

April 21, 2026

Dear Co-Chair Davids, Co-Chair Gomez and Tax Committee Members:

I am writing to share concerns on the impact of HF 4194 (Hicks) that would retroactively alter the framework of the 2023 Rochester Local Sales Tax that was authorized by the Legislature in 2023 and approved by a majority of voters later that year. The legislation is summarized below:

- 1) **Any funds generated by the tax after voter approval in November 2023 and through June 30, 2026, must be applied to the other three voter-approved projects** (economic vitality fund, street reconstruction, and flood control/water quality) (lines 1.21-2.2)
- 2) **The city must not collect funds for the Regional Sports and Recreation Complex after June 30, 2026.** (lines 1.21-2.2)
- 3) **Reduces the total bondable amount from \$205M to \$140M** (line 2.11)
- 4) **Reduces the maximum number of years that the city can collect/bond from 24 years to 20 years** (line 3.34)

Materials Previously Provided to Legislature for Authorization Request: In the attached materials that were shared with the Tax Committee chairs in 2022 and 2023, the sports and recreation complex project was described as: *“specific project elements will be further defined through substantial community and stakeholder engagement and an equity focused codesign team. Initial concepts include a synthetic turf field complex, a tournament quality pickleball complex, outdoor recreation features, supportive indoor recreation features, and related community focused elements.”*

Supportive indoor recreation features were focused on concession, maintenance, and related support facilities. After legislative approval, during the robust community engagement with over 30 community information presentations engaging 100’s of residents, the community shared a desire for both indoor and outdoor facilities. Prior to the vote, we received a third party cost estimate that both indoor and outdoor facilities would be attainable. Unfortunately, construction costs escalated and we had to phase the project. Given our representations to the Legislature and need to demonstrate regional impact, the outdoor phase was prioritized.

As such, we will still comply with statute language to deliver a sports and recreation complex with the budget of \$65M in line with the legislative intent related to sales tax projects requiring regional significance. This sales tax has helped us begin to meet the demands and carry out phase one with outdoor regional sports and recreation facilities.

Impacts of HF 4194:

Costs already incurred on project: We have already incurred real and legally binding contractual costs related to the project. Specifically, we have currently spent about \$10M on the purchase of 160 acres of land, project design, preconstruction services, mobilization and large-scale grading has commenced as of April 20th. We have signed agreements of \$60M total toward the project via contracts with local builders. Absent revenue from this sales tax, potential sources of funding for these sunk costs could include property tax (a \$10M expense corresponds to a 10% levy increase). We are

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actively assessing legal contractual obligations and costs associated with effectively ending the project after materials have been purchased.

Set Negative Statewide Precedent: As far as we understand it, there is no historical precedent for similar action taken by the Legislature after a voter-approved sales tax. Removing funding for a project that is underway creates uncertainty for builders and other sources of funding to enter into contracts for similar and/or future projects with local governments.

Active Additional Efforts on Indoor Sports and Recreation Facilities for Community: We wholeheartedly acknowledge that throughout this process of community engagement for the Regional Sports & Recreation Complex, a highly engaged community has a strong desire for more sports and recreation opportunities than the current sales tax funding could support. We are actively working on identifying strategies to meet indoor needs which are being informed by the following:

Community Use of Existing Indoor Facilities at RCTC: City leaders, including the Mayor and Council President along with City Administrator and others, have been meeting weekly for five months with leadership staff at Rochester Community and Technical College (RCTC) to reimagine how entities can work together to expand access and programming within existing facilities while exploring options for additional indoor space. There are existing facilities on the RCTC property including a field house and seasonal turf dome. Currently, RCTC does not plan to continue supporting the covered turf dome in future years. 1,000+ community members have shared responses in a recent survey about current and desired uses for these existing spaces.

Partnership with School District's Community Education Department: A robust and first-ever local effort is underway with our local school district and community education to better understand gaps in access to sports and recreation opportunities to respond to evolving needs as a growing city and regional center.

In sum, the City of Rochester is using the authority and funding framework that was authorized by the Minnesota Legislature and approved by Rochester voters through the local sales tax. Many communities across Minnesota use this same process to fund community infrastructure and recreation facilities. As with all major community investments, the City continues to gather community feedback, evaluate needs, and consider potential options to ensure Rochester residents have access to high-quality recreation and sports opportunities now and into the future.

Thank you for your time and consideration in not advancing this legislation. With time and collaboration, we are confident we can advance indoor recreation needs in Rochester.

Sincerely,



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Attachment: Materials submitted by City of Rochester to the Legislature in 2023, per Minn. Stat. 297A.99, Subd 2 (b)

