

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 5038

04/20/2026 Authored by Warwas and Davids The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; local sales and use; amending the local sales tax authorization
1.3 for the city of Virginia; amending Laws 2019, First Special Session chapter 6,
1.4 article 6, section 30.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Laws 2019, First Special Session chapter 6, article 6, section 30, is amended
1.7 to read:

1.8 Sec. 30. CITY OF VIRGINIA; LOCAL SALES AND USE TAX AUTHORIZED.

1.9 Subdivision 1. Sales and use tax authorization. (a) Notwithstanding Minnesota Statutes,
1.10 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
1.11 and as approved by the voters at the November 6, 2018, general election, the city of Virginia
1.12 may impose, by ordinance, a sales and use tax of up to one percent for the purposes specified
1.13 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota
1.14 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement
1.15 of the tax authorized under this subdivision.

1.16 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (a),
1.17 and if approved by the voters at a general election pursuant to Minnesota Statutes, section
1.18 297A.99, subdivision 3, paragraph (a), the city must use the tax authorized under paragraph
1.19 (a) for the purpose specified in subdivision 2a.

1.20 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
1.21 under subdivision 1 must be used by the city of Virginia to pay the costs of collecting and
1.22 administering the tax, and to finance the costs of renovation, reconstruction, expansion, and

2.1 improvements of the Miner's Memorial recreation complex and convention center. Authorized
 2.2 costs include engineering and construction costs and associated bond issuance costs.

2.3 Subd. 2a. Use of revenues; additional uses authorized. Notwithstanding Minnesota
 2.4 Statutes, section 297A.99, subdivision 2, paragraph (d), in addition to the uses authorized
 2.5 under subdivision 2, the revenues derived from the tax authorized under subdivision 1 must
 2.6 be used by the city of Virginia to pay the costs of the following projects related to the
 2.7 conversion of the city's steam system, plus associated bonding costs:

2.8 (1) reconstruction and improvement of public streets, roads, sidewalks, and rights-of-way
 2.9 impacted by the steam system;

2.10 (2) replacement, repair, relocation, or abandonment of underground infrastructure
 2.11 impacted by the steam system, including water, sewer, and stormwater systems;

2.12 (3) assessment and remediation of contaminated soils, hazardous materials, and related
 2.13 environmental conditions associated with the steam system;

2.14 (4) removal or rehabilitation of obsolete or deteriorated steam infrastructure and
 2.15 associated facilities; and

2.16 (5) costs of design, engineering, environmental review, and construction related to the
 2.17 projects in this subdivision.

2.18 Subd. 3. **Bonding authority.** (a) The city of Virginia may issue bonds under Minnesota
 2.19 Statutes, chapter 475, to finance all or a portion of the costs of the ~~project~~ projects authorized
 2.20 in ~~subdivision~~ subdivisions 2 and 2a. The aggregate principal amount of bonds issued under
 2.21 this subdivision may not exceed \$30,000,000, plus an amount applied to the payment of
 2.22 costs of issuing the bonds. The bonds may be paid from or secured by any funds available
 2.23 to the city of Virginia, including the tax authorized under subdivision 1. The issuance of
 2.24 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
 2.25 275.61.

2.26 (b) The bonds are not subject to any provisions of the home rule charter of the city of
 2.27 Virginia and are not included in computing any debt limitation applicable to the city. Any
 2.28 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on
 2.29 the bonds is not subject to any levy limitation. A separate election to approve the bonds
 2.30 under Minnesota Statutes, section 475.58, is not required.

2.31 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 2.32 earlier of: (1) ~~20 years after the tax is first imposed~~ December 31, 2055; or (2) when the
 2.33 city council determines that the city has received \$30,000,000 from this tax to fund the

3.1 projects listed in ~~subdivision~~ subdivisions 2 and 2a plus an amount sufficient to pay costs,
3.2 including interest costs, related to the issuance of the bonds authorized in subdivision 3.
3.3 Any funds remaining after payment of the allowed costs due to timing of the termination
3.4 under section 297A.99 shall be placed in the city's general fund. The tax imposed under
3.5 subdivision 1 may expire at an earlier time if the city so determines by ordinance.

3.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
3.7 city of Virginia and its chief clerical officer comply with Minnesota Statutes, section 645.021,
3.8 subdivisions 2 and 3.