

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4506

03/18/2026 Authored by Heintzeman 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 authorization for the city of
1.3 Baxter to impose a local sales tax; amending Laws 2006, chapter 259, article 3,
1.4 section 10, subdivisions 3, as amended, 4, as amended, 5, as amended.

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

1.6 Section 1. Laws 2006, chapter 259, article 3, section 10, subdivision 3, as amended by
1.7 Laws 2014, chapter 308, article 3, section 24, is amended to read:

1.8 Subd. 3. Use of revenues. (a) Revenues received from the taxes authorized by
1.9 subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax
1.10 and to finance the acquisition and betterment of water and wastewater facilities to serve the
1.11 cities of Brainerd and Baxter, building and equipping a fire substation, as approved by the
1.12 voters at the referendum authorizing the tax. Authorized costs include, but are not limited
1.13 to, acquiring property and paying construction and engineering costs related to the projects.

1.14 (b) In addition to the projects authorized in paragraph (a), the city of Baxter may, if
1.15 approved by the voters at an election under subdivision 5, paragraph (b), allocate up to an
1.16 additional \$40,000,000 of the revenues received from the taxes authorized by subdivisions
1.17 1 and 2 to a capital infrastructure fund. Money from this fund may only be used to finance
1.18 (1) sanitary sewer, storm sewer, and water projects, (2) transportation safety improvements,
1.19 and (3) improvements to the Brainerd Lakes Area Airport.

1.20 (c) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),
1.21 in addition to the projects authorized in paragraphs (a) and (b), the city of Baxter may, if
1.22 approved by the voters at an election as required under Minnesota Statutes, section 297A.99,
1.23 subdivision 3, allocate the revenues received from the taxes authorized by subdivisions 1

2.1 and 2 to pay for projects in the city, including the costs of collecting and administering the
2.2 tax and securing and paying debt service on bonds issued to finance all or part of the
2.3 following projects, including property acquisition:

2.4 (1) \$51,000,000 for upgrades and improvements to the water and wastewater utility
2.5 systems;

2.6 (2) \$16,000,000 for improvements to street infrastructure and safety improvements to
2.7 streets affected by regional Highways 371 and 210; and

2.8 (3) \$10,000,000 for construction of a new public safety facility.

2.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
2.10 city of Baxter and its chief clerical officer comply with Minnesota Statutes, section 645.021,
2.11 subdivisions 2 and 3.

2.12 Sec. 2. Laws 2006, chapter 259, article 3, section 10, subdivision 4, as amended by Laws
2.13 2014, chapter 308, article 3, section 25, is amended to read:

2.14 Subd. 4. **Bonds.** (a) The city of Baxter, pursuant to the approval of the voters at the
2.15 November 2, 2004, referendum authorizing the imposition of the taxes in this section, may
2.16 issue general obligation bonds of the city, in one or more series, in the aggregate principal
2.17 amount not to exceed \$15,000,000 to finance the projects listed in subdivision 3, paragraph
2.18 (a). The debt represented by the bonds is not included in computing any debt limitations
2.19 applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61,
2.20 to pay the principal of and interest on the bonds is not subject to any levy limitation or
2.21 included in computing or applying any levy limitation applicable to the city of Baxter.

2.22 (b) The city of Baxter, pursuant to the approval of the voters at the 2014 general election
2.23 to extend the tax under this section, may issue general obligation bonds of the city, in one
2.24 or more series, in the aggregate principal amount not to exceed (1) \$32,000,000 plus an
2.25 amount equal to the costs of issuance of the bonds to finance the projects listed in subdivision
2.26 3, paragraph (b), clauses (1) and (2), and (2) \$8,000,000 plus an amount equal to the costs
2.27 of the issuance of the bonds to finance the project listed in subdivision 3, paragraph (b),
2.28 clause (3). The debt represented by the bonds is not included in computing any debt
2.29 limitations applicable to the city, and the levy of taxes required by Minnesota Statutes,
2.30 section 475.61, to pay the principal of and interest on the bonds is not subject to any levy
2.31 limitation or included in computing or applying any levy limitation applicable to the city
2.32 of Baxter.

3.1 (c) The city of Baxter may issue bonds under Minnesota Statutes, chapter 475, to finance
3.2 all or a portion of the costs of the projects authorized in subdivision 3, paragraph (c), and
3.3 approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3,
3.4 paragraph (a). The aggregate principal amount of bonds issued for this purpose must not
3.5 exceed \$77,000,000, plus an amount applied to the payment of costs of issuing the bonds.
3.6 The bonds may be issued as general obligations of the city and may be paid from or secured
3.7 by any funds available to the city, including the tax authorized under subdivision 1. The
3.8 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60
3.9 and 275.61. The bonds are not included in computing any debt limitation applicable to the
3.10 city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and
3.11 interest on the bonds is not subject to any levy limitation. A separate election to approve
3.12 the bonds under Minnesota Statutes, section 475.58, is not required.

3.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
3.14 city of Baxter and its chief clerical officer comply with Minnesota Statutes, section 645.021,
3.15 subdivisions 2 and 3.

3.16 Sec. 3. Laws 2006, chapter 259, article 3, section 10, subdivision 5, as amended by Laws
3.17 2014, chapter 308, article 3, section 26, is amended to read:

3.18 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire
3.19 at the earlier of a date 12 years after the imposition of the tax or when the Baxter City
3.20 Council first determines that the amount of revenues raised from the taxes to pay for the
3.21 projects under subdivision 3 equals or exceeds \$15,000,000 plus any interest on bonds
3.22 issued for the projects under subdivision 4, paragraph (a). Any funds remaining after the
3.23 expiration of the taxes and retirement of the bonds shall be placed in a capital project fund
3.24 of the city of Baxter. The taxes imposed under subdivisions 1 and 2 may expire at an earlier
3.25 time if the city of Baxter so determines by ordinance.

3.26 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other
3.27 contrary provision of law, ordinance, or city charter, the city of Baxter may, by ordinance,
3.28 extend the taxes authorized under subdivisions 1 and 2 beyond the termination date in
3.29 paragraph (a) if approved by the voters of the city at a general election held in 2014. The
3.30 question put to the voters must indicate that an affirmative vote would extend the imposition
3.31 of the taxes through 2037 or until an additional \$40,000,000, plus an amount equal to interest
3.32 and issuance costs associated with bonds issued under subdivision 4, paragraph (b), above
3.33 the initial amount authorized to pay for \$15,000,000 in bonds and associated bond cost and
3.34 projects, listed in subdivision 3, paragraph (a), is raised. If extended under this paragraph,

4.1 the taxes authorized in subdivisions 1 and 2 will terminate at the earlier of (1) when an
4.2 additional \$40,000,000, plus an amount equal to interest and issuance costs associated with
4.3 bonds issued under subdivision 4, paragraph (b), above the amount authorized under
4.4 paragraph (a), is raised, or (2) December 31, 2037.

4.5 (c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other
4.6 contrary provision of law, ordinance, or city charter, the city of Baxter may, by ordinance,
4.7 extend the taxes authorized under subdivisions 1 and 2 beyond the termination date in
4.8 paragraph (a) if approved by the voters as required under Minnesota Statutes, section
4.9 297A.99, subdivision 3, paragraph (a). If extended under this paragraph, the taxes authorized
4.10 in subdivisions 1 and 2 will terminate at the earlier of (1) when an additional \$77,000,000,
4.11 plus an amount equal to interest and issuance costs associated with bonds issued under
4.12 subdivision 4, paragraph (c), above the amount authorized under paragraphs (a) and (b), is
4.13 raised, or (2) 20 years after the tax is extended.

4.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
4.15 city of Baxter and its chief clerical officer comply with Minnesota Statutes, section 645.021,
4.16 subdivisions 2 and 3.