

Subject City of Warren; local sales tax authority

Authors Burkel

Analyst Alexandra Haigler

Date March 1, 2021

Overview

Allows the city of Warren to impose a 0.5% local sales tax to raise \$1.6 million to construct a new child care facility. If approved by the voters, the city may raise \$1.6 million for the project plus capitalized interest and other bond costs. The tax will expire at the earlier of (1) 20 years after being imposed, or (2) when the necessary amounts are raised for the approved project.

Summary

Section	Description
---------	-------------

1	City of Warren; taxes authorized.
---	--

Subd. 1. Sales and use tax authorization. Allows the city of Warren 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 raise \$1.6 million for construction of a new child care facility.

Subd. 3. Bonding authority. Allows the city to bond for the project listed in subdivision 2 if the tax is approved by the voters. The amount of bonds that may be issued for the project is \$1.6 million plus capitalized interest and an amount needed to cover the costs of issuing the bonds. Issuance 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) 20 years after being imposed, 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.



**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 | 155 State Office Building | St. Paul, MN 55155