

HOUSE RESEARCH

Bill Summary

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Overview

Authorizes the city of Cloquet to impose a one-half of one percent sales tax and a \$20 per vehicle tax in the city to finance a community center, park improvements, and sewer and water line extensions. Authorizes issuance of an unspecified amount in bonds for the projects and requires the tax to expire at the earlier of 20 years, or when revenues sufficient to fund the projects have been raised.

Section

1 **City of Cloquet; taxes authorized.** Authorizes the city of Cloquet to impose a ½ percent sales tax.

Subd. 1. Sales and use tax. Authorizes the city of Cloquet to impose a ½ percent sales tax, subject to the provisions of Minn. Stat. § 297A.99. That section of statute provides general requirements for local sales taxes including a referendum at a general election, notice on specific projects to be funded, termination requirement, use of the state tax base, and collection and administration by the state. The referendum requirement is not limited to a specific election.

Subd. 2. Excise tax authorized. Allows an excise tax of \$20 on each motor vehicle sold by a motor vehicle dealer within the city.

Subd. 3. Use of revenues. Lists the projects to be funded by the taxes. They include:

- construction and equipment of a senior and community center;
- construction and improvements to park land along the St. Louis River; and
- sewer and water line extensions and other city infrastructure improvements for expansion of a city industrial park.

Subd. 4. Bonding Authority. Authorizes the city to issue bonds to pay for the projects listed in subdivision 3 without a referendum. The bonds would be outside of the city debt limit. The amount of bonds to be issued under this authority are not limited. The sales tax may only be used for these bonds if the bonds are general obligations of the city.

Subd. 5. Termination of taxes. The taxes terminate at the earlier of 20 years or when revenues sufficient to fund the authorized projects have been raised.