



Referendum Information & Frequently Asked Questions
GROWING A GREATER MANKATO
Local Sales Tax Extension in Mankato & North Mankato

1. What is being asked of voters with this sales tax extension referendum?

Voters in Mankato and North Mankato will be asked on their general election ballot this November 8th to either approve or disapprove the **extension** of an existing one-half of one percent (0.5 percent) sales tax that is currently assessed on purchases made in the cities of Mankato and North Mankato. If approved, the 0.5 percent sales tax would continue to be collected until 2038.

2. What is the history of the current 0.5 percent sales tax?

Since 1991 for the City of Mankato and 2008 for the City of North Mankato, each city has collected a 0.5 percent sales tax on top of the regular state sales tax of 6.875 percent. Both taxes were approved by citizens in each city.

Mankato used the sales tax to construct and maintain the Verizon Wireless Civic Center, the Vetter Stone Amphitheatre and for capital improvements to the Mankato Regional Airport.

North Mankato used the sales tax to help pay for the County Road 41 interchange at Highway 14, new soccer fields at Caswell Park, park improvements, an expansion of the North Mankato Taylor Library and downtown redevelopment.

3. Why is this sales tax extension being proposed?

The cities of Mankato and North Mankato are proposing to extend the 0.5 percent sales tax to provide a source of revenue other than the property tax to pay for infrastructure needs and recreation amenities that will support the vitality of our community for current residents and increase its attractiveness to new families, businesses and visitors. Additionally, having this funding source available will also allow the cities to attract other matching funds from federal, state and private sources to support these projects—allowing taxpayers to get more bang for their buck.

4. What is being proposed?

The proposed sales tax extension will allow the cities of Mankato and North Mankato to spend up to \$62 million (\$47 million for Mankato and \$15 million for North Mankato) to be used for three primary purposes: 1) Maintenance of critical regional infrastructure; 2) Maintenance and enhancements to existing regional recreation facilities and parks; and 3) Construction of new indoor regional recreation facilities.

The following chart details what each city would be allowed to spend their sales tax dollars on.



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Allowable Uses for Sales Tax in Each City

Mankato (\$47 million)	North Mankato (\$15 million)
<p><u>New Uses</u></p> <ol style="list-style-type: none"> 1. Improvements to flood control and the levee system 2. Water quality improvement projects in Blue Earth and Nicollet Counties 3. Expansion of the regional transit building and related multi-modal transit improvements 4. Regional public safety and emergency communications improvements and equipment 5. Construction and improvements to regional recreational facilities including existing hockey and curling rinks, a baseball park, youth athletic fields and facilities, the municipal swimming pool, and indoor regional athletic facilities 6. Matching funds for improvements to publicly owned regional facilities including a historic museum, supportive housing, and a senior center. <p><u>Existing Uses</u></p> <ol style="list-style-type: none"> 7. Maintenance and capital projects at the Verizon Wireless Civic Center and related downtown improvements 8. Capital projects at the Mankato Regional Airport 	<ol style="list-style-type: none"> 1. Development of regional parks & hiking and biking trails 2. Existing & new recreational facilities 3. Expansion of the North Mankato Taylor Library 4. Riverfront redevelopment 5. Lake improvement projects

5. How will the referendum question be worded on the ballot?

The following language will appear on the ballot this November 8. Please note the question will be different depending on whether you live in Mankato or North Mankato.

Mankato Residents – Sales Tax Extension Referendum Question on November 8 Ballot:

Should the City of Mankato extend the existing one-half of one percent (0.5%) local option sales and use tax to the year 2038 to finance \$47 million in construction and improvement of public safety emergency communications, flood control and levy system improvements, regional water quality, expansion of multi-modal transit facilities, existing and new recreational facilities, matching grants for publicly owned historic museum, supportive housing, senior citizen center, and improvements to governmental entities outside the City of Mankato?

- YES
- NO



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North Mankato Residents – Sales Tax Extension Referendum Question on November 8 Ballot:
Should the City of North Mankato be authorized to extend the one-half of one percent (0.5%) local option sales and use tax through 2038 and issue general obligation bonds to which the sales and use tax shall be pledged in an aggregate amount not to exceed \$15,000,000, plus the cost of issuing the bonds, to finance the acquisition and development of regional parks, hiking and biking trails, existing and new recreational facilities, expansion of the North Mankato Taylor Library, riverfront redevelopment and lake improvement projects?

An affirmative vote would extend the tax through 2038 or until an additional \$15,000,000 plus an amount equal to interest and issuance costs associated with the bonds hereby authorized to be issued is raised.

- YES
- NO

6. What happens if the sales tax extension is approved?

The first step after the referendum passes is for each city to get approval from the Legislature to extend the sales tax as well. That approval would be sought in 2017. Once the Legislature approves, then the extension would officially go into effect. It is important to note that this process only allows the collection of the sales tax to be extended—it does not allow any money to automatically be spent. Each project that would use sales tax dollars will be separately reviewed and approved by the City Council in that city with an opportunity for public input.

7. Will all of the new spending authorized by a sales tax extension be spent right away?

No. It is anticipated that each city will approve spending for projects that will use sales tax as a source of funding in a staggered manner over the next 10 to 20 years.

8. How much money will the sales tax extension raise?

Each year, the City of Mankato collects approximately \$5 million in revenue from its 0.5 percent sales tax. The City of North Mankato collects approximately \$550,000 in revenue from its 0.5 percent sales tax.

9. Generally speaking, approximately what does the local 0.5 percent sales tax cost me per year?

The Minnesota Department of Revenue estimates that a 0.5 percent sales tax costs the average household \$81 per year, or about \$6.75 per month. For a \$50 purchase, a 0.5 percent sales tax equals 25 cents.



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10. What happens if the sales tax extension is not approved?

If the sales tax is not extended, the current 0.5 percent sales tax is set to expire for Mankato in 2022 and North Mankato in 2024, once existing obligations are paid off. However, there are two things to keep in mind: 1) The current sales tax is also used to support ongoing maintenance of existing facilities (in Mankato the Verizon Wireless Civic Center and the Mankato Regional Airport); 2) Most of the critical infrastructure projects and improvements to existing recreation facilities proposed in the sales tax extension must be completed eventually. If sales tax is not available as a revenue source for these two uses, it may result in a property tax increase to offset the loss of the sales tax.

11. What are the advantages of funding projects through a local sales tax versus property taxes?

Unlike property taxes, sales tax revenue does not come exclusively from Mankato and North Mankato residents. Anyone who makes purchases in Mankato and North Mankato would pay the sales tax, too. In fact, as much as 50 percent of the total amount raised by the existing local sales tax is paid by visitors to Mankato and North Mankato. This takes the burden off of local property tax payers to support projects that benefit the entire region. Local sales taxes have historically been used across Minnesota as a prudent income stream to pay for regional 'quality of life' projects. Every other large city in Minnesota has a local sales tax that is used for purposes similar to what Mankato and North Mankato are proposing. The type of projects proposed to be funded with the sales tax extension revenues are projects and facilities that benefit the entire region and visitors, not just local residents. For instance, visitors from across the state use the Verizon Wireless Civic Center in Mankato and Caswell Park in North Mankato. The sales tax is an effective way of sharing the tax burden for these regional assets and not placing the entire cost on property taxes. Like the state sales tax, local sales taxes also do not apply to essential purchases like clothing and food.

12. How much would property taxes need to go up to raise an amount similar to the sales tax?

If the sales tax were not extended and property taxes were used instead to equal the total amount of money that is raised by the local sales tax in each city, it would require a property tax increase of 28 percent in Mankato and nine percent in North Mankato. Below are examples of what that property tax increase would mean for property owners.

- For an owner of a \$165,000 house, that would mean a yearly increase of \$149 in property taxes in Mankato and \$119 in North Mankato.
- For an owner of a \$250,000 house, that would mean a yearly increase of \$260 in property taxes in Mankato and \$196 in North Mankato.
- For a commercial/industrial property valued at \$1 million that would mean a yearly increase of \$1,047 in Mankato and \$1,602 in North Mankato.



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13. What portion of the sales tax is expected to come from visitors to Greater Mankato?

It is anticipated that approximately 50 percent of the revenue collected from the local sales tax will be collected from non-Mankato/North Mankato residents.

14. If the sales tax extension passes, what will I pay on taxes for a new vehicle? What about a used vehicle or farm equipment?

The local sales tax does not apply to new vehicle sales. Instead, a flat excise tax of \$20 is applied to each new vehicle purchase. The local sales tax does not apply to used car sales or farm equipment.

15. Who is supporting and funding this education campaign?

Greater Mankato Growth, the region's chamber of commerce and economic development organization, along with Visit Mankato and the Mankato Sports Commission are responsible for supporting this voter education campaign. It is anticipated that direct expenses will total less than \$1,000. No public funding was used to support this education campaign.

16. What are the specific critical infrastructure projects being proposed?

A key component of the sales tax extension will be to make improvements to critical regional infrastructure. Here are the proposed critical infrastructure projects for each city:

Mankato

- *Flood Control & Levee System*
 - Pump replacement, erosion control & river bank stabilization
- *Regional public safety and emergency communications improvements and equipment*
 - Emergency management response equipment, communications infrastructure
- *Water quality improvement projects in Blue Earth and Nicollet Counties*
 - Wastewater treatment plan improvements, rural septic system connections, drainage into the City of Mankato, erosion and wetlands projects, Eagle Lake sewer system improvements
- *Expansion of the regional transit building and related multimodal transit improvements*
 - Road & trail improvements, transit building, transit fleet expansion, transit building

North Mankato

- *Trail Improvements*
 - Implementation of the Safe Routes to School Plan
 - Implementation of the regional trail system as identified in the Complete Streets Plan
- *Riverfront redevelopment*
 - Flood control pumping station improvements/replacement



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- Improvements to downtown Belgrade corridor
- *Lake improvements*
 - Improvements to Spring Lake, Ladybug Lake & Bay
- *North Mankato Taylor Library*
 - Any expansion of the Taylor Library

17. What are the specific existing regional recreation projects being proposed?

The following table lists potential improvements that could be made to existing recreation facilities in both Mankato and North Mankato using sales tax funding. The list includes both core needs that are necessary to keep the facility able to serve its intended purpose, as well as potential future capacity expansion projects that could be done to enhance the facility. It's important to note that many of these projects would also use private dollars from user groups and other partnerships to match sales tax funding.

City of Mankato Existing Recreation Facility Improvements

CITY OF MANKATO EXISTING FACILITIES	POTENTIAL IMPROVEMENTS
TOURTELLOTTE PARK	ADA compliance; upgrade mechanical systems; overall rehab; parking improvements; zero depth pool; splash pad; water slide; pickleball improvements/expansion
ALL SEASONS ARENA	Pay down current debt; mechanical upgrades to ice system
CURLING CLUB	Ice making; dehumidification; new floor; examination of ice sheet addition to existing facility
FRANKLIN ROGERS PARK	ADA compliance; concessions; field drainage; bleachers; parking rehabilitation; collaboration with batting sports on offices, training & storage (MoonDogs, MAYBA, MAGFA)
THOMAS FIELDS	Creation of girls fast pitch softball facility; reorientation of fields with upgrade; realign Thomas 1 & 2 into two fast pitch size fields
PRAIRIE WINDS MIDDLE SCHOOL	Develop one 90-foot baseball field (lighted); develop two lacrosse fields; develop two soccer fields
COMMUNITY FIELDS AT ROSA PARKS	Play structure & shelter; single full size athletic field (can be split into two); additional playing field and practice field
BUSCHER PARK	Grading of recreation and athletic fields for soccer/youth football; provide skinned infields & backstops for tee ball program



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THOMAS O. ANDERSON PARK	Gate & concessions upgrades; more scoreboards; improve grading and drainage
JAYCEES PARK	Upgrade concessions improve/expand parking; fencing improvements
OTHER ADULT SOFTBALL	Add two adult softball fields to inventory if the Thomas Fields is upgraded with girls fast pitch facility
OTHER FIELD/PARK IMPROVEMENTS	Kiwanis/Land of Memories Park improvements; provide year round surface to outdoor hockey facilities for bike polo & rink soccer; develop parkland on former MNDOT site; grading community/neighborhood parks multi-use fields; covers and maintenance of outdoor hockey facilities

City of North Mankato Existing Recreation Facility Improvements

CITY OF NORTH MANKATO EXISTING FACILITIES	POTENTIAL IMPROVEMENTS
BENSON PARK	Main shelter; restrooms; lighting; play area; informal amphitheater; natural play area
SPRING LAKE PARK	Upgrades and maintenance of existing swim facility; construct restrooms on south side of park; improve outdoor hockey rink and warming house; parking improvements; construct trail between Spring Lake Park and Bluff Park
CASWELL PARK	Internal improvements; upgrades to existing facilities

18. What are the specific new indoor regional recreation projects being proposed?

Expert studies and extensive review by volunteer committees made up of community members found that the following new indoor regional recreation facilities would address time, space and availability needs that currently exist in the community.

- Field house
- Indoor swimming/aquatics facility
- Sports bubble/dome with turf
- Indoor ice/hockey facility
- Indoor tennis courts



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19. What evidence is there that our region needs new regional recreation facilities?

At this time, our primary regional recreation facilities are at or beyond capacity. Largely, this is because of overall increases we've seen in our population. Since 2000, the population of Mankato and North Mankato has increased by 10,000 residents—over 22 percent. That growth is expected to continue, particularly with our youth population. The Mankato Area Public Schools anticipate enrollment increasing by 700 students just in the next five years. As the population of our region expands, our indoor recreation amenities are falling behind in what is necessary to support a community of our size.

As a result, basketball teams, swimmers and many other groups regularly have to travel out of town for practices. Youth hockey teams must practice late into the evenings and are unable to host their own tournaments because of the lack of ice. Many local sports programs are utilizing any space they can simply because adequate space is not available. Various surveys, studies and analysis going back as far as 2008 have all concluded a need for investment in new regional recreation facilities is needed to serve our existing population, prepare for growth, and take advantage of sports tourism opportunities.

20. What will be the process to build these new facilities?

At this point, only the need for the identified new indoor regional recreation facilities has been studied and determined. There are no final plans in place for construction to move forward for any new facilities. Once the sales tax extension is approved, the Mankato Sports Commission will work to coordinate partnerships among user groups, local colleges and universities, the school district and private donors to develop specific construction and operations plans for new recreation facilities. Once those partnerships are established, significant non-sales tax matching funds are secured, and a project is proven to be feasible and operationally sustainable, it will be presented to the Cities of Mankato and North Mankato to potentially receive matching sales tax funds. The City Councils in Mankato and North Mankato will be the final body that will decide whether a project will receive sales tax funding. The public will also have the opportunity to weigh in as part of the City Council review.

21. How much will these proposed new indoor recreation facilities cost?

It is estimated that the total cost, if all of the identified new indoor regional recreation projects were constructed, would range from \$45 to \$65 million. However, only a portion of that total could be covered by sales tax dollars. It will be necessary for each new indoor regional recreation project to match sales tax funding with significant private or other non-sales tax funding.



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22. What economic benefits would occur from new regional recreation facilities?

A major benefit of construction of new regional recreation facilities would be increased economic impact that would occur with the growth of sports tourism in the area. Sports tourism is an almost \$9 billion a year industry that has experienced growth of three percent since 2013. Visitors spending money on room nights, restaurant meals and retailers in our community is good for the economy and the ability to host more events locally means less travel for our citizens. Current facilities do not allow for the expansion of tournaments and events as they are at capacity already.

As an example, a two-day basketball tournament held in this area such as what the Mankato Basketball Association currently runs one time per year has an estimated economic impact of around \$670,000. With adequate court space, the Association feels they could hold six weekend tournaments per year with the same format for an estimated economic impact of approximately \$4 million. And the same court space that holds basketball tournaments would be able to have a multiple purpose and could adequately host various other events like volleyball and wrestling tournaments with similarly significant economic impact, ensuring year around use of the facility.

23. Will the sales tax be the only source of funding for new regional recreation facilities?

No. For new regional recreation facilities, it will be required that significant partner dollars be pledged to a project before use of sales tax funds is approved.

24. Are there benefits to building regional recreation facilities that go beyond just those that use them?

Benefits of new regional recreation facilities extend well beyond just the local organizations and entities who directly utilize them. Like the rest of the nation, the Mankato/North Mankato Metropolitan Statistical Area's available talent/workforce is not sufficient to keep pace with the growing economy and retiring baby boomer generation. The experience of our employers is that individuals and families are selecting places to live based on a combination of factors that include the lifestyle available to themselves and their children. Additional recreation amenities can be one way to position the regional marketplace to attract the required workforce necessary to sustain and grow the local economy we already enjoy.

25. What events, besides sports, could take place at the new facilities?

All potential new facilities that have been identified have multiple sports and recreation uses as well as some non-recreation uses. An aquatics facility, for example, would serve not just our competitive swim programs (Mantas, high schools, colleges/universities) but allow for more aquatics and recreation including, but not limited to, swimming lessons, water aerobics and community recreation activities open to the entire population. All of the identified needs



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relating to recreation usage have numerous potential non-recreation uses and non-recreational capability will be important to the viability of any project.

26. Will the proposed new recreation facilities be open to the public? How will they benefit the entire population and not just youth?

For any new recreation facility utilizing sales tax funding, it will be an absolute requirement that the public have access to those facilities. All facilities identified throughout the needs analysis process have the potential to serve our entire population from toddlers to our retired population. In order for a project to be sustainable, it will need to be able to serve as much of our community—from young to old—as possible.