

Subject Increase the Two Harbors local sales tax

Authors Murphy

Analyst Pat Dalton

Date March 1, 2019

Overview

Allows the city of Two Harbors to increase its current one-half of one percent sales tax to one percent with revenues from the tax increase used to finance \$30 million plus associated bond costs, for capital and administrative costs of water and sewer infrastructure projects. The tax increase expires at the earlier of 25 years or when allowed revenues are raised.

The entire act is effective upon the city complying with the approval and filing requirements for special laws

Summary

Section	Description
1	<p>Sales and use tax authorized.</p> <p>Allows the city of Two Harbors to impose an additional one-half of one percent sales tax based on voter approval at the 2018 general election. This is in addition to its existing one-half of one percent sales tax. Updates an obsolete cross-reference.</p>
2	<p>Use of revenues.</p> <p>Allows the city to use the revenues from the new additional sales tax rate for capital and administrative costs of water and sewer infrastructure projects, including associated street patching, property acquisition, and engineering and construction expenses. Revenues from the current tax may be used for similar purposes (water, wastewater, and sewer projects) <u>plus</u> harbor refuge development projects.</p>
3	<p>Bonding authority.</p> <p>Allows the cities to issue up to \$30 million in bonds for the new projects without having an additional vote. The original 1998 law allowed the city to issue \$20 million in bonds and required the city to hold the vote on imposing the tax and issuing bonds for those projects as a single question.</p>

Section	Description
4	<p data-bbox="349 262 617 304">Termination of taxes.</p> <p data-bbox="349 304 1429 420">Provides a separate termination date for the additional local sales tax equal to the earlier of 25 years or when sufficient revenues are raised to pay for the projects and associated bond costs. The city may choose to terminate the extra tax earlier if it so chooses.</p>



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 600 State Office Building | St. Paul, MN 55155