

April 21, 2026

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of H.F. 5038 (Warwas)

The city of Virginia has imposed a sales and use tax of 1% since 2020. The proceeds are to be used to finance the costs of renovation, reconstruction, expansion, and improvements of the Miner's Memorial recreation complex and convention center, plus associated bonding costs. The city is authorized to issue up to \$30 million worth of bonds, plus bond issuance costs, to finance the project.

The bill authorizes the city to use the revenues derived from the tax to finance additional projects related to the conversion of the city's steam system, plus associated bonding costs:

- 1) reconstruction and improvement of public streets, roads, sidewalks, and rights-of-way impacted by the steam system
- 2) replacement, repair, relocation, or abandonment of underground infrastructure impacted by the steam system, including water, sewer, and stormwater systems
- 3) assessment and remediation of contaminated soils, hazardous materials, and related environmental conditions associated with the steam system
- 4) removal or rehabilitation of obsolete or deteriorated steam infrastructure and associated facilities
- 5) costs of design, engineering, environmental review, and construction related to the projects listed above

The aggregate principal amount of bonds issued for the projects listed above may not exceed \$30 million, plus bond issuance costs.

The tax would terminate at the earlier of December 31, 2055, or after the city council determines that the city has received \$30 million from this tax to fund the projects listed above plus bond issuance costs and interest. The tax could expire earlier if the city so determines by ordinance.

The bill would have no direct impact on state taxes.

Source: Minnesota Department of Revenue  
Tax Research Division  
<https://www.revenue.state.mn.us/revenue-analyses>