

Smart, Strategic Sales Tax Change

- The unique 2022 sales tax rules are stopping a popular project because of today's cost realities.
- Removing the language regarding project caps allows the trail project to be completed.
- The 2022 rules were designed to govern projects through greater specificity, not halt their creation.
- The incoming sales tax in Hermantown lines up to cover the trail gap, still sunseting at 20 years.*

* Which would make the rules governing sales tax the same as in years previous to 2022- specific and sunseting, just not capped.

Hermantown has done an excellent job of meeting regional needs by leveraging local option sales tax for voter-driven projects. One of the most popular projects, the Hermantown Connector Trail, cannot be completed due to unpredicted cost increases of the past few years.

A small, but significant change to the unique 2022 sales tax law - the removal of the caps - allows this popular trail system to be completed.

The tax will remain specific to the project and sunset at 20 years, as previous sales tax laws were designed, but will allow enough sales tax to be collected to make this popular regional trail a reality.

Neither the decision to add caps to local option sales tax projects nor the planning for the trail could have predicted the cost increases of the past few years. But a legislative change can still make this beloved regional benefit a reality.

Hermantown Connector Trail

Language Change = Project Complete

