

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2845

DATE: March 21, 2006

Version: As introduced

Authors: Ruth

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

Analyst: Pat Dalton, 651-296-7434

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Section

1 City of Owatonna; taxes authorized. Authorizes the city of Owatonna to impose a one-half of one percent local sales tax to fund a number of projects. The tax would expire at the earlier of (1) ten years or (2) when funds sufficient to finance the authorized \$13.2 million in projects have been raised.

Subdivision 1. Sales and use tax authorized. Authorizes the city to impose a sales and use tax of one-half of one percent. Requirements under Minn. Stat. §297A.99, including approval by voters at a general election, apply.

Subd. 2. Excise tax. Allows the city to impose a \$20 per vehicle sales tax on motor vehicles sold by licensed dealers in the city.

Subd. 3. Use of revenues. Authorizes the city to spend revenues raised under subdivisions 1 and 2 for the following projects:

- ▶ \$4.45 million for U.S. Highway 14 - Owatonna Beltline related transportation projects;
- ▶ \$5.4 million in parks and trail projects;
- ▶ \$2.823 million for the West Hills complex, fire hall, and library improvement projects; and
- ▶ \$500,000 for a public safety radio system.

Subd. 4. Bonds. Allows the city to issue up to \$13.2 million in bonds for the projects listed in subdivision 3, based on the referendum for the sales tax.

Section

Subd. 5. Termination of taxes. The taxes under subdivisions 1 and 2 expire at the earlier of (1) ten years after the tax is imposed or (2) when sufficient revenues are raised to fund the authorized projects and any related bonds