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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4086

03/09/2026 Authored by 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; authorizing the city of Lanesboro to impose
1.3 a local sales tax.

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

1.5 Section 1. CITY OF LANESBORO; TAXES AUTHORIZED.

1.6 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
1.7 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
1.8 at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the
1.9 city of Lanesboro may impose by ordinance a sales and use tax of up to one-half of one
1.10 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
1.11 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
1.12 administration, collection, and enforcement of the tax authorized under this subdivision.
1.13 The tax authorized under this subdivision is in addition to any local sales and use tax imposed
1.14 under any other special law.

1.15 Subd. 2. Use of sales and use tax revenues. Notwithstanding section 297A.99,
1.16 subdivision 2, paragraph (d), the revenues derived from the tax authorized under subdivision
1.17 1 must be used by the city of Lanesboro to pay for the following projects in the city, including
1.18 the costs of collecting and administering the tax and securing and paying debt service on
1.19 bonds issued to finance all or part of the following projects:

1.20 (1) \$500,000 for rehabilitation and improvements to Sylvan Park; and

1.21 (2) \$2,000,000 for the Trunk Highway 250 road improvement project.

2.1 Subd. 3. **Bonding authority.** (a) The city of Lanesboro may issue bonds under Minnesota
2.2 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
2.3 subdivision 2 and approved by the voters at an election as required under Minnesota Statutes,
2.4 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
2.5 issued under this subdivision may not exceed \$2,500,000, plus an amount applied to the
2.6 payment of the costs of issuing the bonds. The bonds may be paid from or secured by any
2.7 money available to the city, including the tax authorized under subdivision 1. The issuance
2.8 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
2.9 275.61.

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

2.14 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
2.15 subdivision 12, the tax authorized under subdivision 1 expires at the earlier of (1) 30 years
2.16 after the tax is first imposed, or (2) when the city council determines that the amount received
2.17 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
2.18 projects approved by the voters at an election as required under Minnesota Statutes, section
2.19 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to
2.20 issuance of any bonds authorized under subdivision 3, including interest on the bonds.
2.21 Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3,
2.22 paragraph (f), any money remaining after payment of the allowed costs due to the timing
2.23 of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12,
2.24 must be placed in the general fund of the city. The tax authorized under subdivision 1 may
2.25 expire at an earlier time if the city so determines by ordinance.

2.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
2.27 city of Lanesboro and its chief clerical officer comply with Minnesota Statutes, section
2.28 645.021, subdivisions 2 and 3.