

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: June 5, 2023
Item No.: 10.g

Department Approval

City Manager Approval



Item Description: Adopt a Resolution Approving the Special Law Passed by the Minnesota Legislature allowing the City of Roseville to conduct a local referendum vote to impose by ordinance a sales and use tax of one-half percent in the City of Roseville

BACKGROUND

During the most recent session of the Minnesota Legislature, the City of Roseville was successful in having legislation passed that allows Roseville to hold a local referendum at the next general election on November 5, 2024. The referendum will ask voters permission to institute a local sales and use tax of one-half percent in Roseville for a period of up to 20 years.

As part of the requirement for the bill, the Roseville City Council must pass a resolution approving the special law for it to take effect. Staff has prepared a resolution for the City Council's approval.

POLICY OBJECTIVE

By passing the resolution allowing the special legislation to take effect, the City of Roseville will be able to bring forward a referendum question to the voters on whether the City of Roseville can institute a local sales and use tax issue to construct a new maintenance facility and a new license center facility. On October 10, 2022, the Roseville City Council approved the Civic Campus Pre-Design Study regarding the construction of a new Maintenance facility and a new License Center facility. On January 9, 2023, the City Council approved a legislative priority requesting the Minnesota Legislature grant permission for the City of Roseville to hold a referendum to impose a local sales and use tax to fund the construction of the new Maintenance and License Center facilities.

BUDGET IMPLICATIONS

Under the special legislation, the City is expected raise approximately \$108 million over a period of 20 years through the local sales tax. These revenues are expected to cover the costs of the Maintenance Facility (\$64.2 million) and License Center (\$12.7 million) plus debt issuance and interest costs.

RACIAL EQUITY IMPACT SUMMARY

A sales tax is generally considered one of the most regressive taxes, meaning the people of lower income pay a larger percentage of their income for sales taxes. The Institute on Taxation and Economic Policy's report "Taxes and Racial Equity – An Overview of State and Local Policy Impacts" states the following regarding the impact of sales taxes:

Consumption taxes, most notably general sales taxes, are the most regressive type of taxes relied on by state and local governments and the most significant drivers of racial inequity in state and local tax codes. Low- and middle-income families pay a larger share of their incomes in consumption taxes than the rich. While most low-income taxpayers are white because they remain a majority of the U.S. population, a disproportionate share of Black,

Hispanic, Indigenous and other households of color are in lower-income groups due to the legacy of racist public policies and ongoing discrimination. So, policies that disadvantage low-income individuals and families—like heavy reliance on sales and excise taxes—have a disproportionately negative effect on people of color.

While still acknowledging that sales tax disproportionately impact lower income groups and people of color, it should be noted that Minnesota does not apply sales tax to food bought in grocery stores and clothing. This is an important distinction since the exemption helps individuals meet their basic needs around food and clothing without paying an additional tax. However, it is clear that sales taxes, along with property taxes, and income taxes continue to disproportionately affect lower income groups and persons of color. Changes on the state and federal level regarding tax policies will be needed to fully address these inequities

For reference purposes, listed below is data specific to the City of Roseville.

Median Income by Race/Ethnicity (Household) – Roseville, Minnesota	
American Indian and Alaska Native	Null
Asian	\$79,145
Hispanic or Latino	\$64,400
Native Hawaiian and Other Pacific Islander	Null
White	\$84,514
Black or African American	\$49,946
Other Race	\$44,410

** US Census Bureau ACS 5-year data (2017-2021)*

Additionally, the City of Roseville demographics are as follows:

Category	2020 Numbers	% of Population
Total Population	36,254	-
African American or Black	3,182	8.78%
American Indian	137	0.38%
Asian, or Pacific Islander	3,458	9.54%
Caucasian	25,809	71.19%
Hispanic/Latino	1,942	5.36%
Two or more races	1,604	4.42%
Some other race	122	0.34%

STAFF RECOMMENDATION

Staff recommends that the City Council adopt the resolution approving the special law.

REQUESTED COUNCIL ACTION

Motion to adopt a resolution approving the special law.

Prepared by: Patrick Trudgeon, City Manager (651) 792-7021

Attachments: A: Law regarding Roseville Local Sales and Use Tax
 B: Resolution
 C: Certificate of Approval of Special Law

282.1 (b) The bonds are not included in computing any debt limitation applicable to the city.
282.2 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
282.3 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
282.4 under Minnesota Statutes, section 475.58, is not required.

282.5 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
282.6 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
282.7 after being first imposed, or (2) when the city council determines that the amount received
282.8 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
282.9 projects approved by voters as required under Minnesota Statutes, section 297A.99,
282.10 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
282.11 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
282.12 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
282.13 any funds remaining after payment of the allowed costs due to the timing of the termination
282.14 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
282.15 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
282.16 if the city so determines by ordinance.

282.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
282.18 city of Richfield and its chief clerical officer comply with Minnesota Statutes, section
282.19 645.021, subdivisions 2 and 3.

282.20 Sec. 45. **CITY OF ROSEVILLE; TAXES AUTHORIZED.**

282.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
282.22 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
282.23 and if approved by the voters at an election as required under Minnesota Statutes, section
282.24 297A.99, subdivision 3, the city of Roseville may impose by ordinance a sales and use tax
282.25 of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
282.26 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
282.27 imposition, administration, collection, and enforcement of the tax authorized under this
282.28 subdivision. The tax imposed under this subdivision is in addition to any local sales and
282.29 use tax imposed under any other special law.

282.30 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
282.31 under subdivision 1 must be used by the city of Roseville to pay the costs of collecting and
282.32 administering the tax and paying for the following projects in the city, including securing
282.33 and paying debt service on bonds issued to finance all or part of the following projects:

282.34 (1) \$64,200,000 for construction of a new maintenance facility; and

283.1 (2) \$12,700,000 for construction of a new license and passport center.

283.2 Subd. 3. **Bonding authority.** (a) The city of Roseville may issue bonds under Minnesota
283.3 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
283.4 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
283.5 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
283.6 under this subdivision may not exceed:

283.7 (1) \$64,200,000 for the project listed in subdivision 2, clause (1), plus an amount to be
283.8 applied to the payment of the costs of issuing the bonds; and

283.9 (2) \$12,700,000 for the project listed in subdivision 2, clause (2), plus an amount to be
283.10 applied to the payment of the costs of issuing the bonds.

283.11 (b) The bonds may be paid from or secured by any funds available to the city of Roseville,
283.12 including the tax authorized under subdivision 1. The issuance of bonds under this
283.13 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

283.14 (c) The bonds are not included in computing any debt limitation applicable to the city
283.15 of Roseville, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
283.16 and interest on the bonds is not subject to any levy limitation. A separate election to approve
283.17 the bonds under Minnesota Statutes, section 475.58, is not required.

283.18 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
283.19 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
283.20 after the tax is first imposed, or (2) when the city council determines that the amount received
283.21 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
283.22 projects approved by voters as required under Minnesota Statutes, section 297A.99,
283.23 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
283.24 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
283.25 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
283.26 any funds remaining after payment of the allowed costs due to the timing of the termination
283.27 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
283.28 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
283.29 if the city so determines by ordinance.

283.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
283.31 city of Roseville and its chief clerical officer comply with Minnesota Statutes, section
283.32 645.021, subdivisions 2 and 3.

**EXTRACT OF MINUTES OF MEETING
OF THE
ROSEVILLE CITY COUNCIL**

* * * * *

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 5th day of June, 2023, at 6:00 p.m.

The following members were present:

and the following were absent: .

Member introduced the following resolution and moved its adoption:

RESOLUTION No.

**RESOLUTION APPROVING LAWS 2023, REGULAR SESSION, CHAPTER 64,
SECTION 45, RELATING TO ALLOWING THE CITY OF ROSEVILLE TO
CONDUCT A LOCAL REFERENDUM VOTE TO IMPOSE BY ORDINANCE A SALES
AND USE TAX OF ONE-HALF PERCENT IN THE CITY OF ROSEVILLE**

WHEREAS, Laws 2023, Regular Session, Chapter 64, Section 45 (the “Special Law”) allows the City of Roseville to conduct a local referendum vote to impose by ordinance a sales and use tax of one-half percent in the City of Roseville; and

WHEREAS, the Special Law is effective upon approval by a majority vote of the City Council, and filing a certificate with the Minnesota Secretary of State, all in accordance with Minnesota Statutes, Section 645.021, subd. 2 and 3; and

WHEREAS, the City Council has determined that is in the best interest of the City and its residents to approve the Special Law;

NOW, THEREFORE, BE IT RESOLVED, that:

1. The Special Law is hereby approved in all respects.
2. The City Clerk is authorized and directed to file with the Secretary of State a certified copy of this resolution and the appropriate certificate in the form prescribed by the State Attorney General.
3. City staff are authorized and directed to take all actions necessary to implement the Special Law and bring before this Council further proceedings as necessary in order to implement the Special Law.

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The motion for the adoption of the foregoing resolution was duly seconded by Member

, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same: none.

WHEREUPON said resolution was declared duly passed and adopted.

Certificate

I, the undersigned, being duly appointed City Manager of the City of Roseville, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the City Council of said City at a duly called and regular meeting thereof on June 5, 2023.

I further certify that Member _____ introduced said resolution and moved its adoption, which motion was duly seconded by Member _____, and that upon roll call vote being taken thereon, the following Members voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the City Manager of the City this 5th day of June, 2023.

Patrick Trudgeon, City Manager
City of Roseville, Minnesota

**CERTIFICATE OF APPROVAL OF SPECIAL LAW
BY GOVERNING BODY**

(Pursuant to Minnesota Statutes, 645.02 and 645.021)

STATE OF MINNESOTA

County of Ramsey

TO THE SECRETARY OF STATE OF MINNESOTA:

PLEASE TAKE NOTICE, That the undersigned chief clerical officer of the City of Roseville, Minnesota (the "City") DOES HEREBY CERTIFY, that in compliance with the provisions of Laws 2023, Regular Session, Chapter 64, Section 45, requiring approval by a majority of the governing body of said local governmental unit before it becomes effective, the City Council of the City at a meeting duly held on the 5th day of June, 2020, by resolution did approve said Laws 2023, Regular Session, Chapter 64, Section 45 by a majority vote of all of the members thereof (Ayes _; Noes _; Absent or not voting _); and the following additional steps, if any required by statute or charter were taken: none. A copy of the resolution is hereto annexed and made a part of this certificate by reference.

Signed: _____
City Clerk

(This form prescribed by the Attorney General and furnished by the Secretary of State as required in Minnesota Statutes 645.021.)

Please see reverse side for instructions for completing this form.

INSTRUCTIONS

- Include the chapter number in the *Laws of Minnesota* that is to be approved on the Certificate of Approval form **and** in the resolution that approves the special law.
- Return the completed **originally signed** Certificate of Approval form **with a photo copy** of the resolution that approved the special law to:

Election Division
Secretary of State
180 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd
St. Paul, MN 55155-1299

- If you have any questions, please contact Nancy Breems at 651/215-1440.