

**Subject** City of Crosslake; local sales tax authority

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### Overview

Allows the city of Crosslake to impose a 0.5 percent local sales tax to fund three projects – one project will provide modifications to a bio-solids treatment facility, the other two projects provide for the expansion of sewer service to two areas. If approved by the voters, the city may raise up to \$6 million, plus bond costs. The tax will expire at the earlier of (1) 15 years, or (2) when the necessary amounts are raised for the approved project.

## Summary

Section	Description
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1	<b>City of Crosslake; taxes authorized.</b>
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**Subd. 1. Sales and use tax authorization.** Allows the city of Crosslake to impose a local sales and use tax of 0.5 percent 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:

- \$2 million for modifications to a bio-solids treatment facility;
- \$1.6 million for expansion of sewer services to the CSAH 66/Moonlight Service Area; and
- \$2.4 million for expansion of sewer services to the Dagget Lake Service Area.

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 if the tax is approved by voters. The amount of bonds that may be issued for the project is \$6 million plus capitalized interest and an amount

Section	Description
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needed to cover the cost 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 taxes.** The tax terminates at the earlier of (1) 15 years after being imposed, or (2) when revenues are sufficient to pay for the approved project 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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