

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 916

DATE: March 7, 2011

Version: As introduced

Authors: Hilty and others

Subject: Cloquet local sales tax

Analyst: Pat Dalton, Legislative Analyst

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Allows the city of Cloquet to impose a local sales tax of 1/2 of one percent to pay for acquisition and improvement of a number of specified capital projects.

- 1 City of Cloquet; sales and use tax authorized.** Allows the city to impose a local sales tax to finance the projects listed in subdivision 3.

Subd. 1. Sales and use tax. Allows the city of Cloquet to impose a local sales tax of up to 1/2 of one percent, subject to approval at a general or special election. The imposition and administration of the tax is subject to the provisions in Minnesota Statutes, section 297A.99, except for (1) the requirement for voter approval at a general election and (2) the prohibition on local sales taxes authorized after May 20, 2011.

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 following projects:

- Park improvements, including but not limited to, specific projects such as the Veteran's Park, a soccer complex, baseball complex, hockey arena, recreation center, and pedestrian trails throughout the city;
- Extension of utilities and other improvements related to property development adjacent to Highway 33 and Interstate 35; and
- Engineering and construction of infrastructure improvements identified in the city's comprehensive land use plan (no date).

Subd. 4. Bonding authority. Allows the city to issue up to \$16.5 million in bonds for the projects listed in subdivision 3, based on the voter approval of the sales tax imposition. No separate vote is required for issuing the bonds and the bonds are not included in any debt or levy limit on the city.

Subd. 5. Termination of taxes. The taxes expire at the earlier of (1) 30 years or (2) when the

revenues collected are sufficient to pay for the projects and retire any associated bonds and 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.