

**WAYZATA CITY COUNCIL
WORKSHOP MEETING MINUTES
January 10, 2023**

6:00 p.m. Discussion of a Local Sales Tax as a 2023 Legislative Priority

Mayor Mouton called the meeting to order at 6:00 p.m. Council Members present in-person in the community room at City Hall offices: Iverson, MacDonald, Parkhill, and Plechash. Also present: City Manager Jeff Dahl, Community Development Director Emily Goellner, Deputy City Manager Aurora Yager, and Public Works Director/City Engineer Mike Kelly.

Ms. Yager provided background on a potential local sales tax and discussed guidance on whether it should be considered at the next Council meeting for submittal to the Minnesota State Legislature in 2023.

At the December 6 Workshop, the City Council discussed its legislative priorities which included pursuing a local sales tax. A sales tax would help the City meet its Strategic Plan initiative to diversify city revenues by reducing dependence on property taxes and adding a sales tax on certain types of commerce conducted within the community. As was mentioned in the 2021 U of M Extension Study, non-residents consist of an abnormally high percentage of the business transactions---one of the highest in the state. Visitors, while needed to help our business community thrive, take a toll on our City services and infrastructure without bearing any of the financial responsibility that our property owners do.

Because it requires both legislative and local approval, instituting any kind of local version of a sales tax can be a long process. While there are no guarantees, staff feels the City has a compelling case for a sales tax given the City's booming restaurant community and data that around 90% of patrons are coming from outside of the community.

During the December 6 workshop, the Council directed staff to provide more information on how instituting a new tax would benefit Wayzata residents before they could determine if they wanted to pursue this as a legislative priority in 2023. Ms. Yager reviewed some high-level data included in the packet regarding how a sales tax could benefit our residents by offsetting revenues in the General Fund and providing significant investment in the Parks and Trail Capital Fund for a 0.5% and 1% food and beverage sales tax compared to a 0.5% Local Option Sales Tax. Given the uniqueness of Wayzata's economy and the restrictions on what a broad local option sales tax can be used for, Ms. Yager recommended pursuing a food and beverage sales tax in which revenues may be able to be used for operations (Parks, Public Safety, etc.) as well as future capital projects.

Council discussed the options for a sales tax and there was consensus to pursue a 1% Food and Beverage sales tax while Council Member Iverson was not in favor.

Given the majority support for a 1% food and beverage sales tax, the next steps would be to:

- Submit resolution of support to the State Legislature - January 2023
- Continue to meet with key members of the Legislature to lobby for the request - January to May 2023
- Engage and inform members of the business community regarding the request - January to May 2023

The workshop meeting was adjourned at 6:40 p.m.

Respectfully submitted,

Kathy A. Leervig

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