

HOUSE RESEARCH

Bill Summary

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Subject: Local sales tax authority for the Fergus Falls School District #544

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Overview

Allows the Fergus Falls School District # 544 to impose a one percent local sales tax and a \$20 motor vehicle excise tax to fund construction of a new high school and renovation of the existing middle school.

Section

1 Independent School District No. 544, Fergus Falls. Authorizes the school district to impose a local sales tax and a motor vehicle excise tax to fund school construction and renovation.

Subd. 1. Sales and use tax. Authorizes the school district to impose a one percent local sales and use tax in the district. The tax would require voter approval at the next general election or at a special election held before December 31, 2008.

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

Subd. 3. Use of revenues. Revenues may be used to build a new high school and renovate and expand the existing middle school. The amount that may be raised for these purposes is limited to \$30 million plus associated bond costs.

Subd. 4. Bonding authority. Allows the school district to issue up to \$30 million in bonds for the approved projects without a separate referendum on the bonds. Any levies need to pay the bonds are outside of debt limits. Any debt service that cannot be met by the tax revenues from subdivisions 1 and 2 may be included in the district's

Section

debt service revenue.

Subd. 5. Termination. The taxes terminate at the earlier of 20 years or when sufficient revenues have been raised for the projects. The school district may repeal the taxes at an earlier time if it so desires.