

Subject Modifying the general local sales tax provisions

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Overview

Modifies the existing law relating to seeking and imposing general local sales taxes under special law and adds a purpose statement. Major modifications include:

- requiring local governments to pass a more detailed resolution prior to seeking special authority for a sales tax which they must submit to the House and Senate tax committees by January 31 of the year in which they seek special legislation;
- limiting the number of projects to be funded to no more than five specific capital projects and requiring that the regional nature of the each project be documented;
- requiring that the referendum seeking voter approval of the tax occur at a general election within the two years after the authorizing legislation is enacted but providing a one-year exception for referenda passed at the 2018 general election that were not authorized in the 2019 legislative session; and
- requiring a separate question for each project to be funded with the sales tax and adjustments to the amount to be raised by the tax and duration of the tax for any project that does not get voter approval.

Effective the day after final enactment for all local sales taxes authorized after June 30, 2019.

Summary

Section	Description
1	<p>Authorization; scope.</p> <p>Allows a local government to spend money to disseminate information on the resolution to seek a local sales tax but only if they provide a detailed list of proposed projects to be funded and each of the project's costs.</p> <p>Effective the day following final enactment.</p>
2	<p>Purpose statement.</p> <p>Adds a statement clarifying that the purpose of local government sales taxes is to pay for capital projects with a clear regional benefit and that using the funds for local projects</p>

Section	Description
	increases inequities between communities and undermines state assistance provided through property tax deductions and the property tax refund system.
3	<p>Local resolution before application for authority.</p> <p>Expands and changes the requirements for the local resolution that a political subdivision must pass prior to seeking local sales tax authority. Changes include:</p> <ul style="list-style-type: none">▪ limiting the resolution to no more than five capital projects to be funded by the proposed tax;▪ including more detailed information on each project including the amount to be funded from the sales tax and documentation indicating the share of the benefit of each project going to persons other than local residents;▪ requiring the political subdivision to submit the resolution and underlying documentation to the chairs of the House and Senate tax committee by January 31 of the year in which it is seeking special legislation; and▪ stating that the special legislation granted may only fund projects listed in the resolution, although it need not allow funding of all projects listed in the resolution.
4	<p>Legislative authority required before voter approval; requirements for adoption, use, termination.</p> <p>Requires the political subdivision to receive authority to impose a local sales tax <u>before</u> seeking approval by the voters, rather than the current requirement that the referendum be seen before seeking legislation.</p> <p>Also requires that a separate question be held for financing each authorized project with the tax. The maximum amount raised and the termination date for the tax must be adjusted proportionately for any project that is not approved by the voters.</p> <p>Provides an exception to this provision for a city that received approval for a local sales tax at the 2018 general election but did not get special legislation passed in 2019. If the city receives authorization under special law before January 1, 2021, they do not need to go to the voters again, provided they submit a detailed resolution under subdivision 3 that does not conflict with the language in the 2018 referendum.</p>



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