendment, or suggest a substitute amendment. The Charter Commission must notify the City Council of its decision, which may then place the original or amendment on the ballot.⁹²

PROPOSAL BY CHARTER COMMISSION

The Charter Commission may recommend a charter amendment. The measure would need to be placed on the ballot by the City Council.⁹³

⁸⁶ St. Paul City Charter Sec. 8.03

⁸⁷ St. Paul City Charter Sec. 8.02

⁸⁸ Home Rule Charter Sec. 8.03

⁸⁹ Minn. Statute. 410.12 subd. 1

⁹⁰ Minn. Statutes 410.12 Subd. 4.

⁹¹ Minn. Statutes 410.12 Subd. 1

⁹² Minn. Statutes 410.12 Subd. 5.

⁹³ Minn. Statutes 410.12 Subd. 1.

AMENDMENT BY ORDINANCE

Amendments may also be recommended by the Charter Commission and passed by the Council with a unanimous vote.⁹⁴ Upon signature from the mayor, the amendment would become effective either 90 days from signature or at a later date stated in the amendment. This option is unlikely to occur.

The amendment becomes effective ninety days after passage and publication. During the first sixty days after publication, citizens may petition for a ballot referendum on the amendment by obtaining signatures of at least 2,000 registered voters.

RECENT DEVELOPMENTS REGARDING CHARTER AMENDMENTS

In 2016, a citizen petition in Minneapolis sought to place a proposed charter amendment on the ballot regarding establishment of a minimum-wage standard. The petition received the required number of signatures and passed through the necessary Minneapolis Charter Commission steps. The Minneapolis City Council declined to place the measure on the ballot, citing a city attorney decision that the amendment is “legislative in nature” and that the Minneapolis City Charter does not provide for voter initiatives for the passage of ordinances by a ballot referendum.” The matter reached the Minnesota Supreme Court – which decided that the City did not act incorrectly in refusing to place the measure on the ballot. The Minnesota Supreme Court stated that Minneapolis residents do not have legislative and policymaking authority under the City Charter.⁹⁵

Unlike the city charter in Minneapolis, the city charter in Saint Paul permits citizens to submit ordinances by petition.

BONDS

To raise funds for capital improvements, local governments in Minnesota may issue bonds.⁹⁶ There are two primary types of long-term bonds: general obligation (GO) bonds, which are guaranteed by the local taxing authority, and revenue bonds, which are paid by project-generated revenue or a dedicated revenue stream such as a particular tax or fee. Generally, bond proceeds are limited to capital projects and may not be used for operations and maintenance purposes.⁹⁷

General Obligation Bonds

The Minnesota statutes list various purposes for which any city may issue general obligation bonds; among these are the acquisition or betterment of parks and the acquisition of development rights in the form of conservation easements.⁹⁸ When the use of proceeds is the acquisition or betterment of any land or easements, the proceeds may be used to pay all expenses that are reasonably necessary and incidental. This includes the cost of necessary professional planning studies to determine desirable locations, architectural, engineering, legal, financial advisory, and

⁹⁴ Minn. Statutes 410.12 Subd. 7.

⁹⁵ Minnesota Supreme Court: November 23, 2016. Tyler Vasseur, et al., petitioners vs. City of Minneapolis, et al.,

⁹⁶ § 31-15-302(d)(I) .

⁹⁷ Federal government rules governing the issuance of tax-exempt bonds limit the use of proceeds to capital purposes such that only a small fraction of bond funds may be used for maintenance or operations of facilities. State and local laws may impose further limits.

⁹⁸ Minn. Stat. 475.52, Subds. 2.

other professional services, printing and publication, and interest to accrue on obligations prior to the anticipated date of commencement of the collection of taxes or special assessments to be levied (or other funds pledged for the payment of the obligations and interest).⁹⁹ Proceeds from a general obligation bond issuance may not be used for ongoing expenses, such as maintenance.

General obligation bonds for local governments in Minnesota, including the city of Saint Paul, are levied against net tax capacity. Referendum market value was used for general obligation bonds if they were approved before June 30, 2008. Any debt obligations approved after that date, other than school district referendums, must be levied against net tax capacity.^{100 101 102 103}

Net tax capacity is determined by multiplying the taxable market value of all property by their statutory class rates.^{104 105}

The Trust for Public Land's bond cost calculations provide a basic estimate of debt service, tax increase, and cost to the average homeowner in the community of potential bond issuances for parks, recreation, and land conservation. Assumptions include the following: the entire debt amount is issued in the first year and payments are equal until maturity; 20-year maturity; and four percent interest rate. The property tax estimates assume that the jurisdiction would raise property taxes to pay the debt service on bonds. The cost per household represents the average annual impact of increased property taxes levied to pay the debt service. The estimates do not take into account growth in the tax base due to new construction and annexation over the life of the bonds. The jurisdiction's officials, financial advisors, bond counsel and underwriters would establish the actual terms of any bond.

General Obligation Bonds in Saint Paul

In Saint Paul, general obligation bonds are guaranteed by the full faith and credit of the city. Saint Paul's general obligation bonds are currently rated "AAA" by both S&P Global Ratings and Fitch Ratings.

According to state statute, the total net debt of the city shall not exceed three and one-third percent (3.333%) of the market value of the taxable real and personal property (the taxable value) of the city. This is known as the statutory limit. The total net debt applicable to the limit is \$120,297,487. As of 12/15/2016, the statutory limit is \$685,465,246. The unused debt limit is \$565,167,759. The total net debt applicable to the limit as a percentage of debt limit is 17.54 percent. This is well below the three and one-third requirement; however as of 12/15/16 the city has \$485,096,703 of governmental debt outstanding.

While the statutory debt capacity of the city implies that the city could issue over \$450 million of debt, the city's debt burden is quoted as being moderate to high, and any increase in the debt

⁹⁹ Minn. Stat. 475.65.

¹⁰⁰ Minn. Stat. § 275.61

¹⁰¹ http://www.revenue.state.mn.us/local_gov/prop_tax_admin/at_manual/04_11.pdf

¹⁰² http://www.revenue.state.mn.us/local_gov/prop_tax_admin/at_manual/04_12.pdf

¹⁰³ Personal communication with Property Tax Research Division, Minnesota Department of Revenue, August 2015.

¹⁰⁴ http://www.revenue.state.mn.us/local_gov/prop_tax_admin/at_manual/04_12.pdf

¹⁰⁵ Personal communication with Property Tax Research Division, Minnesota Department of Revenue, August 2015.

burden could stress the city’s bond ratings.¹⁰⁶ A debt issuance of this magnitude could also result in a substantial tax increase to property owners. Saint Paul would have capacity to issue general obligation bonds for parks and recreation.

Issuing Bonds for Parks and Recreation

The chart to the right illustrates the debt service and tax increase for a range of bond amounts that could potentially be issued in Saint Paul. For instance, a bond issue of \$60 million would add \$4.14 million to the city’s annual debt service and cost the average homeowner approximately \$32 per year, assuming a 20 year bond at four percent interest.^{107 108}

Generally, bond proceeds are limited to capital projects and may not be used for operations and maintenance purposes. Federal regulations governing the issuance of tax-exempt bonds limit the use of proceeds to capital purposes such that only a small fraction (up to five percent) of bond funds may be used for maintenance or operations directly related to the funded facilities.¹⁰⁹ State and local laws may further limit the use of bond proceeds.

Examples of successful ballot language for bond measures for parks and conservation are included in Appendix H.

Process for Implementation

The city council must pass a resolution approved by at least four members authorizing the issuance of the bonds.¹¹⁰

The governing body must submit the proposition to the voters at a general or special election.¹¹¹ The city council, by a majority vote of a quorum, must pass a motion calling a special election. A

Estimated Bond Referendum Financing Costs City of Saint Paul, MN				
Bond Issue Amount	Annual Debt Service	Tax Rate Increase Required	Cost/ Year/ \$100K Home	Cost/ Year/ Median Single Family Home
\$ 10,000,000	\$ 735,818	0.37928	\$ 2.72	\$ 5.28
\$ 15,000,000	\$1,103,726	0.56892	\$ 4.08	\$ 7.92
\$ 20,000,000	\$1,471,635	0.75856	\$ 5.44	\$ 10.56
\$ 30,000,000	\$2,207,453	1.13784	\$ 8.17	\$ 15.84
\$ 50,000,000	\$3,679,088	1.89639	\$ 13.61	\$ 26.40
\$ 60,000,000	\$4,414,905	2.27567	\$ 16.33	\$ 31.68
\$ 70,000,000	\$5,150,723	2.65495	\$ 19.05	\$ 36.96
\$ 80,000,000	\$5,886,540	3.03423	\$ 21.77	\$ 42.23
\$ 90,000,000	\$6,622,358	3.41351	\$ 24.50	\$ 47.51
\$100,000,000	\$7,358,175	3.79279	\$ 27.22	\$ 52.79

Based on estimated 2017 median value single family home of \$161,500, net tax capacity of \$194.00, million referendum market value of \$20.315 billion and 2017 certified property tax levy of \$113,990,253 million. Source: City of Saint Paul publicly available data, Minnesota Department of Revenue

¹⁰⁶ This section also developed in collaboration with city Office of Financial Services staff. March 2017.
¹⁰⁷ The property tax estimates assume that the city would have to raise taxes to pay debt service on bonds. The city may, however, choose to use other revenue sources, such as monies from the fund balance. In addition, as the city’s tax base grows, the annual tax on existing property owners may decline.
¹⁰⁸ Information from this section excerpted from City of Saint Paul Official Statement, December 2016. <http://emma.msrb.org/ES1001316-ES778030-ES1179338.pdf>
¹⁰⁹ Treas Reg 1.148-6(d)(3)(ii)(A)(5)
¹¹⁰ St. Paul City Charter Sec. 10.12
¹¹¹ Minn. Stat. 475.59.

majority of the electors voting on the question must approve to authorize issuance of the bond.¹¹² Special elections may take place on any day except within 56 days of a state general election.¹¹³

Ramsey County would need to be notified of any question to be placed on the ballot at least 74 days before the election. Earlier deadlines apply if the question is a charter amendment. A question can be placed on a general or special election ballot, but not a primary ballot. Prior to the 74-day deadline the city would need to pass enabling legislation, such as an ordinance, to put the question on the ballot and call a special election, if necessary.

The notice must include the date of the election and the title and language for each ballot question. The governing body is required to issue a notice that states the maximum amount of bonds to be issued and the purpose of the proposed issue. If the bond issue will be voted on in a special or general election, the notice must state the time of the election, the location of each polling place, and all propositions to be voted on. This notice must be issued within two weeks of the election. The clerk must also publish a sample ballot in the official newspaper of the municipality at least two weeks before the election.¹¹⁴

Generally, the structure of the ballot is fixed by statute but the content requirements of the question to be voted upon are very broad. Overall, ballots must be prepared in a manner that enables the voters to understand the questions that are to be voted upon.¹¹⁵ Please see Appendix H for examples of language for other bond issue questions.

Specifically, debt obligations payable from property taxes must include on the ballot the following notice in boldface type:

**BY VOTING “YES” ON THIS BALLOT QUESTION, YOU ARE
VOTING FOR A PROPERTY TAX INCREASE¹¹⁶**

Additionally, when a question is to be submitted to a vote, a concise statement of the nature of the question must be printed on the ballot.¹¹⁷ The words, “Yes” and “No” must be printed to the left of this statement, with a square to the left of each word so that the voter may indicate by a mark (X) either a negative or affirmative vote. The ballot shall include instructions directing the voter to put an (X) in the square before the word “YES” if the voter desires to vote for the question, or put an (X) before the word “NO” if the voter desires to vote against the question.

In the case of general obligations backed solely by the property tax, the issuing city is required to levy at the time the bonds are sold (in the resolution awarding the sale), an unrepealable ad valorem tax for each of the maturity years of the bond equals to 105 percent of the principal and interest due

¹¹² St. Paul City Charter Sec. 10.12.

¹¹³ Minn. Stat. 205.10 Sec 3

¹¹⁴ Minn. Stat. 205.16

¹¹⁵ Minn. Stat. 204B.35, Subd.2.

¹¹⁶ Minn. Stat. 275.60(a).

¹¹⁷ Minn. Stat. 204B.36, Subd.3.

in that year. The purpose of the five percent over levy is to cover possible deficiencies in tax collection. The resolution must be filed with the county auditor who must levy the tax for the years indicated. If however, other revenues are pledged as security for the bonds (special assessments, tax increments, revenues) the amount of the annual tax levies may be reduced by the city's reasonable estimate of expected revenues from those sources.¹¹⁸

If voters do not approve the issuance of bonds, the question for the same purpose and amount may not be resubmitted to the voters within 180 days from the first election. If the bond question(s) fail a second time, the question may not be submitted to voters within a period of one year following the second election.¹¹⁹ The statute, read literally, states that a change of \$1 in the amount would permit an early resubmission, but common sense suggests that some more substantial change is required.

There is no clear rule in chapter 475 of the Minnesota Statutes or court decisions as to how long voter authorization for a bond issue remains effective. A best practice is to issue the bonds when the money is needed for the project to be financed.¹²⁰

The approval of a majority of the votes cast on the measure at a general or special election is required for issuance of the bonds.¹²¹

The measure may also be placed on the ballot through the initiative process, which is described in the "Initiative" section of this report below.

Initiative

The citizens of Saint Paul have the right to propose ordinances by the process known as the initiative. Any ordinance may be proposed by a petition. An initiative is valid if its petition is signed by at least eight percent of those who voted for the office of the mayor in the last preceding city election.¹²² For a measure on the November 2018 ballot, this number will be determined by the voter turnout at the November 2017 election.

If the city council fails to enact the ordinance without change within 60 days after the petition is filed with the city clerk, it shall be placed on the ballot at the next general election which occurs on or after the 120th day from the filing of the petition with the city clerk. If a majority of votes cast on the ordinance are in favor, the ordinance becomes effective immediately.¹²³

Other Bonds

The city may issue debt for the purpose of creating or preserving a special assessment revolving fund or funds.¹²⁴ The city may also issue debt payable from the proceeds of revenue-producing

¹¹⁸ Thus, where 100 percent of the cost of an improvement project is assessed against benefited property, no tax levy need be made, or if 50 percent is to be assessed the 105 percent rule applies only to the 50 percent levied for the city's share of the cost of the project. Minn Stat. 475.61.

¹¹⁹ Minn. Stat. 475.58. Subd. 1a.

¹²⁰ Chapter 24 Debt and Borrowing League of Minnesota Cities Handbook. Page 7; <http://www.lmc.org/media/document/1/chapter24.pdf?inline=true>

¹²¹ Home Rule Charter Sec. 10.12

¹²² Home Rule Charter Sec. 8.02

¹²³ Home Rule Charter Sec. 8.03

¹²⁴ Home Rule Charter Sec 10.11.1

systems, also known as revenue bonds.¹²⁵ This debt is ultimately backed by the full faith and credit of the city.¹²⁶

Process for Implementation

The city council must pass a resolution that is approved by at least five members. Voter approval is not required.¹²⁷

PROPERTY TAX

Property Tax in Minnesota

The property tax is a significant source of revenue for local governments in Minnesota. Each local jurisdiction determines the revenue needed from property taxes by subtracting all non-property tax revenue (i.e. state aid, fees, federal funding, etc.) from its total proposed local budget. The remaining amount is the property tax revenue needed, and is known as a levy. A levy is not a tax rate; the impact on individual homeowners depends on changes to the tax base and individual home values.

For instance if the local proposed budget was \$1,000,000 and non-property tax revenue equaled \$200,000, the property tax revenue needed would be \$800,000. A levy of \$800,000 would be needed in order to generate the level of revenue. The levy is then spread among all taxable properties according to their net tax capacity. A property’s tax capacity is defined as its taxable market value multiplied by its state-mandated class rate. Each class of property has a different classification at a rate set by the legislature.

Taxable property includes both real and personal property, and a taxable property’s value is defined as the estimated total market value, which is determined by the local county assessor. Properties with the same market value will be taxed differently depending on how they are classified. The state legislature gives more weight to the value of commercial property as compared to residential property.

Distribution of Property Taxes Levied in Minnesota: 2016	
Type of Government	Percent
School	29%
City	29%
County	27%
State	11%
Special District	4%
Source: League of Minnesota Cities, 2016 Property Tax report.	

State and Local Taxes in Minnesota: FY2015	
Type	Percentage
Individual Income	33%
Property	28%
Sales	20%
Other State Taxes	17%
Other Local Taxes	2%
Total: \$30.3 billion.	

¹²⁵ Home Rule Charter Sec 10.11.2

¹²⁶ Home Rule Charter Sec. 10.13

¹²⁷ Home rule Charter Sec. 10.11

Additional city levies approved by voters are levied against net tax capacity, which equals taxable market value multiplied by class rate.

Net property tax equals the property's net tax capacity times the tax rates of all relevant taxing jurisdictions, plus the market value tax.¹²⁸

A jurisdiction's tax rate equals the levy amount divided by its total net tax capacity.¹²⁹ The tax rate is then spread across all property in the jurisdiction. An individual property's total tax equals its net tax capacity multiplied by the tax rates of all relevant taxing authorities, plus the market value tax.

Residential homestead property represented the largest piece of property tax revenue, followed by commercial/ industrial.¹³⁰ While residential homesteads represent 59 percent of total city market values statewide in 2014, they represent 48 percent of total city tax capacity. In the same year, commercial/ industrial property represent 20 percent of total city market values, they represent 31 percent of total city tax capacity.

City of Saint Paul Principal Taxpayers - 2015		
Taxpayer	Taxable Capacity Value	Percentage of Total City Capacity Value
Xcel Energy	6,308,135	2.69%
Minnesota Mutual Life Insurance (Corporate Headquarters)	2,092,374	0.89%
St. Paul Tower LP (World Trade Center)	1,486,468	0.63%
Traveler's Insurance (Corporate Headquarters)	1,358,486	0.58%
U.S. Bank Corp. Property & U.S. Bancorp	1,116,712	0.48%
BNSF Railway Co.	1,103,128	0.47%
Behringer Harvard LC LLC (Lawson Software)	968,146	0.41%
Ford Motor Company 1)	692,090	0.30%
Court International LLC	685,194	0.29%
BRE DDR Midway Marketplace LLC	666,466	0.28%
Total	16,477,199	7.02%

Source: 2015 CAFR Page 250

Net Tax Capacity 2014/2015	
Type	Amount
Residential	\$97,935,709
Multiple Dwelling	54,257,221
Commercial & Industrial	69,793,040
Agricultural	10,056
Personal Property	7,155,783
Less: Tax Increment District Captured Net Tax Capacity	-20,745,465
Contribution from Saint Paul	-24,568,718
Distribution to Saint Paul	50,525,266
Total Net Tax Capacity	\$234,362,892

Source: 2015 CAFR Page 229

Property Tax in St. Paul

The city may levy a tax for general city purposes not to exceed 49.505 mills. However, the city may also levy other taxes authorized by law in excess or in lieu of Charter or statutory limitations. The city may also levy taxes required for the payment of bonds, pension support, the city's share of

¹²⁸ "Overview of Property Taxes – Presentation to House Property and Local Tax Division." Minnesota House Research Department. January 2015. Accessed February 16, 2017 <http://www.house.leg.state.mn.us/hrd/issinfo/2015PropTaxBriefing.pdf>

¹²⁹ "Understanding Property Taxes," Minnesota Revenue. August 2011. Accessed August February 16, 2017, http://www.revenue.state.mn.us/propertytax/factsheets/factsheet_12a.pdf

¹³⁰ <http://www.house.leg.state.mn.us/hrd/pubs/ss/ssproptax.pdf>

the cost of the Metropolitan Airports commission, and the city’s share of conducting activities of public welfare for Ramsey County.¹³¹

The tax levy rate for fiscal year 2015 was 46.262 mills.¹³²

Appendix I contains a chart detailing the tax rates and tax levies for the City of Saint Paul and overlapping units of government, such as the school district and Ramsey County, over the last 10 years.

Saint Paul has a local property tax base that largely consists of residential properties, including both owner-occupied and rental units. In total, just over 50 percent of the city’s total local property tax levy falls on residential property. Historically, nearly 30 percent of the city’s property has been exempted entirely from paying city property taxes. As the state capital, the city is home to many tax-exempt state government institutions.¹³³ The city also contains many educational, faith-based, cultural, and medical institutions that are tax-exempt.

Estimated and Taxable Market Value -FY15 - City of Saint Paul				
	Estimated Market Value		Taxable Market Value	
<i>Property Type</i>	<i>Amount</i>	<i>% of Total</i>	<i>Amount</i>	<i>% of Total</i>
Residential	\$12,052,824,300	61.2%	\$10,960,096,300	59.1%
Multiple Dw elling	3,669,146,000	18.6%	3,610,388,500	19.5%
Commercial & Industrial	3,619,245,800	18.4%	3,595,182,500	19.4%
Agricultural	4,363,200	0.0%	1,005,600	0.0%
Personal Property	363,783,400	1.8%	363,783,400	2.0%
Total	\$19,709,362,700	100.0%	\$18,530,456,300	100.0%

Source: 2015 CAFR Page 229

Using the Property Tax for Parks and Recreation

There are three methods by which the City of Saint Paul could increase its levy and corresponding property tax rate to dedicate additional funding to parks and recreation. Each is described in more detail below.

Levy Increase through City Council Process

The City of Saint Paul could increase its levy through the budget process to increase funding for parks and recreation.

Such an increase would be subject to the local political climate. Historically, the budget process is not an avenue for large-scale infusions to parks and recreation programs across the country.

¹³¹ Home Rule Charter Sec. 11.03

¹³² 2015 Comprehensive Annual Financial Report. Page 230.

¹³³ Largely excerpted from 2017 Proposed Budget p. 21

Minneapolis

In 2016, the Minneapolis City Council approved an \$800 million agreement to improve city streets and neighborhood parks. Each year beginning in 2017 the City will dedicate an additional \$11 million to the repair of neighborhood parks owned and managed by the Minneapolis Park and Recreation Board; and will also dedicate an additional \$22 million annually to street repairs.¹³⁴ This historic agreement between the city and Park Board averted the possibility of a November 2016 referendum to generate dedicated funding for neighborhood park repair.

Voter-approved Levy Increase

The City of Saint Paul could seek voter approval for an additional levy amount at a general or special election.¹³⁵ The increase would be levied against net tax capacity.¹³⁶ Because a levy is a fixed amount of revenue, rather than a millage rate or percentage of assessed value, its relative value could decrease in future years as costs and budgets increase, as well as due to inflation. Future growth in the tax base could reduce the tax burden per homeowner, but would not generate additional funding. A levy and property tax increase could be used for operations and maintenance, as well as capital improvements, and be levied in perpetuity.

The chart to the right shows the effects of a levy and property tax increase.

Approval of the majority of voters voting on the question is required for passage.

A levy approved at an election held on the November general election date may be levied in that same levy year and in subsequent levy years.¹³⁷

Estimated Revenue & Costs of Property Tax Increase City of Saint Paul, MN					
Tax Rate Increase	% Increase	Levy Amount/ Annual Revenue	Cost/ Year to \$100,000 Home	Cost/ Year to Median Value Home	Increase as % of Market Value
0.58756527	1%	\$1,139,903	\$4.22	\$8.18	0.00560%
1.17513054	2%	\$2,279,805	\$8.43	\$16.36	0.01121%
1.762695811	3%	\$3,419,708	\$12.65	\$24.54	0.01681%
2.350261081	4%	\$4,559,610	\$16.87	\$32.71	0.02242%
2.937826351	5%	\$5,699,513	\$21.08	\$40.89	0.02802%
5.875652702	10%	\$11,399,025	\$42.16	\$81.79	0.05604%
9.401044324	16%	\$18,238,440	\$67.46	\$130.86	0.08966%

Based on estimated 2017 median value single family home of \$161,500, net tax capacity of \$194.00 million, referendum market value of \$20.315 billion and 2016 adopted tax levy of \$113.990 million million. Source: City of Saint Paul publicly available data, Minnesota Department of Revenue.

Process for Implementation

The City Council must submit notice of the public question to Ramsey County at least 74 days in advance of the election. No special election may be held within 56 days after the state general election.¹³⁸

¹³⁴ Roper, Eric. "Minneapolis finds deal to pay for road, parks repairs." *Star-Tribune*. April 26, 2016. Accessed February 22, 2017. <http://www.startribune.com/minneapolis-finds-deal-to-pay-for-road-park-repairs/377057931/>

¹³⁵ MN Statute 275.73

¹³⁶ Email and phone communication with Eric Willette and Whitney Morsching, Minnesota Department of Revenue. August 2015.

¹³⁷ Minn. Statutes 275.73 Subd. 2

¹³⁸ MN Statute 205.10 Subd. 3

Although the statutes do not definitely explain how the election must be ordered, an ordinance or resolution passed by a city council authorizing a public measure is a common method in other Minnesota cities. The measure may be voted upon at a general or special election

The notice must state the purpose and the maximum yearly amount of the additional levy. The ballot must state the maximum amount of the increased levy as a percentage of market value and the amount that will be raised by the new referendum tax rate in the first year it is levied.¹³⁹

Any question submitted to the voters that authorizes a property tax levy or tax rate increase must include on the ballot the following notice, in bold type:

“BY VOTING ‘YES’ ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.”

This statement is printed in addition to any other provisions that govern the contents of ballots questions.¹⁴⁰

Placing the Measure on the Ballot

There are three primary methods to place the measure on the ballot. They are a council resolution, ordinance initiative, and charter amendment. Each is described below. This section also describes the unique circumstance of the Minnesota Legislature passing special law to authorize a local government to seek

COUNCIL RESOLUTION

The City Council may place the question on the ballot.¹⁴¹

ORDINANCE INITIATIVE

St. Paul voters could seek an ordinance initiative conditioned upon approval by voters and the legislature. The citizens have the right to propose ordinances and require ordinances to be submitted to a vote.¹⁴²

An ordinance may be proposed by petition. A petition must be filed with the city clerk, whom must examine the sufficiency of the petition and report it to the City Council within twenty calendar days. After receiving the report from the City Clerk, the Council shall determine by resolution the sufficiency of the petition.¹⁴³ The petition must be signed by eight percent of those who voted for the office of the mayor in the last city election.¹⁴⁴ For a petition prior to the November 2017 mayoral election, this is equal to 2,442 voters. For a measure on the November 2018 ballot, this number will be determined by votes cast in the mayoral race at the November 2017 election.

If a majority of those voting on the ordinance vote in its favor, it becomes effective immediately.

¹³⁹ Minn. States Sec. 275.61 Subd. 1(b).

¹⁴⁰ League of Minnesota Cities – Information Memo – City Special elections

¹⁴¹ Minn. Statutes Sec. 275.73 Subd. 1

¹⁴² St. Paul City Charter Sec. 8.01

¹⁴³ St. Paul City Charter Sec. 8.03

¹⁴⁴ St. Paul City Charter Sec. 8.02

If the City council fails to enact the ordinance without change within 60 days after the petition is filed with the city clerk, it shall be placed on the ballot at the next general election which occurs on or after the 120th day from the filing of the petition with the city clerk. If a majority of votes cast on the ordinance are in favor, the ordinance becomes effective immediately.¹⁴⁵

CHARTER AMENDMENT

There are four methods to place a charter amendment on the ballot. These are proposal by initiative, city council, charter commission, or an amendment by ordinance. Each is discussed below.

Minnesota statute dictates that a charter commission must submit ballot questions at least seventeen weeks prior to the date of the general election.¹⁴⁶ For the November 6, 2018 election, this date is July 10, 2018.

51 percent of votes cast on the amendment are required for passage. The amendment will take place 30 days from the date of the election or at a date specified in the amendment.¹⁴⁷

PROPOSAL BY INITIATIVE

The Charter Commission must consider proposed charter amendments that are signed by a petition of voters equal to at least five percent of votes cast at the last state general election. For a measure on the November 2018 ballot, this number would be 7,011.¹⁴⁸

PROPOSAL BY CITY COUNCIL

The City Council may also propose charter amendments by ordinance. Any ordinance proposing an amendment will be submitted to the charter commission. The charter commission has 60 days to review the proposed amendment, but may request an extension of 90 days for additional reviews. After reviewing the proposed amendment, the charter commission will approve the proposed amendment, reject the proposed amendment, or suggest a substitute amendment. The Charter Commission must notify the City Council of its decision, which may then place the original or amendment on the ballot.¹⁴⁹

PROPOSAL BY CHARTER COMMISSION

The Charter Commission may recommend a charter amendment. The measure would need to be placed on the ballot by the City Council.¹⁵⁰

AMENDMENT BY ORDINANCE

Amendments may also be recommended by the Charter Commission and passed by the Council with a unanimous vote.¹⁵¹ Upon signature from the mayor, the amendment would become effective

¹⁴⁵ Home Rule Charter Sec. 8.03

¹⁴⁶ Minn. Statute. 410.12 subd. 1

¹⁴⁷ Minn. Statutes 410.12 Subd. 4.

¹⁴⁸ Minn. Statutes 410.12 Subd. 1

¹⁴⁹ Minn. Statutes 410.12 Subd. 5.

¹⁵⁰ Minn. Statutes 410.12 Subd. 1.

¹⁵¹ Minn. Statutes 410.12 Subd. 7.

either 90 days from signature or at a later date stated in the amendment. This option is unlikely to occur.

The amendment becomes effective ninety days after passage and publication. During the first sixty days after publication, citizens may petition for a ballot referendum on the amendment by obtaining signatures of at least 2,000 registered voters.

Levy Increase Under Special Legislative Authority

Special law from the Minnesota legislature could permit a jurisdiction to seek voter approval for a levy or tax rate increase.

The City of Duluth used this option to dedicate additional funding to parks and recreation in 2011. This example is described below.

2011 Duluth Parks Referendum

In 2011, the Duluth City Council approved an ordinance creating a separate fund and authorizing a special levy to fund parks and recreation, contingent on voter approval. With 57 percent approval, voters approved the Parks and Recreation Referendum in November 2011, which dedicated a property tax levy to the improvement and maintenance of local parks, trails and recreation facilities.¹⁵² Each year, the city levies an additional \$2.6 million which represents three percent of city property taxes. In 2011, it cost the average homeowner less than \$60 a year.¹⁵³ The levy was based off a 1953 law that specifically authorized the Duluth City Council to enact a levy by ordinance, upon voter approval, and not through the Minnesota statutes previously described for property tax increases.^{154 155}

Ballot language for this measure is included in appendix J. Ballot language for previous levy increases is included in Appendix K.

Process for Implementation

The process for implementation would ultimately depend on the specific language of the act.

A special law is not effective without approval of the local government unit affected. Unless the particular special law specifies otherwise, approval is adopted by a majority vote of all members of the relevant governing body. The act may dictate that voter approval may be required.

OTHER TAXES

The city charter prohibits the city from levying or collecting income or payroll tax.¹⁵⁶ The city charter also prohibits the city from levying or collecting any sales or excise tax on clothing, food,

¹⁵² “Parks and Recreation Plan – Trails and Bikeways Master Plan and Parks Fund History.” City of Duluth. Accessed August 13, 2015, <http://www.duluthmn.gov/media/118101/web-page-narrative.pdf>

¹⁵³ “City of Duluth Parks and Recreation Referendum Facts.” Duluth Cross-County Ski Club. Accessed August 13, 2015, <http://duluthxc.com/wp-content/uploads/2011/10/City-Parks-Referendum-Public-Fact-Sheet.pdf>

¹⁵⁴ <http://www.duluthmn.gov/clerk/council/resord11/11-0455r.pdf>

¹⁵⁵ Minnesota Session Laws 1953, Chapter 560 Section 1.

¹⁵⁶ Home Rule Charter Sec. 11.02

rent, or fuel. However, this restriction does not apply to the imposition a tax of up to three percent on food sales or room charges by restaurants, hotels, tourist courts, motels, trailer camps, or other similar facilities. This exemption is intended to provide the city with the future ability to impose a local food and beverage tax upon receiving authorization from state legislation. Food and beverage taxes are discussed in a subsequent section of this report.

This section explores the possibility of using various other taxes for parks and recreation in Saint Paul, such as the food and beverage tax. It also describes the recent trend of soda taxes in major American cities and counties. Lastly, it briefly describes how certain Minnesota cities use hotel/motel taxes for parks and recreation purposes.

Food and Beverage Taxes

The Minnesota Legislature has allowed certain cities to impose food and beverage taxes, special sales taxes on prepared foods, in addition to existing state or local general sales tax. The special legislation for many local governments allows the tax to be enacted by ordinance and not by voter approval.

A previous effort to enact a food and beverage tax in Saint Paul is also described below. Food and beverage taxes in other Minnesota communities, including those that impose use revenue for parks and recreation purposes, are included below.

Special legislation from the State Legislature would be required for imposing a food and beverage tax. The process for implementation would depend upon the terms of the specific legislation.

Previous Effort in St. Paul

In 2007, state lawmakers considered granting Saint Paul the authority to impose a three percent food and beverage tax. At the time, Mayor Coleman stated that he would support a tax if local government aid was not restored. The proposed legislation would have waived the statutory requirement for a referendum.¹⁵⁷ The proposal was withdrawn after food and beverage businesses complained that the proposal was introduced as a last minute amendment without opportunity for public comment.¹⁵⁸ At the time, city officials estimated the tax would have generated about \$3.5 million annually.

Minneapolis Food and Beverage Tax

The city of Minneapolis imposes a three percent tax on liquor and restaurant meals in the downtown area. The city of Minneapolis imposes a number of special local taxes.¹⁵⁹ The city also imposes a three percent entertainment tax city wide that applies to admission fees, amusement devices and games, food, drinks and merchandise sold during live performances, and short-term lodging.

¹⁵⁷ "St. Paul leaders refuse to give up on food-drink tax." St. Paul Pioneer Press. May 23, 2007. Accessed February 16, 2017. <http://www.twincities.com/2007/05/23/st-paul-leaders-refuse-to-give-up-on-food-drink-tax/>

¹⁵⁸ Hoppin, Jason and Salisbury, Bill. "Plan to raise St. Paul food, liquor tax killed." St. Paul Pioneer Press. May 21, 2007. Accessed February 16, 2017. <http://www.twincities.com/2007/05/21/plan-to-raise-st-paul-food-liquor-tax-killed/>

¹⁵⁹ "Minneapolis Special Local Taxes." Minnesota Department of Revenue. September 2015. Accessed February 2017. <http://www.revenue.state.mn.us/businesses/sut/factsheets/FS164M.pdf>

Duluth Food and Beverage Tax

The city of Duluth imposes a 2.25 percent food and beverage special sales tax. Along with the city's lodging tax, it is referred to as the "Duluth Tourism tax."¹⁶⁰

The taxes were expected to generate approximately \$10.8 million in 2016. Approximately \$200,000 was proposed to support park maintenance.¹⁶¹

St. Cloud Food and Beverage Tax

The city of St. Cloud, in Stearns, Benton, and Sherburne counties, first imposed a one percent food and beverage tax in 1987.¹⁶² The tax is imposed on liquor and food sold at restaurant and "places of refreshment." The food tax does not apply to food purchased in stores or other places that do not provide meals or table service. Funds were used originally used to finance the civic center. Currently, funds are primarily used for capital and debt costs at a city convention center, theater, and athletic complex.

Mankato Food and Beverage Tax

The city of Mankato imposes a half cent tax on served food and beverages (including liquor), as well as ticket sales for entertainment purposes. Revenue funds the operational costs at the city's civic center.

Costs for operating the civic center were previously funded under the city's half cent sales tax. In 2008, however, special legislation eliminated operational costs as a use of the tax. The special legislation specified that the city council could authorize a food and beverage tax to cover these costs instead. In September 2008, the City Council passed an ordinance authorizing the tax. The ordinance became effective in January 2009 and the tax was effective as of April 2009.¹⁶³ This tax did not require voter approval.

Sugar-Sweetened Beverage Tax

Increasingly, American cities and counties are contemplating, and in some cases implementing, taxes on sugar-sweetened beverage – often referred to as "soda taxes" or "pop taxes." Examples implemented by voter or legislative approval are described below.

California Cities

In November 2016, voters in three northern California cities – San Francisco, Oakland, and Albany, approved sugar-sweetened beverage taxes. This followed a similar measure in the nearby city of Berkeley, which voters approved in 2014. These measures impose an excise tax on the distribution of sugar-sweetened beverages, rather than directly at the point of sale. Distribution includes the sale of beverages or sweeteners by one business to another, such as a sale from a

¹⁶⁰ "Tourism Taxes." City of Duluth, Minnesota. June 9, 2016. Accessed February 16, 2017. <http://www.duluthmn.gov/finance/tourism-taxes/>

¹⁶¹ Passi, Peter. "Duluth to carve tourism tax pie." Duluth News Tribune. November 19, 2015. Accessed February 16, 2017. <http://www.duluthnewstribune.com/news/3886807-duluth-carve-tourism-tax-pie>

¹⁶² Berg, Jenny. "Food, beverage sales tax increase 6%." *St. Cloud Times*. February 10, 2016. Accessed February 16, 2017.

<http://www.sctimes.com/story/news/local/2016/02/10/food-beverage-sales-tax-increase-6/80171436/>

¹⁶³ "Food and Beverage Tax." Mankato, MN. Accessed February 16, 2017. <https://www.mankatomn.gov/government/service-areas/finance/food-and-beverage-tax>

wholesale business to a retail business, or the transfer of beverages or sweeteners from a wholesale unit of a business to one of its retail units.

Case Study: Oakland, CA

Oakland voters imposed a one cent per ounce tax on the distribution of sugar-sweetened beverages. This includes products such as soda, sports drinks, sweetened teas, and energy drinks. It exempts milk products, 100 percent juice, baby formula, and diet drinks. It also provides an exemption for small businesses.

The tax will be imposed beginning on July 1, 2017. Revenue will be deposited into the City's general fund, and the City can use the revenue for any lawful government purpose. A newly established Community Advisory Board will make recommendations to the City Council on funding programs that prevent or reduce the health consequences of consuming sugar-sweetened beverages.

A sugar-sweetened beverage is defined as any beverage intended for human consumption to which one or more caloric sweeteners are added and contains 25 or more calories per 12 fluid ounces of beverage. Beverages subject to the tax include sodas, sports drinks, sweetened teas, energy drinks, and non-100 percent fruit drinks.¹⁶⁴ Supporters of the measure stated that it would produce over \$6 million a year.

Cook County, IL

In November 2016, Cook County, IL, which contains Chicago and is the second most populous county in the nation, legislatively imposed a tax on sugar-sweetened beverages. The tax is expected to generate \$224 million per year in new revenue to the county. Revenue will be used to balance the county budget and expanded community based public health and public safety programs.¹⁶⁵ The tax is imposed at a rate of one cent per ounce on the retail sale of all sweetened beverages in Cook County.¹⁶⁶

Philadelphia, PA

In June 2016, the Philadelphia City Council passed a tax on sugary drinks and diet beverages. The proposal was strongly supported by Mayor Jim Kenney. Revenue from this one and a half cent per ounce tax, which is imposed when intended for retail sale, will be used primarily to fund education programs that allow children to attend pre-K. It will also fund community schools, reinvestments in parks and recreation centers, and support the general fund. The city council resolution also created a tax credit to encourage retailers to sell healthy beverages. The tax went into effect on January 1, 2017.¹⁶⁷ As of June 2016, the tax was expected to generate \$91 million a year in new funds for the

¹⁶⁴ This section largely excerpted from City Attorney's Impartial Analysis of Measure HH and City Auditor's Impartial Analysis of Measure HH. Accessed February 16, 2017. <https://www.acgov.org/rov/elections/20161108/documents/MeasureHH.pdf>

¹⁶⁵ Dardick, Hal. "Cook County soda pop tax approved with Preckwinkle breaking tie vote." Chicago Tribune. November 14, 2016. Accessed February 16, 2017. <http://www.chicagotribune.com/news/local/politics/ct-cook-county-soda-pop-tax-vote-met-1111-20161110-story.html>

¹⁶⁶ "Cook County Sweetened Beverage Tax." Cook County Government. Accessed February 16, 2017. <https://www.cookcountylil.gov/service/sweetened-beverage-tax>

¹⁶⁷ Mitman, Hayden. "Philadelphia City Council passes bill to enact soda tax." Philly Voice. June 6, 2016. Accessed February 16, 2017. City of Philadelphia Bill No. 160176. June 16, 2016. Accessed February 16, 2017.

city.¹⁶⁸ In Philadelphia, the beverage tax brought in \$5.7 million in its first month. If applied equally for 12 months, this could generate \$68.4 million.¹⁶⁹

Sugar-Sweetened Beverage Tax in Minnesota

In Minnesota, food and food ingredients are exempt from the state sales tax. According to the Minnesota Department of Revenue, food and food ingredients mean substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value.¹⁷⁰ However, candy, soft drinks, food sold through vending machines, prepared foods, alcoholic beverages, dietary supplements, and tobacco are not exempt and are therefore subject to the state sales tax.

The Minnesota legislature defines “soft drinks” as nonalcoholic beverages that contain natural or artificial sweeteners. Soft drinks do not include beverages that contain milk or milk products; soy, rice, or similar milk substitutes; or greater than 50 percent vegetable or fruit juice by volume.¹⁷¹

Sugar-Sweetened Beverage Tax in Saint Paul

The Saint Paul City Charter states that the city shall not levy or collect any sales or excise tax on food.¹⁷² It is unclear if this prohibition would apply to a tax on the distribution of sugar-sweetened beverage.

Like any other special tax in Minnesota, special legislation from the Legislature would be required. No Minnesota city currently imposes a special tax specifically on the sale or distribution of sugar-sweetened beverages.

Additional data and research is needed to determine a potential revenue estimate for a similar tax in Saint Paul. The city would need to determine whether to impose the tax either on distributors or at the point of sale.

These examples are meant to provide the city of Saint Paul with examples of sugar-sweetened beverage taxes in other cities; a tax in Saint Paul would be subject to specific state regulations and the legislature.

The Rudd Center for Food Policy & Obesity at the University of Connecticut provides estimates of a one-

Revenue Estimate of a One Cent Per Ounce Sugar-Sweetened Beverage Tax - Saint Paul, MN				
	Milwaukee Data		Minnesota Data	
Sugar-Sweetened Beverages	Gallons Per Year	Tax Revenues Per Year	Gallons Per Year	Tax Revenues Per Year
Soft drinks	7,846,580	\$10,043,623	8,760,081	\$11,212,904
Fruit drinks	1,458,657	\$1,867,080	1,035,701	\$1,325,698
Sports drinks	859,977	\$1,100,771	784,322	\$1,003,932
Ready to drink tea	632,436	\$809,518	594,575	\$761,056
Energy drinks	488,194	\$624,888	443,156	\$567,240
Flavored water	94,855	\$121,415	86,051	\$110,145
Ready to drink coffee	60,372	\$77,276	55,383	\$70,891
Total	11,441,070	\$14,644,570	11,759,269	\$15,051,864
<small>Saint Paul population (300,851) is approximately 51 percent of Milwaukee's Population (600,155) and approximately 5 percent of Minnesota's population (5,519,952). Source: Rudd Center for Food Policy & Obesity, University of Connecticut. Excludes diet version of these products</small>				

¹⁶⁸ Ibid.

¹⁶⁹ Cineas, Fabiola. “City Looks in Other Pocket, Says Soda Tax Revenue is Actually \$5.7 Million.” *BizPhilly*. February 23, 2017. Accessed March 20, 2017.

¹⁷⁰ Minnesota Department of Revenue Sales Tax Fact Sheet 102A. Revised December 2012. Accessed January 23, 2017.

¹⁷¹ Minnesota Statutes 298A.61 Subd. 32

¹⁷² Home Ruler Charter Sec. 11.02

cent-per-ounce tax on sugar sweetened beverages in each state, as well as in selected major American cities, based on beverage consumption, population, and pricing, as well as socio-demographic information on the variation in sugar-sweetened beverage consumption.¹⁷³ TPL used the Rudd Center’s online calculator of a possible tax in the State of Minnesota, as well as the city of Milwaukee (no data was available for the city of Saint Paul or any other Minnesota city), to estimate the revenue impact of a possible one-cent-per-ounce tax in Saint Paul. The tax could generate between approximately \$14.5 and \$15 million annually.

Hotel/ Motel Lodging Tax

Local governments may legislatively impose up to a three percent tax on short-term lodging. At least 95 percent of revenue must be used for tourism promotion. Special legislation and city charters enacted in home rule units of government prior to 1972 may provide local governments with additional eligible uses or additional rate limits. Saint Paul is one such example.

Saint Paul charges a three percent tax on facilities with fewer than 50 rooms. At least 25 percent of revenue must be used for debt service on bonds for parking improvements to the civic center. The remaining revenue may go to the city general fund. Saint Paul also charges an additional three percent tax – for a total of six percent – on facilities with 50 or more rooms. This revenue must be used for tourism promotion.

In 2012, the legislature granted cities of the first class, which includes Saint Paul, additional flexibility in the use of revenue derived from any local sales tax. This includes lodging taxes. These cities may divert any revenue not needed to fund the projects or purposes listed in their local authorizing law to fund the construction, expansion, or renovation for a sports facility or convention center, if the project cost is at least \$40 million.¹⁷⁴

No major Minnesota communities with a lodging tax authorized under special law or city charter currently use lodging tax revenue specifically for parks. Duluth uses a small portion of its revenue to subsidize operating costs at a city-owned ski area.

The towns of Tofte, Lutsen, and Schroeder use revenue for the construction, debt service, and maintenance of public recreational facilities. The city of Biwabik uses its revenue for the construction, maintenance, and improvement of public recreational facilities within the Giant’s Ridge Recreation Area.

Using the Lodging Tax For Parks and Recreation in Saint Paul

An increase in the hotel/motel lodging tax or a reallocation of revenues could create additional funding for parks and recreations in Saint Paul, although it does not appear to be a likely source.

In its 2017 Legislative Agenda, the city council expressed support for the Saint Paul Visitor and Convention Bureau’s request to increase the lodging tax by one percent in the 2017 legislative session.

¹⁷³ Revenue Calculator for Sugar-Sweetened Beverage Taxes. Uconn Rudd Center for Food Policy & Obesity. Accessed March 20, 2017. <http://www.uconnruddcenter.org/revenue-calculator-for-sugar-sweetened-beverage-taxes/>

¹⁷⁴ Dalton, Pat. “Information Brief – Local Lodging Taxes in Minnesota.” Research Department – Minnesota House of Representatives. August 2012. Accessed January 27, 2017. <http://www.house.leg.state.mn.us/hrd/pubs/lodgetax.pdf>

ELECTIONS

Calendar

City elections are held on the first Tuesday after the first Monday in November in odd numbered years.¹⁷⁵ State and federal elections are held on the first Tuesday after the first Monday in November of even-numbered years.

Municipal elections are nonpartisan, although candidates can identify with a political party on the ballot.¹⁷⁶

Upcoming Election Dates	
Date	Election
8/8/2017	Municipal and School District Primary
11/7/2017	Municipal and School District General Election
8/14/2018	State Primary
11/6/2018	State General Election
8/13/2019	Municipal and School District Primary
11/5/2019	Municipal and School District General Election
8/11/2020	State Primary
11/3/2020	State General Election

City council elections were most recently held in November 2015. City council members are elected from single-member districts for four-year terms. City council members are chosen by instant-runoff voting, also known as ranked choice voting. Saint Paul voters approved a charter amendment in 2009 that repealed municipal primary elections. The next city council election will be held in November 2019. The next mayoral election will be held in November 2017.

The City Council may order a special election when deemed necessary for any purpose, upon approval of five council members and passage of a resolution.¹⁷⁷

Election History

Since most local public finance mechanisms require voter approval it is useful to look at the election results history for the city. Public finance measures are not common in the city of Saint Paul.

In November 2012, voters in Independent School District No. 625 – St. Paul Public Schools – approved a measure to renew and increase the existing levy authority. The measure sought to increase the existing \$646.55 per pupil revenue by an additional \$175 to fund classroom instruction. The measure will provide the district with \$39 million annually through the 2020-2021 school year. Sixty-one percent of those voting on the tax voted in favor.¹⁷⁸ The Trust for Public Land is unaware of other citywide public finance measures in recent years.

Voter Registration and Turnout¹⁷⁹

The Minnesota voter turnout in the November 2016 election was higher than any other state at 74.7 percent of the estimated voting eligible population in Minnesota.¹⁸⁰

¹⁷⁵ Home Rule Charter Sec. 7.01

¹⁷⁶ Home Ruler Charter Sec. 7.09

¹⁷⁷ Home Rule Charter Sec. 7.07

¹⁷⁸ Minnesota Secretary of State.

¹⁷⁹ ¹⁷⁹ “Voter Registration Numbers,” Elections Center, Colorado Secretary of State and Eagle County Elections Department.

¹⁸⁰ <http://www.sos.state.mn.us/media/2767/us-turnout-map-2016.pdf>

The chart below shows voter registration and turnout at city and state general elections over the last nine years.

City of St. Paul - Voter Turnout in Recent City and State General Elections									
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Registered Voters	164,036	159,512	169,948	156,760	179,605	156,231	162,918	151,966	179,618
Person Voting	114,048	34,411	93,005	30,682	143,653	31,175	87,879	27,923	140,210
Voter Turnout	69.5%	21.6%	54.7%	19.6%	80.0%	20.0%	53.9%	18.4%	78.1%
Source: Ramsey County General Election Abstracts									

Upcoming and Potential Ballot Measures

St. Paul Public Schools previously sought voter approval for its levy renewal in 2006 and 2012. The school system may seek a levy renewal in the coming years. TPL is unaware of any other potential upcoming ballot measures.

Next Steps

The next steps for the City of Saint Paul should include narrowing funding options to those that match the needs identified in the city’s planning processes and testing voter attitudes toward a specific set of funding proposals. The Trust for Public Land recommends conducting a public opinion survey that tests ballot language, tax tolerance, and program priorities of voters in throughout the city.

APPENDICES

Appendix A: Demographic and Economic Statistics

Demographic and Economic Statistics					
Last Ten Fiscal Years					
Fiscal Year	Population	Per Capita Personal Income	Personal Income	Labor Force	Unemployment Rate
2006	286,620	23,675	\$ 6,444,728,300	142,111	4.20%
2007	287,669	24,934	\$ 6,639,009,400	143,544	4.60%
2008	288,055	27,120	\$ 7,294,251,800	144,589	5.50%
2009	287,501	24,702	\$ 6,947,235,100	143,492	7.90%
2010	285,068	25,066	\$ 7,145,514,488	148,515	7.60%
2011	286,367	25,576	\$ 7,106,711,800	149,870	6.90%
2012	289,270	25,072	\$ 7,165,005,800	150,515	6.00%
2013	294,873	25,695	\$ 7,636,250,500	151,967	5.10%
2014	297,640	26,268	\$ 7,818,407,520	152,612	4.20%
2015	300,353	25,611	\$ 7,692,209,635	153,855	3.70%

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Appendix B: Conservation Finance Ballot Measures

Minnesota Local Land Conservation Ballot Measures: 1990 - 2016								
Jurisdiction Name	Date	Status	Description	Finance Mechanism	Total Funds at Stake	Conservation Funds at Stake	Total Funds Approved	Conservation Funds Approved
Eagan	11/4/2008	Fail	Bond for the purchase of golf course for open space	Bond	\$10,250,000	\$10,250,000	\$0	\$0
Mendota Heights	4/24/2007	Pass	Bond issue to purchase golf course to maintain as recreational land	Bond	\$2,790,000	\$2,790,000	\$2,790,000	\$2,790,000
Washington County	11/7/2006	Pass	Bond to purchase land to protect water quality, wetlands, woodlands, lakes, rivers and streams	Bond	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
Plymouth	11/7/2006	Pass	Bond for the acquisition of land for open space, greenways, parks, and recreational lands	Bond	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000
Andover	11/7/2006	Pass	Bond for the preservation of land, watersheds and wildlife	Bond	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Sartell	11/7/2006	Pass	Bonds backed by sales tax revenue for the purchase of open space, parks, and trails	Bond	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Tofte	6/13/2006	Pass	Bond for the acquisition of 29 acres of parkland	Bond	\$160,000	\$160,000	\$160,000	\$160,000
Woodbury	11/8/2005	Pass	Bond to purchase open space throughout the city and to finance park improvements	Bond	\$9,000,000	\$6,000,000	\$9,000,000	\$6,000,000
Eden Prairie	11/8/2005	Pass	Bond for the acquisition of park land and the improvement of existing parks	Bond	\$4,695,000	\$2,000,000	\$4,695,000	\$2,000,000
St. Cloud	11/2/2004	Pass	17-year, 1/2% sales and use tax increase to fund regional parks and trails initiative which includes park and land purchase	Sales tax	\$10,000,000	\$5,000,000	\$10,000,000	\$5,000,000
Eden Prairie	5/11/2004	Fail	Bond for acquisition, development and improvement of land and facilities for public recreation	Bond	\$22,500,000	\$1,000,000	\$0	\$0
Wayzata	11/4/2003	Pass	Bond for acquisition of forest lands	Bond	\$3,135,000	\$3,135,000	\$3,135,000	\$3,135,000
Dakota County	11/5/2002	Pass	Dakota County Farmland Natural Areas Project; Bond to protect farmland, open space, water, and natural areas.	Bond	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
Bemidji	11/5/2002	Pass	.5 percent sales tax for the acquisition, maintenance, and development of open space, parks and trails	Sales tax	Unknown	Unknown	Unknown	Unknown
Minnetonka	9/11/2001	Pass	Bond for parks renewal and open space preservation	Bond	\$15,000,000	\$7,500,000	\$15,000,000	\$7,500,000
Washington County	11/7/2000	Fail	Bond issue to acquire and manage conservation easements to establish a corridor of green space	Bond	\$13,025,000	\$13,025,000	Unknown	Unknown
Blaine	11/7/2000	Pass	Bond issue for land acquisition	Bond	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
North Mankato	11/7/2000	Fail	Bond for purchase of parkland and development	Bond	\$2,500,000	\$1,200,000	Unknown	Unknown
Savage	11/2/1999	Pass	Bond for recreational purposes	Bond	\$5,000,000	\$1,000,000	\$5,000,000	\$1,000,000
Woodbury	6/2/1998	Pass	Bond for open space, parks, recreation	Bond	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Chanhassen	6/14/1997	Pass	Bonds for Open Space, Recreation, Parks, Trails	Bond	\$4,900,000	\$1,755,000	\$4,900,000	\$1,755,000
Prior Lake	2/25/1997	Pass	Bonds for library, parks and trails	Bond	\$7,800,000	\$1,175,000	\$7,800,000	\$1,175,000
Eagan	9/10/1996	Fail	Bond for open space, Parks	Bond	\$3,800,000	\$3,800,000	Unknown	Unknown
Maple Grove	6/20/1995	Pass	Bond issue for forest and open space protection	Bond	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Plymouth	5/23/1995	Pass	Bonds for open space and trails	Bond	\$2,235,000	\$2,235,000	\$2,235,000	\$2,235,000
Woodbury	6/4/1994	Pass	Bond for parks and recreation	Bond	\$7,600,000	\$1,200,000	\$7,600,000	\$1,200,000
Eden Prairie	5/24/1994	Pass	Bond to buy and preserve 96 acres of land and forest	Bond	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000
Maplewood	11/2/1993	Pass	Bond to finance the acquisition of open space	Bond	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Eden Prairie	5/25/1989	Fail	Bond for land acquisition	Bond	\$9,045,000	\$3,000,000	Unknown	Unknown

Appendix C: Park Finance Ballot Measures

Minnesota Local Public Questions that Contain Funding for Parks - 2008 - 2016									
Jurisdiction Name	Date	Result	Description	Finance Mechanism	Total Funds at Stake	Total Funds Approved	Park Funds at Stake	Park Funds Approved	% Yes
St. Cloud	11/4/2014	Pass	Extension of 0.5% local option sales tax for various purposes including parks	Sales Tax	Unknown	Unknown	Unknown	Unknown	71.1%
Duluth	11/8/2011	Pass	Parks And Recreation Facilities	Property Tax	52,000,000	52,000,000	52,000,000	52,000,000	57.0%
Cottage Grove	11/6/2012	Fail	Playcenter and park improvements	Bond	7,000,000	0	7,000,000	0	38.5%
Cottage Grove	11/6/2012	Fail	Acquatic Center	Bond	6,500,000	0	6,500,000	0	36.4%
Sartell	11/4/2014	Pass	Extension of 0.5% local option sales tax for various purposes including parks	Sales Tax	291,000,000	291,000,000	Unknown	Unknown	78.1%
Sauk Rapids	11/4/2014	Pass	Extension of 0.5% local option sales tax for various purposes including parks	Sales Tax	Unknown	Unknown	Unknown	Unknown	70.2%
Coon Rapids	11/5/2013	Pass	Unknown	Bond	15,000,000	15,000,000	15,000,000	15,000,000	51.4%
Waite Parke	11/4/2014	Pass	Extension of 0.5% local option sales tax for various purposes including parks	Sales Tax	Unknown	Unknown	Unknown	Unknown	72.1%
St. Joseph	11/4/2014	Pass	Extension of 0.5% local option sales tax for various purposes including parks	Sales Tax	Unknown	Unknown	Unknown	Unknown	71.7%
South St. Paul	2/11/2014	Pass	New Park and Ice Arena Upgrade	Bond	10,100,000	10,100,000	10,100,000	10,100,000	57.4%
Proctor	11/4/2014	Pass	parks, trails, city facilities and infrastructure	Sales Tax	Unknown		Unknown	Unknown	78.2%
St. Augusta	11/4/2014	Pass	Unknown	Sales Tax	Unknown		Unknown	Unknown	66.2%
Cook County	11/3/2009	Pass	Various community improves, including parks and recreation	Sales Tax	Unknown	Unknown	Unknown	Unknown	64.2%
Cloquet	11/6/2012	Pass	improvements to City parks, trails and recreation areas and street and utility infrastructure	Sales Tax	Unknown	Unknown	Unknown	Unknown	Unknown
Moose Lake	11/6/2012	Pass	Park system, street and related infrastructure improvements, municipal library improvements	Sales Tax	Unknown	Unknown	Unknown	Unknown	Unknown
Brainerd	11/4/2014	Pass	Upgraded waste treatment facility, waste treatment facility improvements, water infrastructure improvements; trail improvements	Sales Tax	Unknown	Unknown	Unknown	Unknown	55.6%
Milaca	11/4/2014	Pass	park improvements including a building with community room, warming house, and bathrooms, splash pad, and playground equipment	Bond	475,000	475,000	475,000	475,000	64.3%
Little Falls	11/4/2014	Fail	recreation complex	Sales Tax	Unknown	0	Unknown	0	46%
Mankato	11/8/2016	Pass	includes some funds for parks/ recreation	Sales Tax	47,000,000	47,000,000	Unknown	Unknown	71.9%
North Mankato	11/8/2016	Pass	Acquisition and development of regional parks, hiking and biking trails, existing and new recreational facilities, expansion of library, riverfront redevelopment, lake improvement projects	Sales Tax	15,000,000	15,000,000	15,000,000	15,000,000	72.9%
Waseca	11/8/2016	Pass	Trails, lake water and park improvements	Sales Tax	3,500,000	3,500,000	3,500,000	3,500,000	48.8%
Rosemount	5/17/2016	Fail	Recreational facilities	Bond	15,000,000	0	15,000,000	0	43.4%
New Ulm	11/8/2016	Pass	Unknown parks and recreation purposes	Sales Tax	14,800,000	14,800,000	14,800,000	14,800,000	69.6%
Farmington	11/8/2016	Fail	Recreational Facilities, Trails, athletic fields	Bond	9,997,608	0	9,997,608	0	47.3%
Farmington	11/8/2016	Fail	Recreational Facilities, Trails, athletic fields	Bond	2,337,696	0	2,337,696	0	42.6%
Spicer	11/8/2016	Pass	playground equipment	Sales Tax	8,000,000	8,000,000	2,666,667	2,666,667	57.2%
Willmar	11/8/2016	Fail	improvements to park and recreation area, civic center, field complex	Sales Tax	10,000,000	0	7,000,000	0	46.9%
Fairmont	11/8/2016	Pass	recreational amenities, trails, community center	Sales Tax	15,000,000	15,000,000	15,000,000	15,000,000	61.2%
Pine Island	11/8/2016	Pass	Community pool	Bond	2,400,000	2,400,000	2,400,000	2,400,000	63.0%
Hermantown	11/8/2016	Pass	construction and equipping of regional, multiuse wellness center	Sales Tax	Unknown	Unknown	Unknown	Unknown	76.3%
Elk River	11/8/2016	Fail	community center and park improvement projects	Bond	30,000,000	0	30,000,000	0	46.7%
Elk River	11/8/2016	Fail	year round athletic space	Bond	4,000,000	0	4,000,000	0	38.2%

Appendix D: Summary of Local Sales Tax Authorities

The Minnesota House of Representatives Research Department provides a summary of all local sales tax authorities. This document, last updated in November 2016, is available at:

<http://www.house.leg.state.mn.us/hrd/pubs/localsal.pdf>

Appendix E: Minnesota Sales Tax Measure Ballot Language

1999 Saint Paul Sales Tax Referendum

City Questions

Question 1

(Ballpark Initiative Ordinance)

Shall the voters approve an ordinance authorizing a half-cent sales tax to provide for the local share of a ballpark in Saint Paul only if the following three conditions are met:

- (1) The State of Minnesota and a major league baseball club contribute at least 2/3 of the costs of construction of a ballpark;
- (2) The State Legislature authorizes the ordinance; and
- (3) The city's portion will never exceed the amount raised by a half-cent sales tax and the half-cent sales tax will end when the City's share is paid.

The measure failed with 42 percent of the vote.

City of Hermantown, Saint Louis County, 2012

HERMANTOWN SALES TAX

Shall the present City sales tax be increased from half percent (0.5%) to one percent (1%)?

The measure passed with 50.1 percent of the vote.

City of Proctor, Saint Louis County, 2014.

SALES TAX REFERENDUM

Shall the City Council of the City of Proctor perform necessary maintenance and make improvements to City facilities and infrastructure by increasing the existing one-half (1/2) percent sales and use tax to one (1) percent on all taxable transactions occurring within the City of Proctor?

The measure passed with 78 percent of the vote.

City of Cloquet, Carlton County, 2012

LOCAL OPTION SALES TAX

Shall the City of Cloquet, Minnesota, (the "City") be authorized to impose a sales and use tax of one-half percent (0.5%) to finance the costs of improvements to City parks, trails and recreation areas and street and utility infrastructure?

The measure passed with 63 percent of the vote.

City of Rochester, Olmsted County, 2012

CITY OF ROCHESTER SALES TAX AND BOND REFERENDUM QUESTION

Shall the City of Rochester be authorized (a) to extend beyond December 31, 2012, the current City sales and use tax of one-half of one percent and an excise tax of \$20 per retail sale of a motor vehicle and (b) to issue general obligation bonds in an aggregate amount not exceeding \$139,500,000, plus the cost of issuing the bonds, to finance the cost of acquisition and betterment

of the following projects: * \$8,000,000 for the regional public safety and 911 dispatch center facilities. * \$20,000,000 for a regional recreation/senior center. * \$30,000,000 for City of Rochester transportation projects. * \$17,000,000 for Olmsted County transportation infrastructure improvements: * \$8,000,000 for downtown infrastructure improvements. * \$14,000,000 for the University of Minnesota Rochester academic and complementary facilities. * \$6,500,000 for the Rochester Community and Technical College/Winona State University career technical education and science and math facilities. * \$6,000,000 for the Rochester Community and Technical College regional recreation facilities at University Center Rochester. * \$20,000,000 for the Destination Medical Community Initiative. * \$10,000,000 for an economic development fund.

The measure passed with 65 percent of the vote

City of Sartell, Benton and Stearns Counties, 2014

CITY QUESTION 1 (Sartell)

EXTENSION OF ONE-HALF PERCENT LOCAL SALES AND USE TAX

Explanation: The residents of Sartell, St. Joseph, St. Augusta, St. Cloud, Sauk Rapids and Waite Park currently collect a 1/2 percent sales and use tax which will expire on December 31, 2018. The State Legislature has authorized the extension of the existing 1/2 percent sales and use tax for the aforementioned cities through 2038, subject to voter approval in each city. If Sartell voters approve an extension, the first \$900,000 collected annually will be used to fund the jointly funded regional projects identified below with the remaining annual sales tax funds distributed to the area cities pursuant to a Joint Powers Agreement. The area cities can use the remaining sales and use tax dollars for other projects in their individual cities. **JOINTLY FUNDED REGIONAL PROJECTS** Regional Trails - Interconnection of trail system, not to exceed \$500,000 annually; Regional community/aquatics center, not to exceed \$200,000 annually; Regional Airport, not to exceed \$200,000 annually. **SARTELL REGIONAL PROJECT ACQUISITION AND IMPROVEMENT OF REGIONAL PARK LAND AND OPEN SPACE, COMMUNITY & AQUATICS CENTER FACILITIES:** All or part of the cost for acquisition of, betterment of, development of, and improvements to regional park land and open space which could include trails, recreational fields, pools, shelters, and similar facilities and for the cost for acquisition, betterment, construction and development of community center facilities which could include gymnasium space, aquatics/pool facilities, library/media resource facilities, community meeting rooms, senior center activity space, and similar facilities, in an amount not to exceed 50% of the tax revenues received by the City of Sartell. **REGIONAL TRANSPORTATION IMPROVEMENTS:** All or part of the cost for acquisition, betterment, and construction of new and reconstruction of existing regional roadways and related infrastructure which could include Pinecone Road, 50th Avenue South, 27th Street North, LeSauk Drive, and other regionally significant roadway corridors, in an amount not to exceed 50% of the tax revenues received by the City of Sartell. Shall the City of Sartell be authorized to continue the collection of a 1/2 percent sales and use tax through the year 2038 to pay for all or part of the above listed regional projects? To vote, complete the oval to the LEFT of your choice, like this (). Voters desiring to vote in favor of the question should complete the oval opposite the word "YES" next to the question. Voters desiring to vote against the question should complete the oval opposite the word "NO" next to the question.

The measure passed.

Appendix F: Legislative Timing

In odd numbered years, the legislature meets the first Tuesday after the first Monday in January. For 2017, this is January 3. The state constitution limits the Legislature to meeting 120 legislative days during each biennium. The Legislature may not meet in regular session after the first Monday following the third Saturday in May of any year. In 2017, this date is May 22.

In even numbered years, the Legislature convenes on a date set by joint agreement of both bodies. The Legislature may also meet when called by the governor to meet in special session.

While there is no yearly deadline for the introduction of bills, each year the legislature establishes deadlines for committee action on bills. However, these deadlines do not apply to the respective House and Senate committees on taxes – the likely committee destinations for a local sales tax bill.¹⁸¹

Appendix G: Detailed Saint Paul Sales Tax Information

Initially authorized	Laws 1993, ch. 375, art. 9, sec. 46
Date imposed	1-Sep-93
Amount collected in CY 2014	\$18,110,021
Additional legislative action	Laws 1997, ch. 231, art. 7, sec. 40; Laws 1998, ch. 389, art. 8, secs. 30, 31, 32, 36, and 37; Laws 2003, 1st spec. sess., ch. 21, art. 8, sec. 13; Laws 2005, 1st spec. sess., ch. 3, art. 5, secs. 26, 27; Laws 2009, ch. 88, art. 4, secs. 15, 16, and 18; Laws 2013, ch. 143, art. 8, secs. 44 and 45.
Tax authorized	A sales tax of up to one-half of 1 percent. No complementary use tax was authorized.
Required city action to impose the tax	The city needed to pass a resolution before July 1, 1993, stating its intent to exercise its authority to impose a sales tax.

¹⁸¹ <http://www.leg.state.mn.us/leg/deadlines.aspx>

<p>Allowed use of the tax proceeds</p>	<p>The tax allowed the city to fund or issue bonds to fund expansion and remodeling costs for the St. Paul Civic Center, with remaining funds to be spent on capital projects furthering cultural and economic development in St. Paul's downtown and neighborhoods. The 1997 amendment allows the city to spend up to 10 percent of sales tax revenue allocated for cultural and economic development activities on operating expenses of cultural organizations. The 2003 law requires that 10 percent go for capital and operating expenses of cultural organizations.</p> <p>The 1998 law changed the distribution of St. Paul sales tax proceeds in a number of ways, including: adding the demolition and reconstruction of an arena associated with the civic center complex to the authorized uses of the sales tax revenue; allocating up to 40 percent of the city sales tax revenue to the civic center and associated hockey arena, and at least 60 percent to the cultural and economic development activities, although some short term adjustments can be made in the allocation as needed to meet debt obligations; requiring revenue distributed to the city's cultural STAR program to be awarded through a grant or loan review process; 80 percent of such revenue must go to nonprofit arts organizations, libraries, or museums in downtown St. Paul, while the remaining 20 percent may be allocated to businesses in the cultural district or to nonprofit organizations in other neighborhoods; and requiring any expenditure proposals for neighborhood development programs to first be reviewed by a citizen review board of 17 members representing the district councils.</p> <p>The 2005 special session law allows the city to fund up to \$3.5 million annually to pay bonds for capital projects related to the cultural and economic development projects. This authority applied to revenues collected in the years 2006-2009. In 2009 this authority was extended to revenues collected through 2014.</p> <p>In 2009, the law was amended to (1) require interest loan repayments from the STAR and neighborhood development programs be used to fund more projects in those areas, and (2) to explicitly require that the review process for neighborhood proposals be open, fair, and competitive.</p> <p>The 2013 law repealed the 2009 provision and provided that any revenue raised from 40 percent of the tax not needed for the civic center and hockey arena may be used for any economic development purpose.</p>
<p>Tax administration</p>	<p>The tax is collected by the Commissioner of Revenue with the state sales tax. The tax revenue are returned to the city each month, net the cost to the state of collecting and administering the tax.</p>
<p>Tax expiration</p>	<p>The original law required that the tax expire when the revenues raised by the portion of the tax proceeds dedicated to the convention center are sufficient to pay for the authorized bonds of up to \$65 million. The 1998 law changed the expiration date to December 31, 2030. The 2013 law changed the expiration date to December 31, 2042.</p>
<p>Miscellaneous</p>	<p>On January 15 of odd-numbered years, the city must report to the legislature on the use of sales tax revenue during the preceding two years. A complementary use tax was imposed in St. Paul beginning January 1, 2000, as required under Minnesota Statutes sec. 297A.99. The 1998 law amended the same portion of the original law as was amended in the 1997 law but did not pick up the 1997 amendment. Although it looks like the two laws do not directly conflict it is not clear how to interpret the laws together.</p>

The 2012 law to fund the Vikings stadium also provided that cities of the first class may use some of their existing sales tax revenue to support "capital projects of regional significance" (Minn. State. sec. 297A.9905). St. Paul has used this to help fund a baseball stadium.

Appendix H: Successful Bond Measure Ballot Language

City of Andover, November 2006

PRESERVATION OF WATER, WILDLIFE AND NATURAL HABITAT AREAS

Shall the City of Andover, Minnesota, be authorized to issue its general obligation bonds in an amount not to exceed \$2,000,000 to finance the acquisition of land from willing sellers for the preservation of natural areas, water and air quality and wildlife habitat? Spending would be subject to an annual audit.

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

This proposal would cost approximately \$8 per year for each \$100,000 in property value on most property types. The maximum amount of increased levy as a percentage of market value is .0078% and the maximum amount that would be raised by the new referendum tax rate in the first year if it were to be levied is \$195,539.

The referendum passed with 54 percent support.

City of Plymouth, November 2006

Shall the City Council of the City of Plymouth, Minnesota be authorized to issue its general obligation bonds in an amount not to exceed \$9,000,000 for the purpose of acquiring land for open space, greenways, and parks.

NOTICE: BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE

The maximum amount of increased levy as a percentage of market value is .010376%.
The amount that will be raised by the new referendum tax rate in the first year it is levied is \$892,000.

The referendum passed with 64 percent support.

Washington County, November 2006

PRESERVATION OF WATER QUALITY, WOODLANDS, AND OTHER NATURAL AREAS

In favor of authorizing Washington County to issue general obligation bonds in one or more issues in an amount not to exceed \$20,000,000 to acquire and improve land and interests in land, for the purposes of improving water quality of rivers, lakes and streams; protecting drinking water

sources; purchasing parklands; preserving wetlands and woodlands; and protecting land along water bodies from development, with spending reviewed by a citizens' advisory committee and subject to an annual audit?

BY VOTING 'YES' ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

This proposal would cost approximately \$12 per year for ten years for each \$100,000 in property value on most property types. Agricultural land and noncommercial seasonal properties currently are exempt from the tax. The maximum amount of the increased tax levy as a percentage of market value would be 0.0111% and the maximum amount that would be raised by the new tax rate in the first year to be levied would be \$2,600,000.

The referendum passed with 61 percent support.

Dakota County, November 2002

PRESERVATION OF WATER, OPEN SPACE, NATURAL AREAS AND
FARMLAND

Shall Dakota County be authorized to issue general obligation bonds in the amount of \$20,000,000 maturing over a term not to exceed ten years, to acquire and improve land and interests in land for the purposes of preserving and protecting water, open space, farmland and natural areas, with all spending reviewed in an annual public audit?

BY VOTING 'YES' ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

The maximum amount of the increased tax levy as a percentage of market value is 0.009887% and the amount that will be raised by the new tax rate in the first year to be levied (2003) is \$2,550,000.

The referendum passed with 57 percent support.

City of South St. Paul, February 2014.

City Question

Community Parks, Recreational and Athletic Facilities

Shall the City of South St. Paul, Minnesota be authorized to issue bonds in an amount not to exceed \$10.1 million to provide funding for the following park improvements:

1. The completion of the development of Kaposia Landing including four multi-use softball/youth baseball fields, a full-size baseball field, a performing arts area, picnic areas, two playground areas, and an expansion of the off-leash dog area, pursuant to the Parks Master Plan;

2. The conversion of McMorro Field from baseball/softball fields into flat fields for soccer, football, lacrosse and other field sports and trail expansion, pursuant to the Parks Master Plan; and
3. Improvements to Wakota Arena, including renovating the locker rooms and restrooms, building an off-ice training area and community meeting rooms, and upgrading the efficiency of the mechanical systems.

-Yes

-No

BY VOTING “YES” ON THIS QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

The measure passed with 57 percent of the vote.

Appendix I: Historical Tax Capacity Rates – Direct and Overlapping Governments

Tax Capacity Rates (Per \$100 of Adjusted Tax Capacity Value Direct and Overlapping Governments - Last 10 Fiscal Years)							
Fiscal Year	City of Saint Paul	School District 625	Housing and Redevel	Port Authority	Ramsey County	Special Districts	Total
2006	28.358	29.368	0.434	1.016	43.414	6.14	108.73
2007	27.59	25.415	0.414	1.064	41.843	7.247	103.573
2008	29.619	23.413	0.447	1.097	41.043	6.687	102.306
2009	31.615	22.698	0.9	1.39	43.057	6.805	106.465
2010	35.642	28.507	1.272	1.692	46.474	7.232	120.819
2011	37.208	35.057	1.262	1.802	50.668	8.119	134.116
2012	44.157	40.109	1.418	1.723	56.801	11.914	156.122
2013	46.585	42.238	1.482	1.396	60.456	12.947	165.104
2014	45.242	46.665	1.445	1.278	58.92	9.037	162.587
2015	45.262	42.974	1.386	1.278	58.782	8.647	158.329

Source: 2015 CAFR Page 230

Tax Levies - Direct and Overlapping Governments - Last 10 Fiscal Years							
Fiscal Year	City of Saint Paul	School District 625	and Redevelopment	Port Authority	Ramsey County	Special Districts	Total
2006	\$ 64,532,906	\$ 66,044,888	\$ 979,895	\$ 2,316,175	\$ 217,455,420	\$ 26,689,855	\$ 378,019,139
2007	\$ 70,062,561	\$ 66,206,297	\$ 1,057,307	\$ 2,716,050	\$ 230,921,903	\$ 35,621,246	\$ 406,585,364
2008	\$ 80,530,837	\$ 65,646,331	\$ 1,215,903	\$ 3,025,000	\$ 242,063,050	\$ 35,974,130	\$ 428,455,251
2009	\$ 87,142,264	\$ 63,980,783	\$ 2,278,148	\$ 3,697,000	\$ 253,013,187	\$ 36,194,862	\$ 446,306,244
2010	\$ 92,497,521	\$ 72,824,376	\$ 3,178,148	\$ 4,299,700	\$ 259,971,049	\$ 36,442,998	\$ 469,213,792
2011	\$ 92,497,521	\$ 84,635,854	\$ 3,178,148	\$ 4,456,700	\$ 267,120,252	\$ 39,452,074	\$ 491,340,548
2012	\$ 97,809,058	\$ 89,686,469	\$ 3,178,148	\$ 3,855,700	\$ 271,794,856	\$ 40,305,075	\$ 506,629,306
2013	\$ 99,396,152	\$ 90,587,829	\$ 3,178,148	\$ 4,652,700	\$ 276,538,351	\$ 41,253,232	\$ 515,606,412
2014	\$ 99,396,152	\$ 100,175,041	\$ 3,178,148	\$ 4,646,700	\$ 276,538,351	\$ 41,604,411	\$ 525,538,803
2015	\$ 101,825,142	\$ 102,758,380	\$ 3,278,148	\$ 4,607,100	\$ 276,538,351	\$ 42,544,413	\$ 531,551,534

Source: 2015 CAFR Page 230

Appendix J: Ballot Language – 2011 Duluth Parks Referendum¹⁸²

Should Chapter 2 of the Duluth City Code, 1959, as amended, be amended to create a fund denominated as the "Parks Fund" and should the city levy a special levy in the amount of \$2,600,000 on the referendum market value of all real property in the city, said levy being 0.0472654% of said referendum market value, for the purpose of providing a dedicated funding source for parks and recreation facilities, recreation activities, and for implementation of the concepts addressed in the Duluth Parks and Recreation Master Plan dated December 2010, in accordance with the authority contained in Laws of Minnesota, 1953, Chapter 560, Section 1?

A "YES" vote is in favor of creating the Parks Fund and authorizing a special levy for the purpose of providing a dedicated funding source for parks and recreation facilities, recreation activities, and for implementation of the concepts addressed in the Duluth Parks and Recreation Master Plan dated December 2010. BY VOTING "YES" ON THIS BALLOT QUESTION YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

A "NO" vote is a vote against creating the Parks Fund and against a special levy to support it.

The measure passed with 58 percent support.

Appendix K: Previous Ballot Language for Levy Increases

Each of these measures passed.

2008 Measures:

MCLEOD City Question 1 (City of Hutchinson-055) QUESTION ON LEVY OF AN ADDITIONAL TAX LEVY FOR MOSQUITO ABATEMENT *Shall the City of Hutchinson be authorized to levy an additional tax levy under Minnesota Statutes, Section 275.73 for mosquito abatement purposes in the levy years 2009, 2010, 2011, and 2012 in a maximum yearly amount of \$35,000.00? BY VOTING "YES" ON THIS BALLOT QUESTION YOU ARE VOTING FOR A PROPERTY TAX INCREASE.*

STEARNS

¹⁸² <http://www.duluthmn.gov/clerk/council/resord11/11-0455r.pdf>

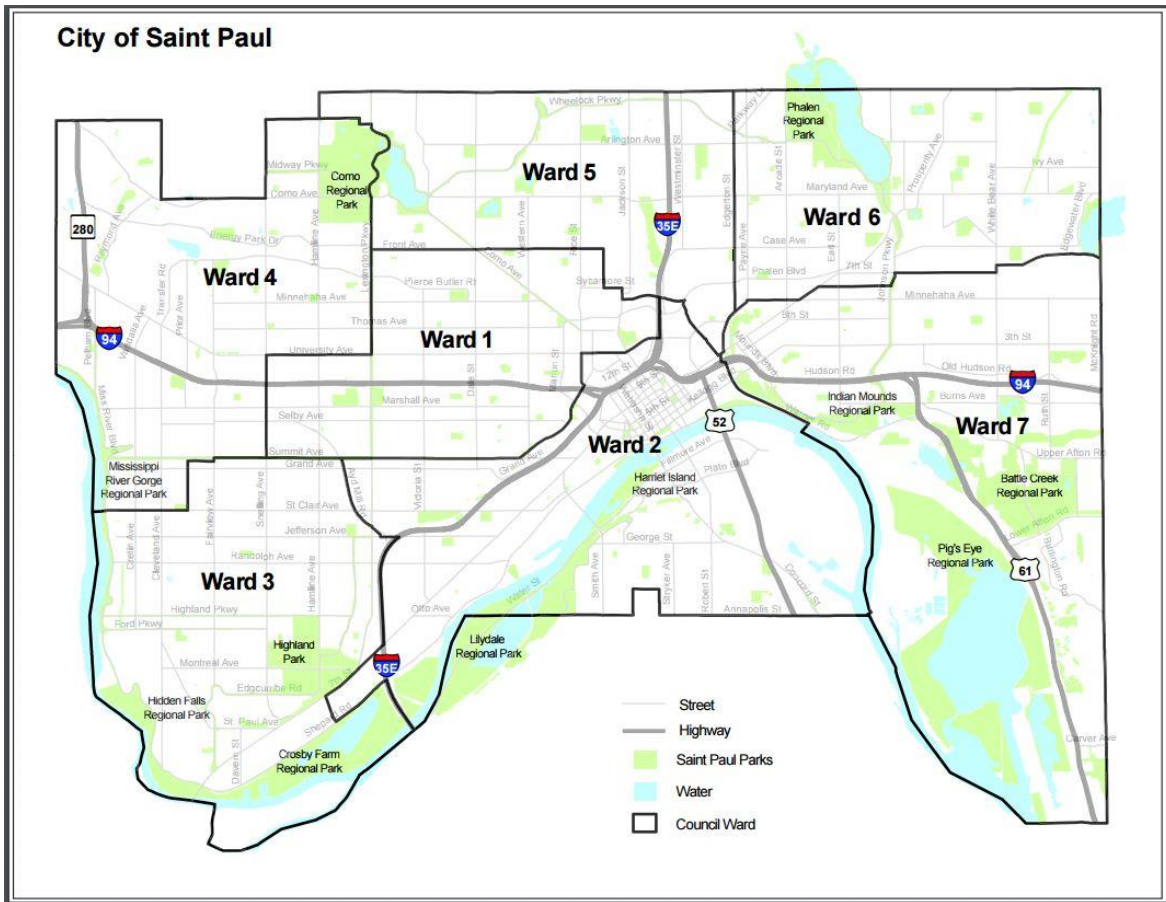
City Question 1 (City of Rockville-208) ROPERTY TAX LEVY FOR ROAD IMPROVEMENT PROJECTS Shall the City of Rockville, Minnesota, be authorized to levy property taxes in the amount of \$100,000 per year in each of the years 2009 and 2010 to defray the expense of the acquisition and betterment of road improvement projects? The maximum amount of increased levy as a percentage of market value is 0.03213%. The maximum amount that would be raised by the new referendum tax rate in the first year if it were to be levied is \$100,000. BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

2004 Measures:

City of Carlton Ballot Question, 2004

"SHALL THE CITY OF CARLTON CONTINUE TO OPERATE A PUBLIC LIBRARY?" THE COUNCIL OF THE CITY OF CARLTON HAS PROPOSED TO INCREASE ITS TAX LEVY FOR GENERAL CITY PURPOSES BY \$13,443; AND HAS PROPOSED AN ADDITIONAL TAX LEVY INCREASE OF \$20,115 FOR CONTINUANCE OF PUBLIC LIBRARY SERVICES. BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR AN ADDITIONAL PROPERTY TAX INCREASE.

Appendix L: City Council Wards



With any questions or for more information please contact:

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