

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 3324

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**Version:** As introduced

**Authors:** Gazelka and Sviggum

**Subject:** Allows the cities of Baxter, Brainerd, and Nisswa to each impose a local sales tax

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### Overview

Allows the cities of Baxter, Brainerd, and Nisswa to each impose a one-half of one percent local sales and use tax and a \$20 motor vehicle excise tax. The allowed uses for the tax revenue vary between cities although there are some joint projects.

#### Section

**1 City of Baxter; taxes authorized.** Authorizes the city of Baxter 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) 12 years or (2) when funds sufficient to finance the authorized \$15 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, based on a referendum passed November 2, 2004. Imposition and administration requirements under Minn. Stat. §297A.99 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:

- acquisition and betterment of water and wastewater facilities;

## Section

- construction and equipping a fire substation; and
- Paul Bunyan Bridge and related improvements.

**Subd. 4. Bonds.** Allows the city to issue up to \$15 million in bonds for the projects listed in subdivision 3, based on the referendum for the sales tax.

**Subd. 5. Termination of taxes.** The taxes under subdivisions 1 and 2 expire at the earlier of (1) 12 years after the tax is imposed or (2) when sufficient revenues are raised to fund \$15 million in project costs plus any related bond costs.

- 2 **City of Brainerd; taxes authorized.** Authorizes the city of Brainerd 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) 12 years or (2) when funds sufficient to finance the authorized \$22.03 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, if approved by the voter's at the next general election in November 2006. Imposition and administration requirements under Minn. Stat. §297A.99 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:

- a joint wastewater treatment facility with the city of Baxter;
- water infrastructure improvements; and
- trail development.

**Subd. 4. Bonds.** Allows the city to issue up to \$22.03 million in bonds for the projects listed in subdivision 3, based on the referendum for the sales tax.

**Subd. 5. Termination of taxes.** The taxes under subdivisions 1 and 2 expire at the earlier of (1) 12 years after the tax is imposed or (2) when sufficient revenues are raised to fund \$22.03 million in project costs plus any related bond costs.

- 3 **City of Nisswa; taxes authorized.** Authorizes the city of Nisswa 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) 12 years or (2) when funds sufficient to finance the authorized \$7.8 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, if approved by the voters at the November 2006 general election. Imposition and administration requirements under Minn. Stat. §297A.99 apply.

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**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:

- construction of a wastewater treatment facility; and
- the city share of costs for the upgrade of State Highway 371 through Nisswa.

**Subd. 4. Bonds.** Allows the city to issue up to \$7.8 million in bonds for the projects listed in subdivision 3, based on the referendum for the sales tax.

**Subd. 5. Termination of taxes.** The taxes under subdivisions 1 and 2 expire at the earlier of (1) 12 years after the tax is imposed or (2) when sufficient revenues are raised to fund \$7.8 million in project costs plus any related bond costs.