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## REGULAR BOARD MEETING AGENDA

Notice is hereby given that the Board of Commissioners of Roseau County will meet in session on April 24, 2018, at 9:00 a.m., in the Roseau County Courthouse, Room 110, Roseau, MN, at which time the following matters will come before the Board:

**9:00 Call to Order**

1. Presentation of Colors
2. Approve Agenda
3. Comments and Announcements
4. Approve Bills

**9:05 Delegations/Board Appointments/Public Comments\***

1. Rani Bhattacharyya, University of Minnesota Extension Service - Local Option Sales Tax Report
2. Lee Hervey, Voyageurs Comtronics – Rural TV Channel Displacement

**9:45 Consent Agenda**

1. April 10, 2018 Board Proceedings
2. Voting Equipment Purchase Order
3. Donation to Sheriff's Department

**9:50 Department Reports**

1. Highway
  - a. Capital Equipment Discussion
  - b. District 2 Multi-County Intersection Lighting Contract

**9:55 Committee Reports**

**10:00 County Board Items**

1. Buffer Program Discussion
2. County Board Meeting Policy - Audio Video Recording
3. Request for Reimbursement - Attorney Fees
4. Commissioner Committee Reports

**10:45 Unfinished Business**

**10:45 Adjourn**

**\*Limited to five minutes**





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# Local Option Sales Tax Analysis for Roseau County

ESTIMATED CONTRIBUTIONS OF RESIDENTS AND NON-RESIDENTS TO A LOCAL OPTION SALES  
TAX SUPPORTING TRANSPORTATION PROJECTS

Authored by Ryan Pesch and Rani Bhattacharyya



PROGRAM SPONSORS: ROSEAU COUNTY, MINNESOTA

# Local Option Sales Tax Analysis for Roseau County

## ESTIMATED CONTRIBUTIONS OF RESIDENTS AND NON-RESIDENTS TO A LOCAL OPTION SALES TAX SUPPORTING TRANSPORTATION PROJECTS

**March 2018**

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## EXECUTIVE SUMMARY

University of Minnesota Extension recently conducted a study to estimate overall tax proceeds and the proportion of tax proceeds generated by Roseau County residents. These results were compared to non-residents, using the most recent sales and use tax data available from the Minnesota Department of Revenue (MN Revenue).

The intent of this report was not to make recommendations to county officials about what actions to take but rather determine the estimated sales tax proceeds from a local option tax program and what proportion of those dollars will likely be paid by year-round county residents versus non-residents.

Extension initially generated a trade area analysis comparing actual taxable sales, based on Minnesota Revenue sales tax data<sup>1</sup> with a calculated “expected sales” amount. This amount was determined by multiplying the Roseau County population by the Minnesota average per capita sales and then adjusting for the county’s income factor. Doing so provided an estimate of retail and service purchases made by year-round Roseau County residents. For each merchandise group, the estimates for two types of purchasers—year-round county residents and others—were considered and adjusted considering the area economy. Adjustments were also made in categories showing a consistent difference between the average per capita sales in Greater Minnesota and the state average. These adjustments involved informed estimates and were aimed, in part, at reducing what otherwise might have been overestimates of the sales tax share falling to non-residents. Assumptions and calculations are shown for major retail and service categories so decision makers can adjust totals to accommodate local considerations.

Several key factors and features in the Roseau County economy helped frame our analysis of the different merchandise categories:

- Roseau County attracts visitors, especially for fishing at Lake of the Woods, and for hunting.
- The county has some seasonal residents which account for 7% of total housing units, according to the 2010 Census. Based on Extension research in Central Minnesota, seasonal residents typically spend on convenience items such as food, gas, and restaurants as well as building materials in the county where their second home resides (Pesch and Bussiere, 2014)
- Because of its job base, some residents of nearby counties commute into Roseau County for work. On the other hand, a similar amount of resident households work outside the county. More than 1,400 people enter the county to work, but 1,800 leave to work primarily to the south and east in Bemidji Thief River Falls, and Grand Forks areas (Figure 1).
- Roseau county residents are attracted to the variety of goods and services available in major regional centers of Grand Forks and Bemidji and the minor center of Thief River Falls.

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1. *MN County Sales Tax Statistics*. (2015). Minnesota Department of Revenue. Retrieved from [http://www.revenue.state.mn.us/research\\_stats/Pages/Sales-and-Use-Tax-Statistics-and-Annual-Reports.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Sales-and-Use-Tax-Statistics-and-Annual-Reports.aspx)



**Figure 1: Roseau County worker in-flow and out-flow (Source: 2016 U.S. Census Bureau OnTheMap application, Longitudinal-Employer Household Dynamics Program, <http://onthemap.ces.census.gov/>)**

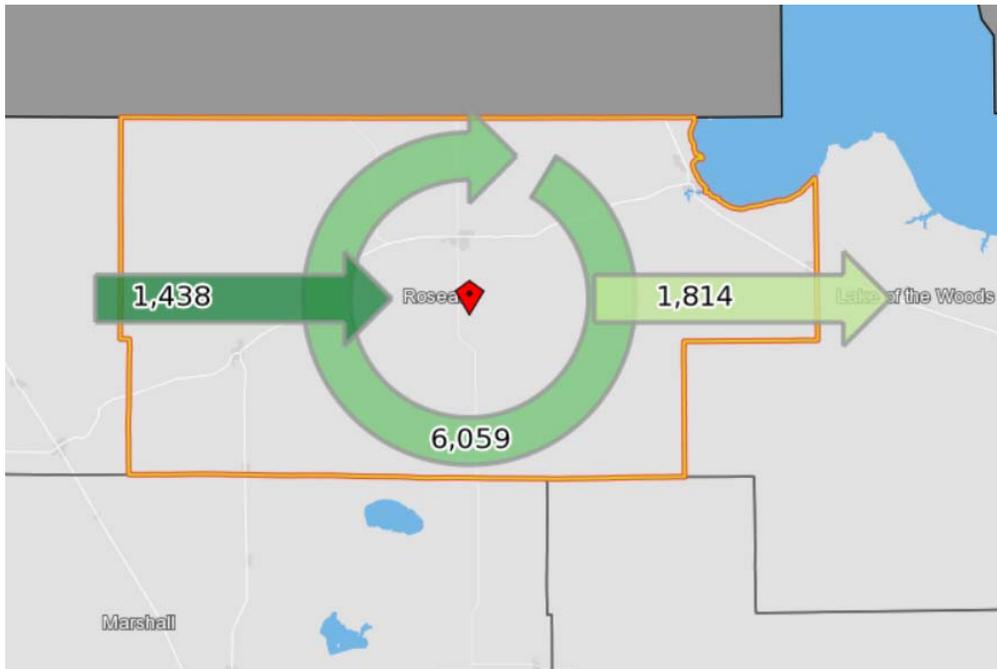


Figure 2 below shows the estimated percentage breakout—across all merchandise categories—for the *adjusted* analysis to more accurately reflect the county’s economic and consumption circumstances. Based on these findings, we estimate 74.8 percent of all taxable retail and service sales would be made by permanent county residents, and the remaining 25.2 percent of taxable sales would be by non-residents.

**Figure 2: Estimated taxable sales using an adjusted trade area analysis**

	<b>Taxable Sales</b> <b>\$millions</b>	<b>Percentage</b> <b>of Sales</b>
<b>Roseau County Residents</b>	\$87.1	74.8%
<b>Non-residents</b>	\$29.4	25.2%
<b>Totals</b>	\$116.5	100%

Extension also estimated the dollars generated by different levels of a local option sales tax and what year-round residents would pay at each level compared to non-residents. Using the adjusted trade area analysis, these dollar amounts are shown in Figure 3.

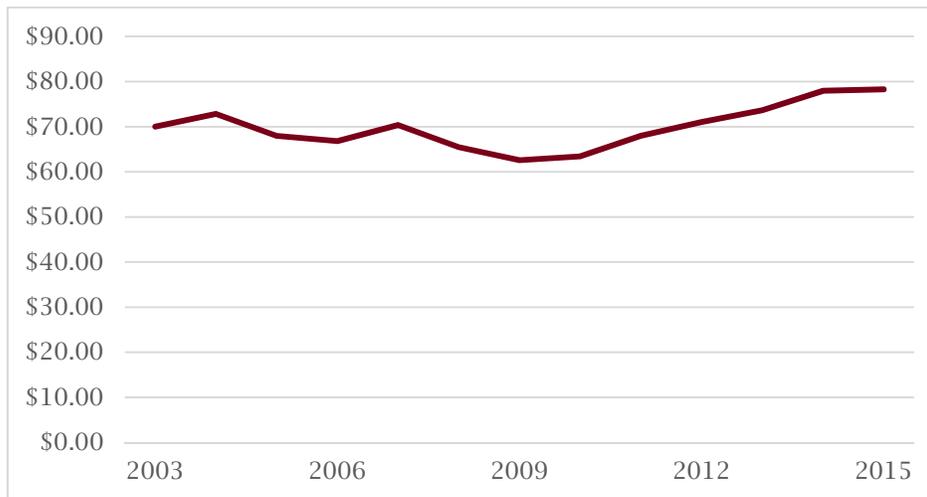
Roseau County could realize as much as \$582,000 in tax proceeds to support designated community projects if the full half percent tax was enacted. If the county does realize \$582,000, the proportion of the tax total paid by non-residents is estimated to be \$147 thousand, and the proportion paid by year-round Roseau residents is estimated to be \$436 thousand.

**Figure 3: Estimated tax proceeds and who pays in dollars**

<b>ESTIMATED</b>	<b>Total</b>	<b>Dollars</b>	<b>Dollars</b>
<b>TAX PROCEEDS</b>	<b>Tax</b>	<b>Paid By</b>	<b>Paid By</b>
	<b>Proceeds</b>	<b>Roseau</b>	<b>Non-</b>
		<b>Residents</b>	<b>Residents</b>
@ 1/8th of a Percent	\$145,618	\$108,892	\$36,726
@ 1/4th of a Percent	\$291,235	\$217,784	\$73,451
@ 3/8ths of a Percent	\$436,853	\$326,676	\$110,177
@ 1/2 of a Percent	\$582,470	\$435,568	\$146,902
Total Taxable Sales:			
	\$116,494,037		

The total taxable sales in the county has increased 15 percent from 2005 to 2015 from \$70 million to \$78 million. Since tax proceeds are calculated as a simple percentage of total taxable sales, this increase during the past 10 years gives some sense of stability if the tax were enacted.

**Figure 4: Total taxable sales (in millions) in Roseau County from 2003 to 2015 (source: Minnesota Department of Revenue)**



Proceeds from *use* taxes would also be added to the estimated tax proceeds from sales taxes. Based on 2015 figures, for each one-eighth of a percent enacted, county officials can expect an estimated additional \$4,100 in use (not sales) tax proceeds derived from city businesses purchasing products from out-of-state sources. County officials can also anticipate some additional use tax proceeds, but there is no way to accurately estimate this number. The amount will result from purchases made by local businesses from other Minnesota locations.

Roseau County policymakers are understandably concerned that enacting a sales tax in their community will cause a loss of consumer purchases to other counties. However, at its highest potential application of half a percent, a local option sales tax would add 50 cents to a \$100 purchase. Records available on the Minnesota Department of Revenue website (Appendix A) show the tax collected from 23 Minnesota jurisdictions that have enacted some type of local sales or use tax within the last nine years. The records do not indicate a major purchasing change due to the additional sales tax, and most of the jurisdictions have shown continued sales growth.

## BACKGROUND AND METHODOLOGY

Community economics educators at University of Minnesota Extension provide applied research and education to help community and business partners make better informed decisions. In recent years, Minnesota has adopted laws enabling non-metro county boards to enact a local option sales tax of up to a half percent to fund transportation projects and operations. The sales tax is enacted on a per project basis and must end once sufficient funds are raised.

Proceeds must be dedicated exclusively for:

- A specific transportation project or improvement
- Capital for, or operation of, a specific transit project
- Capital for a Safe Routes to School project<sup>2</sup>

This report estimates the proportion of tax proceeds generated by year-round Roseau County residents compared to non-residents. The most recently available state sales tax data (2015) from the Minnesota Department of Revenue (MN Revenue) is used.

### Trade Area Analysis and Calculations

Extension conducted a trade area analysis of retail and service sales in select merchandise categories, estimating the amount of taxable sales subject to sales taxes that were made by local residents, as well as those made by non-residents. Use tax is insignificant compared to sales tax proceeds and is calculated differently.

Extension calculated potential sales for the county in each merchandise category and compared this calculation to actual taxable sales, as found in Minnesota Department of Revenue sales tax statistics for the same category. Actual sales greater than potential sales indicate the county attracts sales from outside the county or has sales greater than one would expect from only its residents. Extension used the difference between potential and actual sales to set reasonable estimates of spending by residents and non-residents across all categories. These estimates also helped inform adjustments for each category.

Potential sales calculations are based on average statewide spending by merchandise category and the population of the county, then adjusted by the level of income in Roseau County. Specifically, potential sales result from county population, state per capita taxable sales, and the index of income (see sidebar and Appendix B for term definitions).

The section that follows, “Trade Area Analysis by Merchandise Category,” details the initial and adjusted trade area calculations for all merchandise categories. The sections labeled “Analysis with Adjustments” lists the final estimate of sales generated by non-residents. A rationale for adjustments and conclusions is also included.

**Potential Sales** estimate the dollar amounts for purchases made by local residents *if* local residents spend as much as the average Minnesota resident.

Potential sales are calculated by the following formula:

$$(T \div PMn) \times PR \times (YR \div YMn) = \text{Potential Sales}$$

T = Total Minnesota taxable sales for a merchandise category

PMn = Population of Minnesota  
(5,485,238)

PR = Population of Roseau County  
(15,771)

YR = Per capita income of Roseau County resident (\$42,819)

YMn = Per capita income of Minnesota resident (\$51,146)

2. Sandberg, W., & Bryduck, A. (2014). *County Local Option Wheelage and Sales Tax*. Association of Minnesota Counties presentation.

## TRADE AREA ANALYSIS BY MERCHANDISE CATEGORY

### Vehicles and Parts

6.1 percent of total taxable retail  
and service sales

The **13 businesses** in this retail category include repair parts, snowmobiles, boats, trailers, and recreational vehicles. Sales of cars and other on-road vehicles are not included in this category since they are subject to a different tax.

	(\$Millions)
Actual taxable sales	\$4.76
-Potential sales	\$6.53
= \$ variance	(\$1.77)
= as % of potential	-27.0%

### Unadjusted Trade Area Analysis

Potential taxable sales to residents	\$6.53
Surplus (local preference and non-residents)	(\$1.77)
Total	\$4.76
Surplus percentage	-37.1%

### Analysis with Adjustments

Residents' \$ share	\$4.52
Non-Residents' \$ share	\$0.24
Total	\$4.76
Non-resident share per group	5.0%

### Analysis and Recommendations for Vehicles and Parts

The trade area analysis predicts approximately 37 percent of taxable sales leak outside the county. The county's 13 firms in this category, however, are pulling in some outside sales, even though Roseau residents as a whole out-shop more than in-shop. Extension set non-resident share at a conservative 5 percent of taxable sales.

## Furniture Stores

### 1.0 percent of total taxable retail and service sales

These **six stores** sell furniture, beds, carpeting, window coverings, lamps, china, kitchenware, and wood-burning stoves.

	(\$Millions)
Actual taxable sales	\$0.79
Potential sales	\$3.54
= \$ variance	(\$2.75)
= as % of potential	-77.8%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$3.54
Surplus (local preference and non-residents)	(\$2.75)
Total	\$0.79
Non-resident share per group	-350.2%

### Analysis with Adjustments

Residents' \$ share	\$0.77
	\$0.02
Non-Residents' \$ share	
Total	\$0.79
Non-resident share per group	3.0%

### Analysis and Recommendations for Furniture Stores

For the trade area analysis, calculated potential may be overestimated, as the area is mostly rural and furniture sales are lower per capita than for the state—\$166 per person compared to \$250, respectively. Since furniture stores are often located in regional retail centers, sales frequently leak to other communities. Though Roseau residents shop for furniture outside the county, some residents from neighboring small towns would likely be attracted to this cluster of six furniture stores. Extension set the non-resident share at 3 percent of taxable sales.

## Electronics and Appliances

### 3.3 percent of total taxable retail and service sales

These **four establishments** primarily include household-type appliances, sewing machines, cameras, computers, and other electronic goods.

	(\$Millions)
Actual taxable sales	\$2.55
-Potential sales	\$3.89
= \$ variance	(\$1.33)
= as % of potential	-34.3%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$3.89
Surplus (local preference and non-residents)	(\$1.33)
Total	\$2.55
Non-resident share per group	-52.3%

### Analysis with Adjustments

Residents' \$ share	\$2.47
Non-residents' \$ share	\$0.08
Total	\$2.55
Non-resident share per group	3.0%

### Analysis and Recommendations for Electronics and Appliances

The average Minnesota business sells \$264 per capita in this category, although residents of Greater Minnesota spend only about half as much. Potential sales calculations suggest that more than 50 percent of sales leave the county. Again, although Roseau residents leave the county for some of these purchases, it is reasonable to assume residents from neighboring counties still make some minor purchases. We estimate the non-resident portion at 3 percent, with residents and non-residents generating sales of \$2.48 million and \$80,000, respectively.

## Building Materials

### 13.0 percent of total taxable retail and service sales

These **12 establishments** sell lumber, hardware, paint, wallpaper, tile, hardwood floors, roofing, fencing, ceiling fans, lawn equipment, and garden items.

	(\$Millions)
Actual taxable sales	\$10.19
Potential sales	\$13.32
= \$ variance	(\$3.13)
= as % of potential	-23.5%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$13.32
Surplus (local preference and non-residents)	(\$3.13)
Total	\$10.19
Non-resident share per group	-30.7%

### Analysis with Adjustments

Residents' \$ share	\$9.68
Non-residents' \$ share	\$0.51
Total	\$10.19
Non-resident share per group	5.0%

### Analysis and Recommendations for Building Materials

Along with gasoline and general merchandise categories, building materials often account for a significant amount of total taxable sales (13 percent in Roseau County's case). The trade area analysis estimates that more sales are leaving rather than entering the county, equating to a 30% leakage. Since it is realistic to assume that seasonal residents and some customers either working in Roseau County or traveling through the county would make some purchases in the county—even with an overall leakage—Extension set the non-local resident spending to modest 5 percent of building material sales.

## Food and Groceries

### 14.9 percent of total taxable retail and service sales

The **17 stores** in this merchandise group include grocery stores, delis, bakeries, and butcher shops that sell food to be prepared at home. Liquor stores are also included in this group.

	(\$Millions)
Actual taxable sales	\$11.63
- Potential sales	\$8.88
= \$ variance	\$2.75
= as % of potential	30.9%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$8.88
Surplus (local preference and non-residents)	\$2.75
Total	\$11.63
Non-resident share per group	23.6%

### Analysis with Adjustments

Residents' \$ share	\$8.26
Non-residents' \$ share	\$3.37
Total	\$11.63
Non-resident share per group	29.0%

### Analysis and Recommendations for Food and Groceries

The trade area analysis estimates a surplus of \$2.8 million more than expected in the food and liquor category. Although local residents account for the majority of food and liquor sales, clearly visitors and seasonal residents are buying these goods locally. Assuming that local residents will often shop for food and liquor outside of the county since there is clear evidence for out-shopping in other categories, Extension raised the non-resident share of grocery and liquor sales at 29 percent.

## Health & Personal Items

### 0.9 percent of total taxable retail and service sales

Stores selling prescription drugs, food supplements, vision supplies, cosmetics, and hearing aids are among the **four shops** included in this merchandise group.

	(\$Millions)
Actual taxable sales	\$0.71
Potential sales	\$1.66
= \$ variance	(\$0.95)
= as % of potential	-57.5%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$1.66
Surplus (local preference and non-residents)	(\$0.95)
Total	\$0.71
Non-resident share per group	-135.1%

### Analysis with Adjustments

Residents' \$ share	\$0.69
Non-residents' \$ share	\$0.02
Total	\$0.71
Non-resident share per group	3.0%

### Analysis and Recommendations for Health and Personal Items

These stores sell items that most people buy locally, so county residents are likely to dominate the marketplace, accounting for 100 percent of sales. Though a fair amount of sales leak outside of Roseau County, Extension would expect some sales from non-residents to increase their share to a minimal 3 percent.

## Gas/Convenience Stores

### 8.9 percent of total taxable retail and service sales

This merchandise group covers **eight retailers** selling convenience items at a store that also sells fuel.

	(\$Millions)
Actual taxable sales	\$6.99
-Potential sales	\$2.88
= \$ variance	\$4.11
= as % of potential	142.3%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$2.88
Surplus (local preference and non-residents)	\$4.11
Total	\$6.99
Non-resident share per group	58.7%

### Analysis with Adjustments

Residents' \$ share	\$2.45
Non-residents' \$ share	\$4.54
Total	\$6.99
Non-resident share per group	65.0%

### Analysis and Recommendations for Gas Station/Convenience Stores

The initial trade area analysis indicates that non-residents account for 59 percent of sales. Like the food and liquor category, there is clear evidence that visitors and other non-residents are making purchases at local gas and convenience stores. Considering the out-shopping patterns in other categories which would draw resident gasoline sales elsewhere, Extension recommends increasing the non-resident sales to 65 percent

## Apparel/Clothing

0.2 of total taxable retail and service sales

This merchandise group includes **10 stores** selling new clothing and accessories, jewelry, shoes, bridal items, clocks, and luggage.

	(\$Millions)
Actual taxable sales	\$0.12
Potential sales	\$2.38
= \$ variance	(\$2.26)
= as % of potential	-95.0%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$2.38
Surplus (local preference and non-residents)	(\$2.26)
Total	\$0.12
Non-resident share per group	-1892.1%

### Analysis with Adjustments

Residents' \$ share	\$0.12
Non-residents' \$ share	\$0.00
Total	\$0.12
Non-resident share per group	3.0%

### Analysis and Recommendations for Apparel/Clothing

The trade area analysis shows that nearly all potential sales leak outside of Roseau County, indicating that local residents either spend significantly less than the average Minnesotan on these items, or they make their purchases elsewhere, including on the internet. Assuming clothing stores in Roseau County would still attract in some minimal sales with non-resident traffic, Extension set the non-resident share at 3%.

## Leisure Goods

### 2.7 percent of total taxable retail and service sales

The **16 firms** in this merchandise group sell sporting goods, books, music, hobby items, fabrics, and toys.

	(\$Millions)
Actual taxable sales	\$2.14
Potential sales	\$3.13
= \$ variance	(\$0.99)
= as % of potential	-31.6%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$3.13
Surplus (local preference and non-residents)	(\$0.99)
Total	\$2.14
Non-resident share per group	-46.1%

### Analysis with Adjustments

Residents' \$ share	\$1.93
Non-Residents' \$ share	\$0.21
Total	\$2.14
Non-resident share per group	10.0%

### Analysis and Recommendations for Leisure Goods

As with health, personal, and clothing items, it is likely local purchasers more than non-residents will drive demand for leisure goods. With local boating and hunting activities popular in the area, however, it would be safe to expect some sizeable portion of non-resident leisure sales. Considering these factors, Extension raised the share of non-resident spending to 10 percent, despite the county experiencing an overall loss of sales in this category.

## General Merchandise Stores

### 15.4 percent of total taxable retail and service sales

The **14 stores** in this category sell general merchandise and are unique because they have the equipment and staff needed to sell a large variety of goods from a single location. This includes department stores, superstores, dollar stores, and variety stores.

	(\$Millions)
Actual taxable sales	\$12.08
potential sales	\$13.90
= \$ variance	(\$1.82)
= as % of potential	-13.1%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$13.90
Surplus (local preference and non-residents)	(\$1.82)
Total	\$12.08
Non-resident share per group	-15.0%

### Analysis with Adjustments

Residents' \$ share	\$10.88
Non-Residents' \$ share	\$1.21
Total	\$12.08
Non-resident share per group	10.0%

### Analysis and Recommendations for General Merchandise Stores

The initial analysis shows an overall leakage in this category to other counties, a pattern consistent with local residents gravitating to regional centers for competitive consumer goods. As a key component of the store mix in regional centers, large general merchandise stores like Wal-Mart and Target lure in shoppers with national advertising campaigns and a wide variety of products. Considering that Roseau County experiences only a 13% leakage is surprising, leading Extension to set non-resident spending at 10%. This level of non-resident spending would be consistent with visitors and non-residents shopping for convenience items as seen in the leisure goods, food, and gas categories.

## Miscellaneous Retail

1.8 percent of total taxable retail and service sales

**Thirty-three establishments** are part of this group, including florists, used merchandise stores, pet supply stores, and other retailers.

	(\$Millions)
Actual taxable sales	\$1.43
Potential sales	\$3.81
= \$ variance	(\$2.38)
= as % of potential	-62.4%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$3.81
Surplus (local preference and non-residents)	(\$2.38)
Total	\$1.43
Non-resident share per group	-166.3%

### Analysis with Adjustments

Residents' \$ share	\$1.36
Non-residents' \$ share	\$0.07
Total	\$1.43
Non-resident share per group	5.0%

### Analysis and Recommendations for Miscellaneous Retail

The category currently brings in 62 percent less in taxable sales than one would expect. Extension recommends setting the non-resident share to 5 percent, especially considering the large number of establishments in this category, some of which are specialized enough to draw in outside traffic.

## Amusement and Recreation

### 2.5 percent of total taxable retail and service sales

The **11 establishments** in this group include casinos, bowling lanes, water parks, amusement parks, arcades, bingo halls, golf courses, ski slopes, marinas, dance or fitness centers, recreational clubs, ice rinks, swimming pools, roller rinks, etc.

	(\$Millions)
Actual taxable sales	\$1.96
Potential sales	\$3.97
= \$ variance	(\$2.01)
= as % of potential	-50.7%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$3.97
Surplus (local preference and non-residents)	(\$2.01)
Total	\$1.96
Non-resident share per group	-102.8%

### Analysis with Adjustments

Residents' \$ share	\$1.86
Non-residents' \$ share	\$0.10
Total	\$1.96
Non-resident share per group	5.0%

### Analysis and Recommendations for Amusement and Recreation

Greater Minnesota per capita sales in this category are much lower than the state average. Extension set the non-resident share at 5 percent of total sales. Please note that tribal casinos like in Warroad are tax-exempt since they are a government entity and their sales are not reported here.

## Accommodations

### 5.4 percent of total taxable retail and service sales

These 12 **businesses** provide lodging or short-term accommodations for travelers, vacationers, and others. Included are hotels, motels, lodges, bed & breakfasts, campgrounds, fraternities, boarding houses, and dormitories.

	(\$Millions)
Actual taxable sales	\$4.21
Potential sales	\$5.09
= \$ variance	(\$0.88)
= as % of potential	-17.4%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$5.09
Surplus (local preference and non-residents)	(\$0.88)
Total	\$4.21
Non-resident share per group	-21.0%

### Analysis with Adjustments

Residents' \$ share	\$0.42
Non-residents' \$ share	\$3.79
<b>Total</b>	<b>\$4.21</b>
Non-resident share per group	90.0%

### Analysis and Recommendations for Accommodations

Logically, a large majority of lodging sales will include visitors from outside the county, including those visiting Lake of the Woods, hunting in the area, and simply traveling through. Since some portion of accommodation sales always include local events and family 'stay-cations' Extension set the non-resident share at 90% of sales.

## Eating/Drinking Establishments

### 14.2 percent of total taxable retail and service sales

These **41 businesses** sell food at full-service or limited-service establishments. The group includes cafeterias, bagel shops, ice cream parlors, snack bars, food service contractors, caterers, lunch wagons, and street vendors. It also includes bars, taverns, and nightclubs.

	(\$Millions)
Actual taxable sales	\$11.09
Potential sales	\$20.80
= \$ variance	(\$9.71)
= as % of potential	-46.7%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$20.80
Surplus (local preference and non-residents)	(\$9.71)
Total	\$11.09
Non-resident share per group	-87.6%

### Analysis with Adjustments

Residents' \$ share	\$9.98
Non-residents' \$ share	\$1.11
Total	\$11.09
Non-resident share per group	10.0%

### Analysis and Recommendations for Eating/Drinking Establishments

According to market potential estimates, Roseau leaks 47 percent of food service sales outside the county. Extension may be overestimating local resident sales, however, since Greater Minnesota sales are lower per capita than the state average and local residents may simply not dine out as much as others in the state. Considering the surplus spending observed in other categories with clear visitor impact, Extension set non-resident share of spending at 10 percent.

## Repair and Maintenance

### 4.4 percent of total taxable retail and service sales

The **40 stores** in this group restore machinery, equipment, and other products. The group does not include plumbing or electrical repair services but does encompass auto repair, cameras, radio, television, computers, copiers, appliances, lawn mowers, specialized equipment, small engines, furniture, shoes, guns, etc.

	(\$Millions)
Actual taxable sales	\$3.42
Potential sales	\$3.31
= \$ variance	\$0.12
= as % of potential	3.5%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$3.31
Surplus (local preference and non-residents)	\$0.12
Total	\$3.42
Non-resident share per group	3.4%

### Analysis with Adjustments

Residents' \$ share	\$3.08
Non-residents' \$ share	\$0.34
Total	\$3.42
Non-resident share per group	10.0%

### Analysis and Recommendations for Repair and Maintenance

For this category, non-metro average spending is more than statewide average spending (Twin Cities included). The initial trade area analysis identifies a surplus and estimates non-resident spending at 3.4%. Assuming that some marine repair operations in particular would cater to non-residents, Extension adjusted the non-resident share up to 10 percent.

## Personal Services/Laundry

0.6 percent of total taxable retail and service sales

The **30 stores** in this merchandise group include barber shops and beauty parlors, death care services, laundry and dry-cleaning services, and a wide range of other personal services, such as pet care (except veterinary), photofinishing, temporary parking, and dating services.

	(\$Millions)
Actual taxable sales	\$0.45
Potential sales	\$2.04
= \$ variance	(\$1.59)
= as % of potential	-77.8%

### Unadjusted Trade Area Analysis

Potential sales to residents	\$2.04
Surplus (local preference and non-residents)	(\$1.59)
Total	\$0.45
Non-resident share per group	-350.3%

### Analysis with Adjustments

Residents' \$ share	\$0.44
Non-residents' \$ share	\$0.01
Total	\$0.45
Non-resident share per group	3.0%

### Analysis and Recommendations for Personal Services/Laundry

Local residents will likely comprise the vast majority of buyers in this category of convenience services. Therefore, the non-resident share is estimated to be a minimal 3 percent of total taxable sales.

**Retail (non-store) and Other Services  
(North American Industrial  
Classification System 511-812 Sales  
Amounts Released by MN Revenue)**

	(\$Millions)
Actual taxable sales	\$3.76
% of total taxable retail and service sales	4.8%

**Analysis with Adjustments**

Residents' \$ share	\$3.38
Non-residents' \$ share	\$0.38
Total	\$3.76
Non-resident share per group	10%

**Analysis and Recommendations for Retail and Other Services**

The rest of retail and service sales will be largely local. This group includes healthcare, waste management, rental/lease services, administrative support, and the performing arts. This mix of business types is too diverse to run a trade area analysis, but Extension assumes 90 percent of these sales are local.

**Non-Retail Categories: Agricultural Production, Forestry, Construction, Manufacturing, Wholesale Operations, Transportation, Civic and Professional Organizations, Government, and Sales Information Suppressed for Business Confidentiality**

The above industries and services generate \$38.2 million in taxable sales, a significant portion of total taxable sales in Roseau County (33%). This amount will be subject to any new sales taxes, including a local option sales tax supporting county transportation projects and operations.

A diverse mix of businesses fall into these non-retail categories and a large portion of sales are within a suppressed or non-disclosed subcategory. This diversity makes it difficult to understand the customer mix of these businesses, however Extension broke out each known subcategory and assigned assumptions according to their business type:

<b>Subcategory</b>	<b>2015 Taxable Sales</b>
Agriculture	\$221,489
Construction	\$1,431,561
Undesignated	\$11,791,062
Utilities	\$17,732,479
Manufacturing	\$670,268
Wholesale	\$5,556,261

Extension estimated that overall 30 percent of sales are to non-residents. Extension assumed that some subcategories such as agriculture and manufacturing sell primarily (90%) to non-resident customers, whereas subcategories like undesignated and wholesale businesses split their sales between resident and non-resident customers. Extension assumed that 30% of taxable sales in

construction were to non-residents and 90% of utility sales were to residents. Overall, Extension estimates that 35% of all taxable sales across these non-retail categories are to non-residents.

Residents' \$ share	\$24.83
Non-residents \$ share	\$13.37
Total	\$38.21
Non-resident share	35%

## ESTIMATES OF PROJECTED SALES TAX REVENUE

The table below shows sales tax revenue for designated transportation projects and/or operations in Roseau County at one-eighth percent intervals up to half a percent. This is the highest taxation rate permitted by state law for local option sales for transportation in counties outside the Twin Cities Metropolitan Area. The table also includes estimates for the tax dollars likely to be paid by year-round Roseau County residents, along with the estimates for tax dollars likely to be paid by non-residents. These estimates include all merchandise categories, based on the adjusted trade area analysis.

**Figure 5: Estimated Tax Proceeds**

	<b>Total</b>	<b>Dollars</b>	<b>Dollars</b>
<b>ESTIMATED</b>	<b>Tax</b>	<b>Paid By</b>	<b>Paid By</b>
<b>TAX PROCEEDS</b>	<b>Proceeds</b>	<b>Roseau</b>	<b>Non-</b>
		<b>Residents</b>	<b>Residents</b>
@ 1/8th of a Percent	\$145,618	\$108,892	\$36,726
@ 1/4th of a Percent	\$291,235	\$217,784	\$73,451
@ 3/8ths of a Percent	\$436,853	\$326,676	\$110,177
@ 1/2 of a Percent	\$582,470	\$435,568	\$146,902
Total Taxable Sales:			
	\$116,494,037		

The total sales figure of \$116.5 million is based on 2015 Minnesota Department of Revenue data.

There is a *use* tax component to this local option tax program. Consequently, two other likely sources of tax proceeds can be added to the estimated tax proceeds listed above:

1. For each one-eighth of a percent enacted, county officials can expect an estimated additional \$4,100 in use (not sales) tax proceeds derived from county businesses purchasing products from out-of-state sources. (This is based on the 6.875 percent use tax rate applied to out-of-state purchases).
2. County officials can also anticipate additional use (not sales) tax proceeds, but there is no way to accurately estimate this number. The amount, however, will be from purchases made by local businesses in other Minnesota locations.

## **APPENDIX A: RESEARCH ON THE EFFECTS OF A LOCAL OPTION SALES TAX**

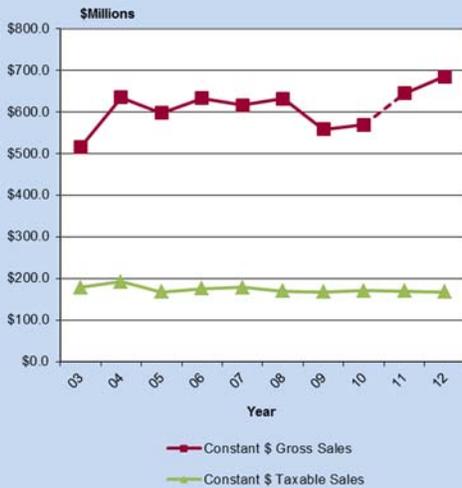
Roseau County policymakers are understandably concerned that enacting a local sales tax will result in a loss of consumer purchases to neighboring counties that have not adopted the tax. At its highest potential application of half a percent, however, a local option sales tax would only add 50 cents to a \$100 purchase.

The Minnesota Department of Revenue (shown below) records the tax collected from 23 Minnesota jurisdictions that have enacted a local sales or use tax within the last 10 years. Most of these cities show continued sales growth.

A more specific comparison that includes three Minnesota cities that have adopted a .5 percent local option sales tax is also offered below. It is important to note that the tax does not add much to a consumer's purchase.

County decision-makers should decide on the best method to raise revenue for transportation projects— either an increase in property taxes or a .5 percent sales tax. Property taxes do not include a household's current income, which raises the financial burden of low-income or retired homeowners. Sales taxes raise revenues based on household expenditures, which excludes the basic necessities of food and clothing. In addition, a sales tax raises revenues from non-residents who shop in Roseau County. County policymakers should carefully consider each of the above factors before making a decision about enacting a local sales tax.

Albert Lea, tax started 2006

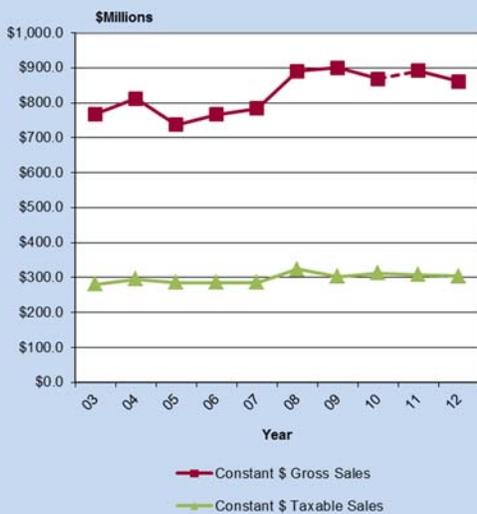


These are examples of cities that enacted a local option sales tax.

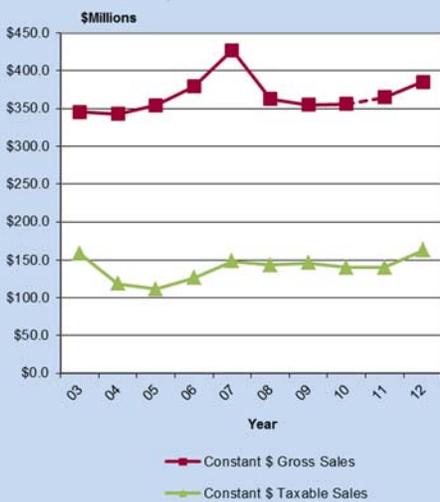
Each city installed a .5 percent local option sales tax. Factors other than the tax appear to most affect sales. Convenience, customer service, overall pricing, loyalty, and product choice all play a factor in where people shop.

Increasingly, people are paying a local option sales tax, no matter where they shop. For example, if people leave Austin because of the tax, they will find that the cities of Rochester, Owatonna, and Albert Lea also have the same tax.

Willmar, tax started 2006



Austin, tax started 2007



**APPENDIX A cont.**

Minnesota Local Sales & Use Tax  
Total Collections  
CY 2005-2013

Local Entity	2005	2006	2007	2008	2009	2010	2011	2012	2013
<a href="#">Albert Lea</a>		\$672,514	\$1,193,643	\$1,295,287	\$1,302,397	\$1,417,881	\$1,385,185	\$1,361,956	\$1,371,727
<a href="#">Austin</a>			824,839	1,306,244	1,415,665	1,521,493	1,602,890	1,654,987	1,626,125
<a href="#">Baxter</a>		269,460	1,907,480	1,817,395	1,814,425	1,812,195	1,842,188	2,003,212	2,120,411
<a href="#">Bemidji</a>		1,423,560	1,690,976	1,688,220	1,749,687	1,846,889	1,962,085	1,962,300	2,189,580
<a href="#">Brainerd</a>			556,740	830,840	850,614	829,980	839,153	883,124	881,244
<a href="#">Clearwater</a>				16,142	143,050	170,377	301,999	182,010	188,439
<a href="#">Cloquet</a>									695,762
<a href="#">Duluth</a>		11,398,159	12,225,979	12,194,936	11,641,832	12,084,658	12,708,709	13,068,224	13,685,071
<a href="#">Fergus Falls</a>								1,019,239	1,189,756
<a href="#">Hermantown</a>	\$1,153,669	1,137,678	1,193,037	1,109,705	1,127,223	1,134,116	1,169,932	1,224,434	2,089,558
<a href="#">Hutchinson</a>								1,193,556	1,432,169
<a href="#">Lanesboro</a>								47,126	79,416
<a href="#">Mankato</a>	4,386,026	4,128,429	4,334,356	4,388,499	4,381,403	4,520,952	4,702,420	4,881,939	4,974,848
<a href="#">Marshall</a>									894,350
<a href="#">Medford</a>									81,810
<a href="#">Minneapolis</a>	28,556,270	28,493,948	30,425,381	30,108,225	27,603,226	27,913,705	30,759,503	32,561,414	33,548,740
<a href="#">New Ulm</a>	843,201	886,988	939,425	933,519	939,757	993,663	1,022,880	1,062,888	1,233,243
<a href="#">North Mankato</a>				49,057	393,426	463,065	488,382	568,365	614,733
<a href="#">Owatonna</a>			1,240,622	1,946,356	2,092,829	1,886,147	1,224,809	15,330	7,459
<a href="#">Proctor</a>	126,570	151,315	132,581	130,167	154,416	150,941	151,106	162,363	213,830
<a href="#">Rochester</a>	8,732,500	9,255,831	9,833,630	9,482,871	9,635,634	9,319,670	9,658,017	10,071,132	10,428,422
<a href="#">St. Cloud Area</a>	6,164,590	8,114,589	8,719,065	8,434,991	8,250,610	8,282,589	8,714,584	9,175,367	9,473,929
<a href="#">St. Paul</a>	14,934,741	15,452,469	16,171,672	15,670,879	15,842,996	16,023,319	16,383,063	16,454,773	17,502,316
<a href="#">Two Harbors</a>	240,134	265,108	270,767	254,739	229,402	265,545	311,437	284,653	270,934
<a href="#">Willmar</a>		1,475,634	1,794,419	1,751,563	1,733,787	1,753,486	1,870,799	2,064,924	429,176
<a href="#">Worthington</a>					414,264	717,875	804,606	802,609	842,602
<a href="#">Cook Co</a>	1,074,550	1,079,651	1,181,755	443,333	996	767,942	1,145,291	1,258,563	1,444,164
<a href="#">Hennepin Co</a>			24,573,566	29,082,574	28,030,758	28,864,673	31,063,329	32,344,624	34,249,703
<a href="#">Metro Area Transit</a>				34,024,649	86,990,821	90,169,253	96,773,584	101,077,456	108,100,932

Source: Minnesota Department of Revenue, Tax Research Division, October 11, 2014

## APPENDIX B: DEFINITIONS OF TERMS

### Gross Sales

Gross sales include taxable sales and exempt businesses with sales and use tax permits. This is the most inclusive indicator of business activity for the reporting jurisdictions, but it can be misleading when used in comparisons. At times, non-taxable commodity items (e.g., gasoline) can have large price variations, creating huge swings in gross sales.

### Taxable Sales

Taxable sales are those sales subject to sales tax. Taxable sales exclude exempt items, items sold for resale, items sold for exempt purposes, and items sold to exempt organizations. For the purpose of this study, taxable sales were the focus of the analysis. For more information on what is taxed in Minnesota, see the "Minnesota Sales and Use Tax Instruction Booklet" available at [http://www.revenue.state.mn.us/Forms\\_and\\_Instructions/sales\\_tax\\_booklet.pdf](http://www.revenue.state.mn.us/Forms_and_Instructions/sales_tax_booklet.pdf)

### Taxable Retail and Service Sales

In this study and other retail trade analyses conducted by University of Minnesota Extension, the term "taxable retail and service sales" refers to the North American Industry Classification System (NAICS) numbers of 441 to 454 (retail) and 511 to 812 (most service industries) released by the Minnesota Department of Revenue for a geographic area.

### Current and Constant Dollar Sales

Current dollar (or "nominal dollar") sales are those reported by the state. No adjustment has been made for price inflation. In general, this measure of sales is not satisfactory for comparisons over long periods of time since it does not account for changes in population, inflation, or the state's economy. Constant dollar (or "real dollar") sales reflect changes in price inflation by adjusting current dollar sales according to the Consumer Price Index (CPI). Constant dollar sales indicate the real sales level with respect to a base year. This is a more realistic method of evaluating sales over time than current dollar comparisons, but it still does not take into consideration changes in population or the state's economy.

### Number of Businesses

The number of sales and use tax permit holders who filed one or more tax returns for the year.

### Index of Income

This index provides a relative measure of income, calculated by dividing local per capita income by state per capita income. The base is 1.00. For example, a 1.20 index of income indicates that per capita income in the area is 20 percent above the state average.

### Potential Sales

Potential sales are an estimate of the amount of money spent on retail goods and services by residents of a county. It is the product of county population, state per capita sales, and the index of income. Potential sales for counties is similar to expected sales for cities. Potential sales, however, do not utilize a measure of average pulling power (like the typical pull factor used in the expected sales equation). Since a county is a relatively large region where retail business takes place, counties are compared without adjustments for trade area size.

### Actual Sales

For this study, the Minnesota Department of Revenue's 2015 sales data for Roseau County provides the actual sales numbers used.

### **Variance between Actual and Potential Sales**

The variance between actual and expected sales is the difference in sales from the “norm” (i.e., the amount above or below the standard established by the expected sales formula). When actual sales exceed expected sales, the county has a “surplus” of retail sales. When actual sales fall short of expected sales, the county has a retail sales “leakage.” Discrepancies between expected and actual sales occur for a variety of reasons. For this study, we use potential sales per merchandise group to create a first-cut estimate of residents’ purchase activities.

### **Cautions**

#### **Gross Sales**

Gross sales are a comprehensive measure of business activity, but it should be noted the numbers in this report are self-reported. Furthermore, gross sales are not audited by the State of Minnesota. It is believed gross sales figures are generally reliable, but there is the possibility of distortions, especially in smaller cities where misreporting may have occurred.

#### **Misclassification**

Holdings of sales and use tax permits select the North American Industry Classification System (NAICS) category that best fits their business. Regardless of who makes this classification, errors are occasionally made. Also, sometimes a business will start out as one type but evolve over time to a considerably different type. Misclassifications can distort sales among business categories, especially in smaller cities. For example, a furniture store that is classified as a general merchandise store will under-report sales in the furniture store category and over-report sales in the general merchandise category.

#### **Suppressed Data**

The sales data for merchandise categories that have less than four reporting firms are not reported. This is a measure taken by most states to protect the confidentiality of sales tax permit holders. Sales for suppressed retail categories are placed into the miscellaneous retail category (NAICS 999) and included in total sales but not total sales of a typical retail trade analysis. For this report, however, all taxable sales—including NAICS 999—are part of calculating the amount of special taxes collected.

#### **Consolidated Reporting**

Vendors with more than one location in Minnesota have the option of filing a separate return for each location or filing one consolidated return for all locations. The consolidated return shows sales made, tax due, and location by city and county for each business. Data for consolidated filers are combined with data for single-location filers to produce the figures in this report. Occasionally, consolidated reports may not be properly deconstructed, and all sales for a company may be reported for one town or city. Whenever misreporting is discovered, the Minnesota Department of Revenue is contacted to clarify the situation.

## APPENDIX C: SALES PER CAPITA AND THRESHOLD LEVELS

### State of Minnesota Per Capita Taxable Retail Sales & Threshold Levels for Selected Goods and Services

2015

*Threshold level refers to the number of people per business, which can be used as a general guide for determining the "critical mass" necessary to support a business. These are broad averages for the state as a whole and do not reflect differences in income, tourism, agglomeration, establishment, etc. Further, the business counts are based on the number of sales tax returns filed and are converted to "full-time equivalents." Multiplying people per business by sales per capita yields average sales per firm. In addition to state averages, averages for the non-metropolitan regions were calculated by excluding the seven county Minneapolis-St. Paul metropolitan region.*

Business Activity / Store Type NAICS	People Per Business		Sales Per Capita		
	State	Non-Metro	State	Non-Metro	Roseau
<b>RETAIL TRADE</b>					
441 Vehicles, Parts	2,008	1,459	\$495.15	\$486.19	\$301.92
442 Furniture Stores	3,225	3,143	\$268.60	\$176.68	\$49.86
443 Electronics	4,187	4,225	\$295.00	\$143.13	\$161.94
444 Building Materials	2,769	1,855	\$1,010.15	\$1,106.89	\$645.96
445 Food and Beverage Stores	1,603	1,419	\$673.77	\$557.88	\$737.41
446 Health, Personal Stores	3,118	3,383	\$126.06	\$79.52	\$44.82
447 Gas/Convenience Stores	2,755	2,001	\$218.84	\$266.49	\$443.26
448 Clothing & Accessory Stores	1,611	1,934	\$180.58	\$84.01	\$7.58
451 Leisure Goods	1,585	1,417	\$237.58	\$168.91	\$135.91
452 General Merchandise	4,733	3,538	\$1,054.45	\$1,134.99	\$766.21
453 Miscellaneous Merchandise	520	434	\$289.42	\$219.61	\$90.83
454 Non-store Retail	968	914	\$99.38	\$87.10	\$64.44
Retail Total			\$4,948.97	\$4,511.40	\$3,450.14
<b>INFORMATION</b>					
511 Publishing Industry	10,330	12,717	\$3.90	\$1.41	
512 Movie & Recording Industry	11,081	18,787	\$35.89	\$24.37	
515 Broadcasting	46,094	29,174	\$13.63	\$8.76	
516 Info -Internet Publ/Brcst					
517 Telecommunications	8,452	8,350	\$357.50	\$235.89	
518 Internet Service	13,782	25,831	\$18.23	\$1.17	
519 Other Information Services	5,388	5,701	\$48.26	\$41.22	
<b>FINANCE AND INSURANCE</b>					
522 Credit Intermediation	8,400	6,794	\$28.39	\$7.30	
523 Securities, Commodities	18,044	33,511	\$2.53	\$0.71	
524 Insurance Carriers	10,589	14,849	\$0.78	\$0.49	
525 Funds, Trusts	156,721	165,321	\$0.76	\$0.46	
<b>REAL ESTATE AND RENTAL AND LEASING</b>					
531 Real Estate	2,424	3,006	\$35.53	\$30.96	
532 Rental, Leasing Services	3,669	3,285	\$162.88	\$70.42	
533 Lessors Nonfinancial Assets	249,329	309,977	\$0.32	\$0.29	
<b>PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES</b>					
541 Prof, Scientific, Technical Services	479	731	\$172.88	\$80.31	
551 Mgmt Of Companies	26,757	48,624	\$32.82	\$4.30	
<b>ADMINISTRATIVE &amp; SUPPORT; WASTE MGMT &amp; REMEDIATION SVCS</b>					
561 Admin, Support Services	575	599	\$275.59	\$141.88	
562 Waste Mgmt, Remediation	13,645	9,538	\$2.58	\$2.25	
<b>EDUCATIONAL SVCS; HEALTH &amp; SOCIAL ASSISTANCE</b>					
611 Educational Services	4,149	4,460	\$18.94	\$15.52	
621 Health -Ambulatory Care	1,049	1,300	\$18.76	\$15.05	
622 Health -Hospitals	37,315	25,049	\$16.41	\$15.29	
623 Health -Nursing,Residential Care	10,468	8,406	\$2.96	\$2.89	
624 Health -Social Assistance	11,015	11,221	\$3.08	\$4.68	
<b>ARTS, ENTERTAINMENT &amp; RECREATION</b>					
711 Performing Art, Spectator Sports	2,221	2,610	\$71.06	\$12.64	
712 Museums, Historical Sites	30,305	20,326	\$4.29	\$1.79	
713 Amusement, Gambling, Recr	2,396	1,945	\$301.18	\$143.54	\$124.15
<b>ACCOMMODATION &amp; FOOD SERVICES</b>					
721 Accommodation	2,170	1,196	\$386.21	\$369.99	\$266.74
722 Food Services, Drinking Places	487	473	\$1,578.36	\$1,173.73	\$703.34
<b>OTHER SERVICES</b>					
811 Repair, Maintenance	651	468	\$250.79	\$264.03	\$216.98
812 Personal, Laundry Service	636	566	\$155.04	\$54.26	\$28.78
813 Religious, Civic, Professional Orgs	2,643	2,138	\$33.86	\$37.29	
814 Private Households	88,472	95,378	\$0.20	\$0.16	
921 Exec., Legisla., Other Govt	7,704	4,460	\$51.12	\$64.81	
<b>TOTAL RETAIL AND SERVICES</b>			<b>\$9,033.73</b>	<b>\$7,339.34</b>	



March 27, 2018

Martie Monsrud, Auditor  
Roseau County  
606 5th Avenue SW – Room 160  
Roseau, MN 56751



Re: T-Mobile translator relocation grant for K38OC TV translator in Roseau

Dear Ms. Monsrud;

Roseau county's K38OC translator is carrying KAWE, Channel 9, which is operated by Lakeland PBS in Bemidji. PBS has reached a deal with T-Mobile whereby T-Mobile has agreed to pay for all eligible expenses to change channels for translators that carry a PBS signal that are being displaced by recent changes by the FCC to free up spectrum for mobile phone providers across the country. Since your translator (K38OC) carries our PBS signal and is being displaced by these FCC changes, Roseau County (as the licensee) is eligible to apply for funding (through Lakeland PBS) to cover the cost of changing channels for this translator.

I have been in contact with Lee Hervey at Voyageurs Comtronics in International Falls and Mr. Hervey is willing to prepare the application materials that Lakeland PBS will ultimately submit to PBS for T-Mobile funding for this project. As I said, my understanding of this grant funding is that T-Mobile will cover 100% of the costs for this work. There are no "strings" attached to the funding as long as it's spent on getting the translator operational on a new available TV channel. Again, T-Mobile's motivation for doing this is to free up spectrum for their use across the country.

A requirement for the funding is that Lakeland PBS is required to submit the application for Roseau County. We are also required to be the fiduciary agent for the funds. We are willing to serve in this role and assist Roseau County with this project with the goal of maintaining carriage of KAWE, Lakeland PBS on your translator serving the Roseau area.

What I need from you at this point is just a commitment on the part of Roseau County to move forward with this and allow me to work with Lee Hervey on the funding application. When Lee has all the application materials prepared, I will submit them on behalf of Roseau County. Once the funding is approved, my understanding is that Lee's company will do the actual channel change work and provide any equipment necessary for the conversion.

This is a great deal for the county because working with us through this program you can get your translator moved to an available channel at no cost.

I'm happy to visit with you more and answer any questions you may have about this opportunity. Feel free to call me at your convenience.

Best regards,

A handwritten signature in blue ink that reads 'Bill Sanford'.

Bill Sanford – CEO  
Lakeland PBS  
bsanford@lptv.org  
218-333-3015

**KAWE-TV**

108 Grant Avenue NE  
Bemidji, MN 56601-3620  
(218) 751-3407  
1-800-292-0922  
FAX (218) 751-3142

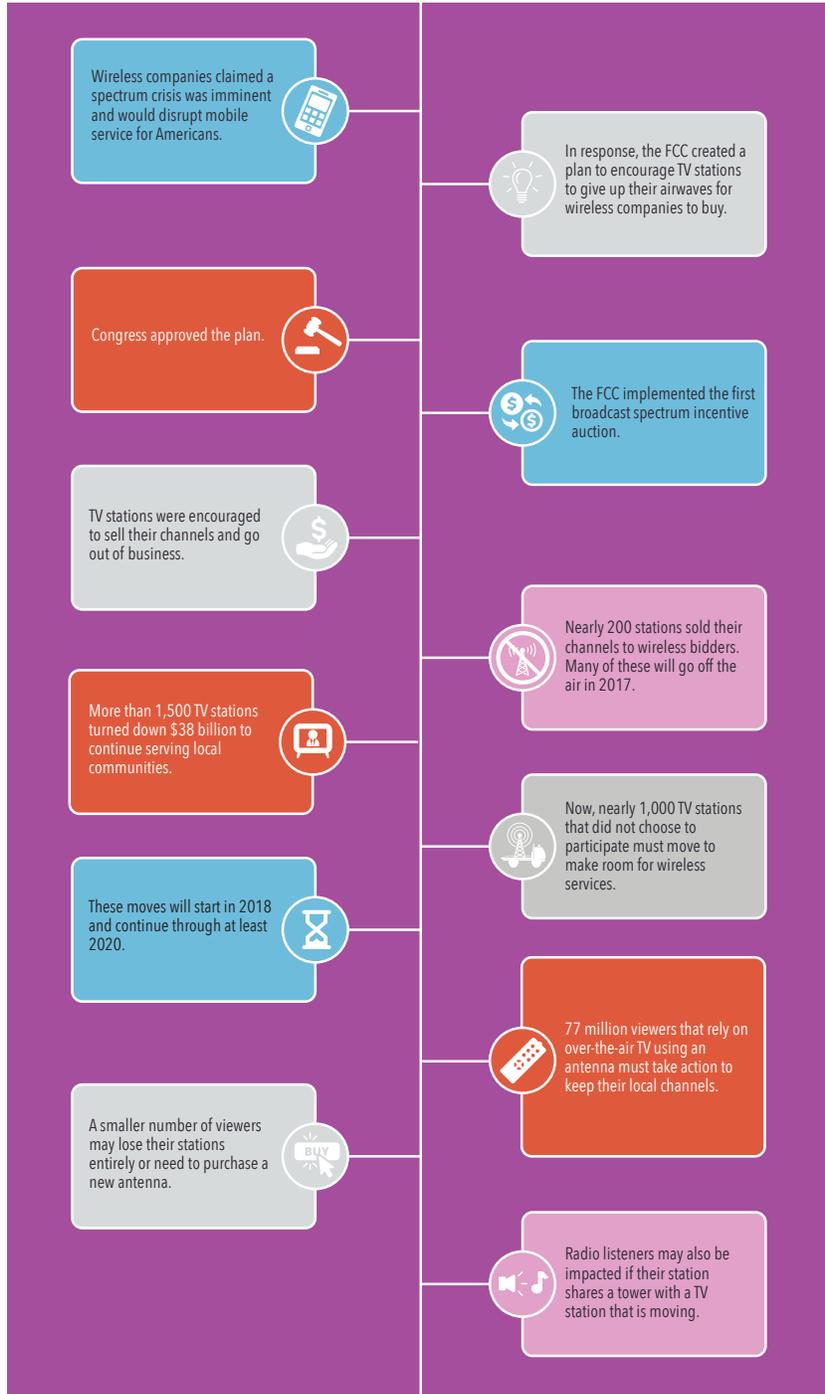
**KAWB-TV**

422 NW Third Street  
Brainerd, MN 56401-2917  
(218) 855-0022  
1-888-292-0922  
FAX (218) 855-0024



# TELEVISION STATIONS ARE MOVING CHANNELS. FIND OUT WHY.

By law, nearly 1,000 TV stations must move channels to make room for wireless services. Find out how you can help ensure viewers keep access to their local TV channels.



**Help us ensure that your constituents are not left in the dark.**

[NAB.org/TVStationMoves](http://NAB.org/TVStationMoves)





# PROCEEDINGS OF THE ROSEAU COUNTY BOARD OF COMMISSIONERS

April 10, 2018

The Board of Commissioners of Roseau County, Minnesota met in the Courthouse in the City of Roseau, Minnesota on Tuesday, April 10, 2018.

## CALL TO ORDER

The meeting was called to order at 9:00 a.m. by Board Chair Glenda Phillipe. The Pledge of Allegiance was recited. Commissioners present were Roger Falk, Glenda Phillipe, Jack Swanson and Russell Walker. Commissioner Foldesi was absent. Others present were Patty Ignaszewski, Jeff Pelowski, Brian Ketring, Joe Laurin, Dick Sjoberg, Al Lundeen and Brian Wikstrom.

## APPROVAL OF AGENDA

A motion to approve the Agenda was made by Commissioner Swanson, seconded by Commissioner Walker and carried unanimously.

## APPROVE BILLS

A motion was made by Commissioner Swanson, seconded by Commissioner Walker, and carried unanimously to approve the payment of the following bills:

### Warrants Approved For Payment 3/29/2018

<u>Vendor Name</u>	<u>Amount</u>
AFLAC	5,547.75
ROSEAU COUNTY FORD	92,390.25
6 Payments less than 2,000.00	3,350.45
<b>Final Total:</b>	<b>101,288.45</b>

### Warrants Approved For Payment 4/05/2018

<u>Vendor Name</u>	<u>Amount</u>
BRIAN LEWIS CONSTRUCTION	7,190.33
DEARBORN NATIONAL LIFE INSURANCE	2,005.06
MN ENERGY RESOURCES	2,013.15
SUN LIFE ASSURANCE COMPANY OF CANADA	2,202.27
10 Payments less than 2,000.00	4,964.38
<b>Final Total:</b>	<b>18,375.19</b>

### Warrants Approved On 4/10/2018 For Payment 4/13/2018

<u>Vendor Name</u>	<u>Amount</u>
COULOMBE CONSULTING	4,160.00
H & S MANUFACTURING INC	21,300.00
HOUSTON ENGINEERING	5,502.75
LIFECARE MEDICAL CENTER	2,240.00
MAR-KIT LANDFILL	36,170.00
MN DEPT OF CORRECTIONS	33,154.64
MSOP-MN SEX OFFENDER PROGRAM-D	4,166.40
NORTHERN RESOURCES COOPERATIVE	2,200.57
POWER PLAN	2,052.35
ROSEAU CO COOP ASSN	5,610.25
ROSEAU CO HWY DEPT	4,858.75
ROSEAU TIMES REGION INC	3,924.26
SJOBORG'S INC	2,668.25

74 Payments less than 2,000.00

26,931.58

**Final Total:**

**154,939.80**

In addition, the Board approved a forthwith payment to Vanguard Appraisal, in the amount of \$4,215.00, for commercial/industrial re-evaluations.

## **PUBLIC COMMENTS**

### Joe Laurin - Pohlitz Township Culvert Issue

Mr. Laurin met with the Board to discuss concerns related to the Pohlitz Township drainage issue brought forward at the March 27, 2018 County Board meeting. Mr. Laurin requested the Board consider the facts previously presented to the County by Houston Engineering and Rinke Noonan concerning this project. He stated that the Board decision to trap the culvert was in direct conflict with those facts, and reminded the Board that they have never acted against these recommendations in the past. Chair Phillippe noted that a final decision was not made at the March 27<sup>th</sup> Board Meeting; rather, the Board only approved a temporary culvert trap pending a permanent solution of this matter. Engineer Ketring stated that he has been in contact with Houston Engineering concerning possible options available to the County.

## **DELEGATIONS**

### Broadband Update

Al Lundeen, Brian Wikstrom and Dick Sjoberg met with the Board to provide an update on Broadband development in Roseau County. Mr. Lundeen thanked the County Board for their assistance in obtaining existing State grant funding used to expand broadband in Roseau County and requested assistance for future State funding opportunities. A map, which detailed the anticipated broadband progression, was reviewed and discussed. Mr. Lundeen requested the County forward any broadband service requests to his office.

## **CONSENT AGENDA**

A motion to approve the Consent Agenda was made by Commissioner Falk, seconded by Commissioner Walker, and carried unanimously. The Board, by adoption of its Consent Agenda, approved the March 27, 2018 Board Proceedings; and, approved a Fire Protection Agreement (2018-2020) between the City of Warroad and Roseau County for fire protection in the Unorganized Townships of America, Clear River and Oaks.

## **COMMITTEE REPORTS**

### Building Committee

County Coordinator Jeff Pelowski met with the Board to discuss the Courthouse handicap ramp/sidewalk project. Pelowski added that this project was re-bid with bid packets sent out to 11 contractors. Bids returned for consideration were similar to those submitted in 2017. It is the recommendation of the Building Committee to enter into agreement with R&Q Contracting for this project. Following discussion of the project scope, a motion to enter into agreement with R&Q Contracting to complete the County Courthouse Handicap Ramp/Sidewalk Project as bid (\$59,676.00), with additional sidewalk and curb/gutter work added (\$12,305.00), for a total amount of \$71,981.00, was made by Commissioner Walker, seconded by Commissioner Swanson and carried unanimously.

## **COUNTY BOARD ITEMS**

Commissioner Committee Reports (March 27, 2018 – April 10, 2018)

Commissioner Falk reported on the following committee(s): Building Committee; Extension Committee; Operations/County Board Work Session; Elk meeting in Kittson County.

Commissioner Phillipe reported on the following committee(s): Public Health Committee; Operations/County Board Work Session; Warroad Backpack Program; Warroad City Council.

Commissioner Swanson reported on the following committee(s): Public Health Committee; Building Committee; Extension Committee; Roseau City Council; Operations/County Board Work Session; Association of Minnesota Counties Leadership Training.

Commissioner Walker reported on the following committee(s): Warroad Fire Department; Elk meeting in Kittson County; Minnesota Rural Counties; Warroad Watershed District Board; Roseau Electric Association; Roseau County Soil and Water Conservation District; Operations/County Board Work Session.

Upon motion carried, the Board adjourned the meeting at 10:45 a.m. The next Regular meeting of the Board is scheduled for April 24, 2018 at 9:00 a.m.

Attest:

Date: \_\_\_\_\_

\_\_\_\_\_  
Jeff Pelowski, County Coordinator  
Roseau County, Minnesota

\_\_\_\_\_  
Glenda Phillipe, Chair  
Board of County Commissioners  
Roseau County, Minnesota





# Roseau County Request for Board Action

<b>Agenda Item #:</b> Consent 3 <small>(for office use only)</small>		
<b>Requested Board Date:</b>	April 24, 2018	<b>Originating Department:</b> Sheriff
<b>Subject Title (as it will appear on the Agenda):</b> Donation to Sheriff's Department		<b>Presenter:</b> Steve Gust
<b>Estimated Amount of Time Needed for Discussion:</b>		
<input checked="" type="checkbox"/> < 5 minutes <input type="checkbox"/> 5 minutes <input type="checkbox"/> 10 minutes <input type="checkbox"/> 15 minutes <input type="checkbox"/> 30 minutes <input type="checkbox"/> >30 minutes		
<b>Board Action Requested:</b> Request the Board accept an anonymous donation to the Sheriff's Office.		
<b>Background:</b> Donation amount is two thousand dollars.		
<b>Supporting Documentation:</b> <input type="checkbox"/> Attached <input checked="" type="checkbox"/> None		
<b>Agenda Classification for County Board Meeting:</b>		
<input type="checkbox"/> Delegations <input checked="" type="checkbox"/> Consent Agenda <input type="checkbox"/> Department Reports <input type="checkbox"/> Committee Reports <input type="checkbox"/> County Board Items <input type="checkbox"/> Other		

**FOR OFFICE USE ONLY:**

<b>Board Action:</b> Approved as Requested: _____ Denied: _____ Tabled: _____ Other: _____	<b>Distribution/Filing Instructions:</b>
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# Resource Library

[HOME](#) > [RESOURCE LIBRARY](#) > [RECORDING OPEN MEETINGS IS A POLICY DECISION](#)

## RECORDING OPEN MEETINGS IS A POLICY DECISION

**Date:** *April 2015*

Several years ago, the Minnesota Open Meeting Law was amended to require that public entity boards record all closed meetings except those closed under the attorney-client privilege. There is no corresponding legal requirement that governmental bodies record board meetings that are open to the public.

The minutes of a board meeting are the official record of the public entity's actions and satisfy legal record-keeping requirements. However, as the public's interest in government operations grows, questions regarding the merits of audio or video recording board meetings often arise. The decision to record open meetings is a policy decision to be made by the public entity's governing board. Although there may be benefits to recording the meeting's discussions, policymakers should make this decision understanding that doing so may obligate the entity to additional requirements.

### Records Retention

Entities may need to maintain and preserve the audio or video recordings as official government records under state laws, such as the Minnesota Official Records Act (Minn. Stat. § 15.17) and Records Management Statute (Minn. Stat. § 138.17). A government entity can only destroy government records pursuant to the timelines found in the entity's approved records retention schedule.

The entity must keep any official records that are not listed on the schedule indefinitely unless a special application for disposal is approved by the State Records Disposition Panel or the records retention schedule is revised and approved.

If the recordings need to be kept for an extended period, entities should consider the potential need for storage space and how best to maintain the integrity of the recording's medium. Entities should also consider the consequences of accidental deletion or destruction of these records.

## The Minnesota Government Data Practices Act

Entities should be prepared to respond to requests for access to or copies of the audio and video recordings under the Minnesota Government Data Practices Act (MGDPA) found in Minnesota Statutes Chapter 13. The MGDPA regulates all government data collected, created, received, maintained, disseminated or stored by government entities, irrespective of the data's physical form, storage, media or conditions of use.

The MGDPA establishes a presumption that government data are publicly accessible, unless access is prohibited either by law or by a temporary data classification. A government entity must provide access to public data to any requesting party, regardless of that party's reason for requesting the data. The MCIT Resource [An Introduction to the Minnesota Government Data Practices Act](#) provides more information about the Act.

## Accessibility Laws and Regulations

The Americans with Disabilities Act (ADA) requires that all state and local governments provide qualified individuals with disabilities equal access to their programs, services and activities, unless doing so would fundamentally alter the nature of such programs, services or activities, or would impose an undue burden. For public entities receiving federal funding, Section 504 of the federal Rehabilitation Act of 1973 contains similar obligations.

Minnesota Statutes, Section 363A.42 of the Minnesota Human Rights Act specifically provides that a government entity must make reasonable modifications in any policies, practices and procedures that might otherwise deny equal access to records to persons with disabilities. This law may apply to the recordings. Additional information about the requirements of Minnesota Statutes, Section 363A.42 are available in the [January 2013 Bulletin](#) article "New Accessibility Laws Took Effect Jan. 1."

Practically speaking, these laws may obligate a public entity to provide access to the information in the recording through alternative means. For example, a public entity may need to provide a transcript of the video or audio recording to an individual who is deaf or hard of hearing. Members should keep in mind that these accessibility requirements also apply to recordings that are posted to websites or social media. This obligation may exist whether or not constituents need or request it.

## Recommendations

MCIT recommends members record only those meetings they must legally record. The exception is for public hearings where the board sits as a quasi-judicial body (e.g., making decisions about land use applications). MCIT recommends that these hearings be recorded as a part of the hearing record. More information about public hearings and recording is available in the MCIT Resource [Conducting Public Hearings](#).

Ultimately whether to record or not is a policy decision left to each individual board. As always, MCIT recommends consulting with legal counsel prior to taking any action.

Originally published February 2015 Bulletin

The information contained in this document is intended for general information purposes only and does not constitute legal or coverage advice on any specific matter.

## Useful Member Links

[Submit a Claim/Report Data](#) ▼

[MCIT Facility Reservations](#) ▼

## Other Links

[Employment Opportunities](#)

[Contact MCIT](#)

[Disclaimer/Legal Notice](#)

[Sitemap](#)

[Accessibility](#)

## Minnesota Counties Intergovernmental Trust

100 Empire Drive, Suite 100

St. Paul, MN 55103-1885

Phone: (866) 547-6516

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# Duffy Law Office

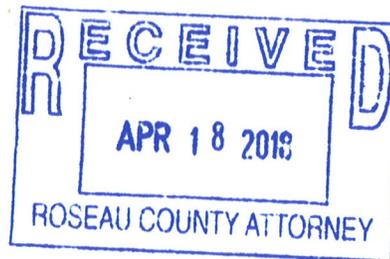
Attorneys and Counselors at Law

Kevin T. Duffy

Seamus P. Duffy

April 16, 2018

Karen Foss  
Roseau County Attorney  
Roseau County Courthouse  
606 Fifth Avenue SW Room 10  
Roseau, MN 56751



RE: State vs Roger Falk

Dear Karen:

As you recall, I represented Roger Falk with respect to his criminal charges in Roseau County several months ago. During some of my research, I came across a particular Minnesota Statute which provides for the reimbursement of Roger's legal fees and costs, who successfully defended his actions related to his official performance of his duties as a County Commissioner. I have included MSA § 465.76 for your review and consideration. At this time I would request that this matter be presented to the County Board for consideration and reimbursement of the \$10,000 which Roger Falk paid to my office related to his criminal case and defense of the same. If you have additional questions or need further information relating to this matters, do not hesitate to contact me. I would also appreciate hearing back from you on the decision whether to or not to present the matter to the County Board. If for some reason all of the board members feel that they are not disinterested, I can present this matter to Judge Remick for his review and consideration of the issue. Thank you for your attention to this file.

Sincerely,

Kevin T. Duffy  
Attorney at Law

KTD/arm

Enc.

Cc: Roger Falk

REPLY TO:

THIEF RIVER FALLS OFFICE  
1008 West Second Street  
P.O. Box 715  
Thief River Falls, MN 56701-0715  
TEL: (218) 681-8524 FAX: (218) 681-8525

HAYWARD OFFICE  
332A Main Avenue  
P.O. Box 1017  
Hayward, WI 54843-1017  
TEL: (715) 634-6470 FAX: (715) 634-5661

Minnesota Statutes Annotated  
Political Subdivisions, General Provisions (Ch. 465, 466)  
Chapter 465. Rights, Powers and Duties; Municipalities

M.S.A. § 465.76

465.76. May pay for officer or employee's criminal defense

Currentness

**Subdivision 1. If lawfully doing duty.** If reimbursement is requested by the officer or employee, the governing body of a home rule charter or statutory city, a town or a county may, after consultation with its legal counsel, reimburse the city, town or county officer or employee for any costs and reasonable attorney's fees incurred by the person to defend charges of a criminal nature brought against the person that arose out of the reasonable and lawful performance of duties for the city, town or county.

**Subd. 2. When judge must approve.** If less than a quorum of the governing body is disinterested, the reimbursement under subdivision 1 shall be approved by a judge of the district court.

**Credits**

Laws 1984, c. 650, § 1, eff. May 3, 1984. Amended by Laws 1999, c. 30, § 1, eff. April 2, 1999.

Notes of Decisions (5)

M. S. A. § 465.76, MN ST § 465.76

Current with laws of the 2017 Regular and First Special Sessions. The statutes are subject to change as determined by the Minnesota Revisor of Statutes. (These changes will be incorporated later this year.)

End of Document

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**Roseau County Board  
April 2018 Meetings**

**Glenda A. Phillippe  
District One**

- April 10: County Board – Roseau**
- April 10: Highway Dept. – Roseau**
- April 11: Team EPIC – Warroad**
- April 17: Social Services – Roseau**
- April 17: DWI and Drug Court – Roseau**
- April 18: Lake Township – Warroad**
- April 23: Warroad City Council - Warroad**

## **JACK SWANSON COMMITTEE REPORTS**

**APRIL 10, 2018 - HIGHWAY COMMITTEE**

**APRIL 10, 2018 - JADIS TOWN BOARD**

**APRIL 11, 2018 - NACO COMMUNITY ECONOMIC WORKFORCE DEVELOPMENT COMMITTEE; Teleconference with presentation on Tax Increment Financing**

**APRIL 12, 2018 - STATEWIDE EMERGENCY COMMUNICATIONS BOARD FINANCE COMMITTEE; Teleconference on SLIGP grant funding**

**APRIL 12, 2018 - TEAM 'EPIC'; update on training attended by Dani Wolf and Steph Heppner**

**APRIL 13, 2018 - NORTHERN COUNTIES LAND USE COORDINATING BOARD (GRAND RAPIDS); John Ongaro (St Louis County) updates on legislative session; discussion on proposed Land Summit (to be hosted by NCLUCB)**

**APRIL 17, 2018 - SOCIAL SERVICES BOARD**

**APRIL 17, 2018 - DUI/ DRUG COURT PRESENTATION BY MICHAEL DeLEON**

**APRIL 18, 2018 - ROSEAU CONVENTION & VISITORS BUREAU**

**APRIL 20, 2018 - ASSOCIATION OF MINNESOTA COUNTIES BOARD OF DIRECTORS (ST PAUL)**