

HOUSE RESEARCH

Bill Summary

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Subject: Allowing a local sales tax for the city of Luverne

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Overview

Allows the city of Luverne to impose a local sales tax of one-half of one percent and a \$20 motor vehicle excise tax to fund a number of projects. The taxes expire at the later of (1) 30 years, or (2) when revenues are sufficient to pay project costs plus any associated bond costs.

Section

1 City of Luverne; taxes authorized. Authorizes the city of Luverne to impose a one-half of one percent local sales tax to fund two renovation projects. The tax would expire at the later of (1) 30 years or (2) when funds sufficient to finance the authorized \$3 million in bonds have been raised.

Subd. 1. Sales and use tax authorized. Authorizes the city to impose a sales and use tax of one-half of one percent if approved by voters at a general election. Imposition and administration requirements under Minnesota Statutes, section 297A.99 apply.

Subd. 2. Excise tax authorized. Allows the city to impose a \$20 excise on all motor vehicles sales made by dealer located in the city.

Subd. 3. Use of revenues. Allows the city to use revenues from the taxes imposed in subdivisions 1 and 2 to fund the following:

- Up to \$3 million for renovation and improvements of the historic Palace Theatre; and

Section

- Up to \$3 million for renovation of a vacated hospital for use by the community and technical college.

Subd. 4. Bonds. Allows the city to issue up to \$3million in bonds for the projects listed in subdivision 3, based on the referendum for the sales tax.

Subd. 5. Termination of taxes. The taxes expires at the later of (1) 30 years after the tax is imposed or (2) when revenues are raised equal to pay off the bond issued under subdivision 4. Any excess revenues are deposited into the city's capital project fund.