

HOUSE RESEARCH

Bill Summary

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Subject: Hutchinson local sales tax

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Overview

The bill allows the city of Hutchinson to impose a 1/2 cent local sales tax and a \$20/vehicle excise tax, as already approved by the voters at the 2010 general election, to pay for the cost of the city's wastewater treatment facility. The facility has already been built.

- 1 City of Hutchinson, taxes authorized.** Allows the city to impose a local sales tax to pay for its wastewater treatment facility.

Subd. 1. Sales and use tax. Allows the city to impose a local sales tax of up to 1/2 of one percent. The voters already approved imposing the tax at the 2010 general election.

Subd. 2. Excise tax authorized. Allows the city to impose a flat \$20/vehicle tax on motor vehicles sold by dealers located in the city.

Subd. 3. Use of revenues. Revenues from the taxes must be used to pay the costs of administration and to pay for the construction and renovation of the city's wastewater treatment facility, including construction, engineering, and associated bond costs.

Subd. 4. Termination of the tax. The taxes end at the earlier of (1) 18 years, or (2) when revenues raised are sufficient to pay for the project, including all associated bond costs. Because of the timing requirements for termination; any excess revenues will be deposited in the city general fund. The city may choose to end the taxes at an earlier date.