

**Subject** City of Fergus Falls; local sales tax authority

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## Overview

Allows the city of Fergus Falls to impose a 0.5% local sales tax to fund two projects – an aquatics center and the DeLagoon Improvement Project. If both projects are approved by the voters, the city may raise \$13 million in total for the two projects plus bond costs, including capitalized interest. The tax will expire at the earlier of (1) December 31, 2039, or (2) when the necessary amounts are raised for the approved projects. This tax is in addition to the city's existing local sales tax of 0.5%.

## Summary

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1	<b>City of Fergus Falls; taxes authorized.</b>
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**Subd. 1. Sales and use tax authorization.** Allows the city of Fergus Falls to impose a local sales and use tax of 0.5% if approved at a general election within two years of the authority being granted.

**Subd. 2. Use of sales tax revenues.** Allows the city to use the tax revenues to fund the following projects:

- \$7.8 million for an aquatics center; and
- \$5.2 million for capital repair and replacement costs for the DeLagoon Improvement Project, which includes campground improvements, construction of a restroom/concession facility, and various sport field improvements.

The city must have separate questions on the ballot for each project and only the ones approved may be financed with the tax.

**Subd. 3. Bonding authority.** Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued for each project is the amount listed in subdivision 2 plus capitalized interest and an amount needed to cover the costs of issuing the bonds. Issuance

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of the bonds is not subject to a separate vote and the bonds are not included in any debt or levy limits.

**Subd. 4. Termination of the tax.** The tax terminates at the earlier of (1) December 31, 2039, or (2) when revenues are sufficient to pay for the approved projects and any associated bond costs, subject to the requirements that the termination occurs at the start of a calendar quarter.

Any excess revenue related to the timing of the termination goes into either the state or city general fund. The city may, by ordinance, terminate the tax early.



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