

HOUSE RESEARCH

Bill Summary

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Authors: Dill

Subject: Authorizing a local sales tax in the city of Ely

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Overview

Allows the city of Ely to impose a local 1/2 of one percent sales tax and to fund up to either \$20 million or \$50 million for various listed projects. Voters must approve imposition of the tax at a general election.

Section

1 City of Ely, taxes authorized. Allows the city of Ely to impose a one-half cent local sales and use tax to fund the listed projects.

Subdivision 1. Sales and use tax. Authorizes the city to impose a one-half cent local sales tax, subject to voter approval at a general election. States that all provisions of the statutes regarding local sales taxes will apply.

Subd. 2. Use of revenues. Allows the city to use the revenues from the tax in subdivision 1 to pay for:

- specific water and sewer system improvements related too expansion and extension into two towns;
- land acquisition for west end development;
- a Boundary Waters entry site and related facilities including a visitor center;

Section

- a pool facility to serve the school district and the community hospital;
- infrastructure improvement related to the community hospital;
- any infrastructure improvement for which the city could use special assessments under Minn. Stat. Chapter 429;
- Chapman Street redevelopment activities; and
- improvements to the community Center to comply with ADA requirements and to establish the Boundary Waters Historical Center.

Subd. 3. Bonding authority. Allows the city to issue up to \$20 million in bonds for the projects listed in subdivision 2, based on the election approving the tax.

Subd. 4. Termination of taxes. Requires the tax imposed under subdivision 1 to terminate at the earlier of (1) when \$50 million is collected or (2) when revenues first meet or exceed an amount equal to the bonds issued under section 3 (which are limited to \$20 million) plus any related bond costs, including interest. Allows the city to terminate the tax earlier if it so desires.