Overview

In 1996, the city of Hermantown was authorized to impose a local sales tax of up to one percent with the revenues dedicated to some specified projects. The city chose, and the voters approved, imposing a tax of only one-half of one percent. This bill seeks authority to go back to the voters for approval of the additional one-half percent with the revenues from that portion of the tax dedicated to pay for up to $12.9 million in additional projects.

1. **City of Hermantown; sales and use tax.** Beginning in 2000, all local sales taxes are converted to sales and use taxes under Minnesota Statutes, section 297A.48. All references to "sales tax" in the existing law are changed to "sales and use tax" and other conforming changes are made as needed.

   **Subd. 1. Sales and use tax authorized.** Paragraph (b) dedicates the revenues from the existing one-half of one percent sales tax to the projects listed in the original law. Paragraph (c) dedicates the revenue from the second one-half of one percent tax to pay for the following new projects:
   
   - a community education and recreation center;
   - renovation or additions to an existing school ice facility;
   - construction of a new city hall;
   - construction of a new public works garage;
   - construction of frontage roads and other traffic improvements along Highway 53; and
   - construction of bleachers and outdoor athletic facilities at the school.

   **Subd. 2. Referendum.** Requires the city of Hermantown to get voter approval, at either a special or general election, prior to imposing the additional one-half percent sales tax.

   **Subd. 3a. Bonding authority.** Allows the city to issue up to $12,900,000 in total bonds for the new projects listed in subdivision 1, paragraph (c) without voter approval. These bonds would also be excluded when computing the city's debt limit.
Subd. 4. Termination. The city's existing one-half percent sales would still terminate at the later of ten years, or when sufficient revenues have been raised to pay for the projects financed by that portion of the tax. The new one-half percent tax would terminate when revenues sufficient to the finance the projects listed in subdivision 1, paragraph (c) has been raised.

Effective date.