

City of Crosslake – Additional information for Local Option Sales Tax.

Regional Significance of Wastewater Treatment and Collection System:

The City of Crosslake covers approximately 37 square miles of area of which approximately 1/3 is covered by water. The City's existing wastewater treatment facility currently serves only a portion of the current businesses and residences within the City encompassing approximately 3% of the City's land area. Within the City, there are 41 classified lakes and 61 public bodies of water that are identified by the Minnesota Department of Natural Resources.

Please refer to the map below, extracted from the "Citywide Wastewater Management Study" dated October 31, 2018, prepared by Bolton & Menk. The highlighted area shows the area currently served by City Sewer. (The City does not have a water system.)



As stated in the City's most recently update of the City's Comprehensive Plan (updated in May 2018):

- *“Given the unique geography and water in and around Crosslake, tourism is perhaps the most impactful economic driver in the community. During the spring and summer months, the influx of both visitors and seasonal residents increases dramatically. Naturally, this results in a thriving tourist economy, particularly in the areas of hospitality, construction, real estate, storage facilities, cabin care, landscaping, dock services, and others.*

Visitors often come to Crosslake, not as a one-time destination, but rather year after year. Increasingly, visitors end up relocating and become permanent residents after experiencing the unique character, natural resources, and recreational opportunities.

The economic opportunities of a thriving tourist economy are not without challenges. For example, with the influx of visitors and seasonal residents during the summer months comes added strain on city services and higher environmental impacts for both waterways and sensitive areas. Striking the balance between economic vitality and environmental conservation is key to Crosslake's continued success.....”

The City commissioned a Local Option Sales Tax Analysis prepared by the University of Minnesota Extension Center for Community Vitality. The Analysis was completed in August 2019. The purpose of the Analysis, was to determine not only the potential impact of implementing a local option sales tax, but also to determine what level of retail sales and use tax was generated by residents vs. non-residents.

The Analysis showed an overwhelming percentage of sales tax currently generated from retail sales from Crosslake came from non-residents. An estimated 80.7% of retail sales tax came from non-residents with the remainder, 19.3% coming from residents. The Analysis also illustrated no significant change in overall retail sales would be anticipated by implementing a local option sales and use tax. (Refer to Attachment “B” for a full copy of the Analysis.)

It is clear residents and visitors come to Crosslake to use its recreational resources, especially the water resources for recreational and water use related activities. Municipal sewer treatment contributes to protecting and maintaining Crosslake's high quality water resources and keeps Crosslake a desirable tourism location today and into the future.

Project 1: On-Site Bio Solids Treatment

The City of Crosslake currently has limited liquid storage of bio-solids. The City is currently disposing of solids by hauling the bio-solids multiple times per year to a facility in Pine River that utilizes a reed bed treatment process. The current arrangement has worked well but is facing growing obstacles. The storage volume requires more frequent hauling and creates problems with winter storage limitations, as the Pine River Facility is not able to process as well in the winter. Second and more importantly, the reeds used in the natural treatment process have recently been classified as noxious weeds. This results in much more expensive disposal since the reeds can only be landfilled and have transportation limitations. The process is not officially banned but is essentially been regulated into obsolescence with the noxious weed classification of the reeds.

The proposed project would provide the City of Crosslake the ability to dewater solids onsite utilizing a low operational cost system. Once dewatered the solids can be cost-effectively transported off-site for land application or use as a landfill cover. The ability to process onsite will also alleviate the limited storage issues. Dewatered solids have less than 10% the volume of liquid solids and offer a tremendous savings in trucking costs, while also offering more diverse disposal alternatives. The City will be able to maintain independence and cost control with this proposed project.

For 2020, the City allocated funding in its budget to begin preliminary work and related testing for this project to further define the scope and timing of potential construction. The estimated cost of treatment plant modifications enabling the City to treat and dispose of its own bio solids is \$2,000,000.

Project 2: Northerly Expansion System (CSAH 66/Moonlite Service Area)

This expansion concept begins on the existing system located on CSAH 66 near the north terminal of the current system near City Hall and expands northerly to the Moonlite Bay Service Area in the junction of CSAH 66 and HWY 16. The City has already engaged its engineer in developing construction plans ready for bid. The concept is to have plans ready to be funded with sales tax, if available, and if not, still allow adequate time to consider other financing options and keep the project on track.

Due to high volume water users not currently on the City's sewer system, current and anticipated sewer issues in the Moonlite Bay Restaurant and Moonlite Square Car Wash/Gas Station, the City's intent is to extend sewer service to this area. Use in this area will continue to grow beyond the original septic design capabilities. Estimated cost (adjusted for inflation) is \$1,600,000. Refer to Attachment A; "Citywide Wastewater Management Study", dated October 31, 2018 for project location and other details. Page 15 of the Study includes details of the project area while the end of that same Study, includes a detail unadjusted cost estimate. This project would also anticipate connecting approximately both commercial and residential users along this corridor.

Project 3: Easterly System Expansion (Daggett Lake Service Area)

Due to density, small lot size, and proximity to lake shore, the City's intent is to extend sewer service to this area. The City considered this area in the past and residents have shown interest for sanitary sewer. Estimated cost (adjusted for inflation) is \$2,400,000. Refer to Attachment A; "Citywide Wastewater Management Study", dated October 31, 2018 for project location and other details. Page 13 of the Study includes details of the project area. The Study also includes a detail unadjusted cost estimate.

Project Funding and Timing:

The City estimated it will take 15 years of the local option sales tax to adequately fund each project. A combination of local option sales tax, special assessments, and sewer availability charges will be used to fund each the projects. Timing wise, the Moonlite Service Area will begin construction first – likely in 2021. Local Option Sales Tax would assist in servicing General Obligation Bonds issued to finance the project. Total principal and interest payments on the bonds are estimated to be \$1,935,243 of which \$714,811 would be paid by special assessments (or a combination of pending storm water grants and special assessments) and the remainder, paid by local option sales tax. The size of any bond issuance would be reduced by the amount of any grants ultimately received by the City.

Next, the City estimates it would be have its preliminary work and testing complete and would design its new bio solids treatment process – estimated construction would commence in 2022. The City would propose to use General Obligation Bonds to finance the project along with any sewer availability charges (SAC) received from the Moonlite Service Area Project. The Moonlite Service Area Project would now be

complete and the SAC charges generated would be used in part, to finance the Bio Solids project, or be used to reduce the size of the associated debt issuance. Repayment of bonds issued for this project would likely be over 10 years. Total principal and interest payments on the bonds are estimated to be \$2,337,781 of which \$475,000 would be paid sewer availability charges from the Moonlite Service Area Project and the remainder, paid by local option sales tax.

The Daggett Bay Road Project would be the last project timing wise. The City would use General Obligation Bonds finance the project along with special assessments and sewer availability charges generated from the project. Repayment of the bonds would likely be over 10 years. Under this proposal, construction of this improvement could begin in 2024, with the first debt service payment in 2025.

It should be noted, that by 2027, sales tax collections would not be keeping up with debt service requirements. To alleviate this situation, the City could take one of several actions – increase the percentage of project costs assessed at the beginning of the project, shift current debt service levies for the wastewater. Current levies for existing bonds will be paid off by the time this deficit occur or, use existing cash on hand to fund the deficit. (Increasing the amount assessed from 30% to 40% on the Moonlite Service Area and the Daggett Bay Road Projects would likely cover any deficit.)

Please Refer to the Following Attachments:

Attachment “A” – Citywide Wastewater Management Study

Attachment “B” – Local Option Sales Tax Analysis for Crosslake, MN

Attachment “C” – Proposed Funding Details



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EXTENSION CENTER FOR COMMUNITY VITALITY

Local Option Sales Tax Analysis for Crosslake, MN

ESTIMATED CONTRIBUTIONS OF RESIDENTS AND NON-RESIDENTS TO A LOCAL OPTION SALES TAX

Authored by Ryan Pesch



PROGRAM SPONSORS: CITY OF CROSSLAKE, MINNESOTA

Local Option Sales Tax Analysis for Crosslake

ESTIMATED CONTRIBUTIONS OF RESIDENTS AND NON-RESIDENTS TO A LOCAL OPTION SALES TAX

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EXECUTIVE SUMMARY

University of Minnesota Extension recently conducted a study to estimate overall tax proceeds and the proportion of tax proceeds generated by Crosslake residents. Comparing these results to non-residents using the most recent sales and use tax data available from the Minnesota Department of Revenue (MN Revenue), Extension estimated that non-residents account for 80.7% of taxable sales subject to a local option sales tax (LOST).

Total taxable sales were \$57.8 million in 2017, but MN Revenue analysts estimated that \$48 million would be subject to a LOST. With 80.7% of sales derived from non-resident spending, Extension estimated that Crosslake residents spent \$11.2 million of total taxable sales in 2017 and would have contributed \$46,300 if the LOST were in place. That would have required each resident to contribute \$20.58 on average in 2017.

The intent of this report was not to make recommendations to city officials about what actions to take, but rather determine the estimated sales tax proceeds from a local option tax program and what proportion of those dollars will likely be paid by year-round city residents versus non-residents.

Extension initially generated a trade area analysis comparing actual taxable sales, based on Minnesota Revenue sales tax data¹ with a calculated “potential sales” amount. This amount was determined by multiplying the Crosslake population by the Minnesota average per capita sales and then adjusting for the city’s income factor. Doing so provided an estimate of retail and service purchases made by year-round Crosslake residents. For each merchandise group, the estimates for two types of purchasers—city residents and others—were considered and adjusted considering the area economy. These adjustments involved informed estimates and were aimed, in part, at reducing what otherwise might have been overestimates of the sales tax share falling to non-residents. Assumptions and calculations are shown for major retail and service categories so decision makers can adjust totals to accommodate local considerations.

Several key factors and features in the Crosslake economy helped frame our analysis of the different merchandise categories:

- Crosslake’s store mix attracts a significant number of tourists who are visiting the area.
- Second homeowners were not considered Crosslake residents for this analysis and their spending is a significant contribution to local businesses. Over a third of housing units in Crow Wing County are seasonal according to the US Census Bureau.
- We assumed that Crosslake residents are frequently pulled to the nearby regional shopping center in Brainerd/Baxter to shop. This is in part due to the number of residents that work outside of the community (over 600 according to Census figures) and the close proximity of competing shopping areas (Figure 1).

1. *MN City Sales Tax Statistics*. (2016). Minnesota Department of Revenue. Retrieved from http://www.revenue.state.mn.us/research_stats/Pages/Sales-and-Use-Tax-Statistics-and-Annual-Reports.aspx

Figure 1: Crosslake worker in-flow and out-flow (Source: 2015 U.S. Census Bureau OnTheMap application, Longitudinal-Employer Household Dynamics Program, <http://onthemap.ces.census.gov/>)



Figure 2 below shows the estimated percentage breakout—across all merchandise categories—for the *adjusted* analysis to more accurately reflect the city’s economic and consumption circumstances. Based on these findings, we estimate 19.3 percent of all taxable retail and service sales would be made by permanent city residents, and the remaining 80.7 percent of taxable sales would be by non-residents.

Figure 2: Estimated taxable sales using an adjusted trade area analysis

	Taxable Sales Subject to LOST	Percentage
	\$millions	of Sales
Crosslake Residents	\$9.3	19.3%
Non-residents	\$38.7	80.7%
Totals	\$48.0	100%

The Minnesota Department of Revenue research division estimated the dollars generated by a 0.50 percent local option sales tax and Extension estimated what residents would pay compared to non-residents (Figure 3). Based on correspondence with analysts at the Minnesota Department of Revenue who reviewed the Crosslake’s 2013-17 sales tax statistics, **approximately \$48,000,000 of the total \$57,800,000 taxable sales are subject to a local option sales tax** and Extension based its estimates of projected tax proceeds on this figure.

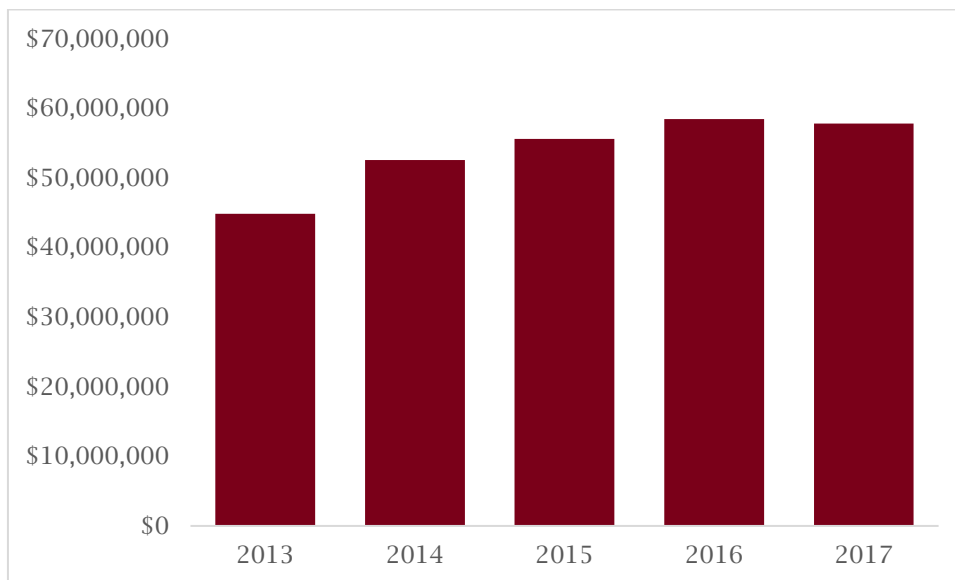
Crosslake could realize as much as \$240,000 in tax proceeds if a half percent tax was enacted. If the city does realize \$240,000, the portion of the tax total paid by non-residents is estimated to be \$194 thousand, and the proportion paid by Crosslake residents is estimated to be \$46 thousand.

Figure 3: Estimated tax proceeds and who pays in dollars

	Total	Dollars	Dollars
ESTIMATED	Tax	Paid By	Paid By
TAX PROCEEDS	Proceeds	Crosslake	Non-
@ 1/2 of a Percent	\$240,000	Residents	Residents
		\$46,294	\$193,705
Total taxable sales subject to LOST: \$48,000,000			

The total taxable sales in the city has increased 29 percent from 2013 to 2017 from \$45 million to \$58 million. Since tax proceeds are calculated as a percentage of total taxable sales subject to the sales tax, this increase during the past 5 years gives some sense of stability if a tax were enacted.

Figure 4: Total taxable sales in Crosslake from 2013 to 2017 (source: Minnesota Department of Revenue)



Proceeds from *use* taxes would also be added to the estimated tax proceeds from a local option sales tax. Use taxes derive from city businesses purchasing products from out-of-state sources and in other Minnesota locations, which are often less consistent and more difficult to accurately estimate than sales taxes. Based on 2016 figures, for each one-eighth of a percent enacted, city officials can expect an estimated additional \$3,800 in use (not sales) tax proceeds.

Crosslake policymakers are understandably concerned that enacting a sales tax in their community will cause a loss of consumer purchases to other counties. However, at a half a percent, a local option sales tax would add 50 cents to a \$100 purchase. Extension examined records of 11 cities that have enacted a local option sales tax since 1999 available on the Minnesota Department of

Revenue website. The records do not indicate a major purchasing change due to the additional sales tax, and most of the jurisdictions have shown continued sales growth (see Appendix A), although these communities may not be comparable to Crosslake. All communities in the analysis reside outside of the Twin Cities metro area and may retain shoppers better than in a competitive retail environment in the metro area where one could easily switch spending from one community to another.

BACKGROUND AND METHODOLOGY

Community economics educators at University of Minnesota Extension provide applied research and education to help community and business partners make better informed decisions. In recent years, Minnesota has adopted laws enabling local governments to enact a local option sales tax and Extension has assisted these administrations to estimate their potential tax proceeds and the portion of taxes paid by local residents.

This report estimates the proportion of tax proceeds generated by year-round Crosslake residents compared to non-residents. The most recently available state sales tax data (2017) from the Minnesota Department of Revenue (MN Revenue) is used.

Trade Area Analysis and Calculations

Extension conducted a trade area analysis of retail and service sales in select merchandise categories, estimating the amount of taxable sales subject to sales taxes that were made by local residents, as well as those made by non-residents. Use tax is insignificant compared to sales tax proceeds and is calculated differently.

Extension calculated potential sales for the city in each merchandise category and compared this calculation to actual taxable sales, as found in Minnesota Department of Revenue sales tax statistics for the same category. Actual sales greater than potential sales indicate the city attracts sales from outside the city or has sales greater than one would expect from only its residents. Extension used the difference between potential and actual sales to set reasonable estimates of spending by residents and non-residents across all categories. These estimates also helped inform adjustments for each category.

Potential sales calculations are based on average statewide spending by merchandise category and the population of the city, then adjusted by the level of income in Crow Wing County. Specifically, potential sales result from city population, state per capita taxable sales, and the index of income (see sidebar and Appendix B).

The section that follows, “Trade Area Analysis by Merchandise Category,” details the initial and adjusted trade area calculations for all merchandise categories. The sections labeled “Analysis with Adjustments” lists the final estimate of sales generated by non-residents. A rationale for adjustments and conclusions is also included.

Potential Sales estimate the dollar amounts for purchases made by local residents *if* local residents spend as much as the average Minnesota resident.

Potential sales are calculated by the following formula:

$(T \div PMn) \times PB \times (YHC \div YMn) = \text{Potential Sales}$

T = Total Minnesota taxable sales for a merchandise category

PMn = 2017 Population of Minnesota (5,577,487)

PB = 2017 Population of Crosslake (2,250)

YHC = Per capita income of Crow Wing County resident (\$42,708)

YMn = Per capita income of Minnesota resident (\$54,351)

TRADE AREA ANALYSIS BY MERCHANDISE CATEGORY

Retail

65.4 percent of total taxable sales

The **38 businesses** in this category include all businesses engaged in retailing merchandise and rendering services incidental to the sale of merchandise.

	(\$Millions)
Actual taxable sales	\$37.83
-Potential sales	\$8.95
= \$ variance	\$28.88
= as % of potential	322.6%

Unadjusted Trade Area Analysis

Potential taxable sales to residents	\$8.95
Surplus	\$28.88
Total(local preference and non-residents)	\$37.83
Surplus percentage	76.3%

Analysis with Adjustments

Capture rate of resident spending	63%
Residents' \$ share	\$5.67
Non-Residents' \$ share	\$32.15
Total	\$37.83
Non-resident share per group	85.0%

Analysis for retail

The trade area analysis estimates that the city brings in approximately 322 percent more taxable sales than expected. This means that there's a \$29 million surplus in taxable sales. If residents kept 100% of their spending in this category in Crosslake, 76% of the total spending would come from non-residents. The city retaining 100% of resident spending is highly unlikely with a nearby regional center in Brainerd/Baxter. In this context, Extension increased the non-resident share to 85%, which estimates that Crosslake residents spend 63% of their retail spending in the community.

Accommodations and Food Service

21.7 percent of taxable sales

These **27 operations** provide lodging and food services and include hotels, restaurants, and bars.

	(\$Millions)
Actual taxable sales	\$12.55
Potential sales	\$3.67
= \$ variance	\$8.88
= as % of potential	241.5%

Unadjusted Trade Area Analysis

Potential sales to residents	\$3.67
Surplus (local preference and non-residents)	\$8.88
Total	\$12.55
Non-resident share per group	70.7%

Analysis with Adjustments

Capture rate of resident spending	58%
Residents' \$ share	\$2.13
Non-Residents' \$ share	\$10.42
Total	\$12.55
Non-resident share per group	83.0%

Analysis for accommodations and food service

According to the potential sales estimates, Crosslake pulls in 71 percent more taxable sales into the city than expected. However, since MN Department of Revenue did not split these taxable sales between accommodations and food service to respect the privacy of businesses reporting, it is difficult to accurately estimate total non-resident spending. Accommodations obviously cater to non-residents, whereas food service businesses serve both locals and non-locals alike. Regardless of the split between these business categories, Crosslake is certainly attracting non-resident spending with at least 70% coming from non-residents. Setting the local capture rate below retail is a safe assumption since these figures include lodging. Extension conservatively set the non-resident share at 83% of taxable sales, which estimates that Crosslake businesses capture 58% of resident spending in food service and accommodations.

Real estate and rental

2.1 percent of total taxable retail and service sales

These **13 establishments** primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services. Types of businesses include equipment rental operations, real estate offices, and those who rent out properties

	(\$Millions)
Actual taxable sales	\$1.23
-Potential sales	\$0.36
= \$ variance	\$0.87
= as % of potential	243.1%

Unadjusted Trade Area Analysis

Potential sales to residents	\$0.36
Surplus (local preference and non-residents)	\$0.87
Total	\$1.23
Non-resident share per group	70.9%

Analysis with Adjustments

Capture rate of resident spending	69%
Residents' \$ share	\$0.25
Non-residents' \$ share	\$0.98
Total	\$1.23
Non-resident share per group	80.0%

Analysis for real estate and rental

Crosslake businesses are clearly bringing in non-resident sales, although this remains a relatively small source of taxable sales. Based solely on the trade area analysis, Crosslake is bringing in 71% more in taxable sales than one would expect. Considering that demand for real estate and equipment would overwhelmingly come from non-residents, Extension increased the share of non-resident spending to 80%.

Administrative and Support and Waste Management Services

1.8 percent of total taxable sales

These **12 establishments** performing routine support activities for the day-to-day operations of other organizations. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services. Types of business include travel agencies, landscaping services, and carpet cleaning services

	(\$Millions)
Actual taxable sales	\$1.04
Potential sales	\$0.38
= \$ variance	\$0.66
= as % of potential	175.0%

Unadjusted Trade Area Analysis

Potential sales to residents	\$0.38
Surplus (local preference and non-residents)	\$0.66
Total	\$1.04
Non-resident share per group	63.6%

Analysis with Adjustments

Capture rate of resident spending	96%
Residents' \$ share	\$0.37
Non-residents' \$ share	\$0.68
Total	\$1.04
Non-resident share per group	65.0%

Analysis for administrative and support services

Not unlike other business categories, there is strong evidence that Crosslake businesses are bringing in taxable sales over and above the expected sales of residents. Unlike retail and food service, however, there is less of rationale to greatly increase the non-resident share over the trade area analysis. Most of these firms would serve a local customer base and existing local businesses who would be their customer. Extension conservatively set the non-resident share at 65% of taxable sales.

Repair and personal services

1.7 percent of total taxable sales

The **16 businesses** in this category provide service in auto and equipment repair, personal services such as laundry, nail, hair, funeral, and pet care services.

	(\$Millions)
Actual taxable sales	\$1.01
- Potential sales	\$0.79
= \$ variance	\$0.22
= as % of potential	27.4%

Unadjusted Trade Area Analysis

Potential sales to residents	\$0.79
Surplus (local preference and non-residents)	\$0.22
Total	\$1.01
Non-resident share per group	21.5%

Analysis with Adjustments

Capture rate of resident spending	83%
Residents' \$ share	\$0.65
Non-residents' \$ share	\$0.35
Total	\$1.01
Non-resident share per group	35.0%

Analysis and Recommendations for Food and Groceries

The trade area analysis estimates a surplus of \$220,000 more than expected in this mix of repair and personal categories. There is evidence of non-resident spending, although not at as great a proportion as other categories in this analysis. This is in large part due to the local nature of these services where customers generally remain loyal to their trusted service provider, whether a mechanic or a hair stylist. Assuming that local residents will purchase some of these services in other communities, Extension raised the non-resident share to 35% of taxable sales.

Construction

0.04 percent of total taxable sales

The 12 **businesses** are engaged in the construction trades.

	(\$Millions)
Actual taxable sales	\$0.03
Potential sales	NA
= \$ variance	NA
= as % of potential	NA

Analysis with Adjustments

Residents' \$ share	\$0.01
Non-residents' \$ share	\$0.02
Total	\$0.03
Non-resident share per group	60.0%

Analysis and Recommendations for Personal Services/Laundry

Construction service business in Crosslake contribute few taxable sales, although 12 firms operated in the community in 2017. Considering the prevalence of second homes in the region and related demand for construction, Extension set the non-resident share of taxable sales at 60%.

Miscellaneous

The department of revenue reported all other sales as miscellaneous in order to maintain the confidentiality of businesses. This mix of businesses would include all who do not fit within any of the above categories and would include manufacturing, transportation, wholesale, and technical services among other.

The 37 businesses in this miscellaneous category generated \$4.14 million in taxable sales in 2017 or 7.2% of taxable sales reported for the community. Considering the difficulty to estimates sales from such a diverse mix, Extension set the non-resident share of taxable sales at 50%. Any businesses like manufacturing are export-oriented whereas transportation services and technical service providers like accountants typically serve a local market.



APPENDIX A: RESEARCH ON THE EFFECTS OF LOCAL OPTION SALES TAX

City of Crosslake policymakers are understandably concerned that enacting a local sales tax will result in a loss of consumer purchases to neighboring communities that have not adopted the tax.

The Minnesota Department of Revenue records the tax collected from Minnesota jurisdictions that have enacted a local sales or use tax within the last 10 years. Most of these cities show continued sales growth. A comparison that includes eleven Minnesota cities that have adopted a 0.5 percent local option sales tax is offered below (see Figures 7, 8, 9, and 10). None of the example communities are in the Twin Cities metro, however, which limits the comparison.

Decision-makers should decide on the best allowable method to raise revenue. One option is raising property taxes, which is not directly related to a household’s current income and raises the financial burden of low-income or retired homeowners. Sales taxes raise revenues based on household expenditures, which excludes the basic necessities of food and clothing. However, since a sales tax raises revenues from non-residents who shop in Crosslake, local contributions to tax revenues are significantly lower than a tax generated exclusively by local residents. Policymakers should carefully consider each of the above factors before making a decision about enacting a local sales tax.

Figure 5: Taxable retail and service sales by communities that began collecting a local option sales tax between 1999-2006

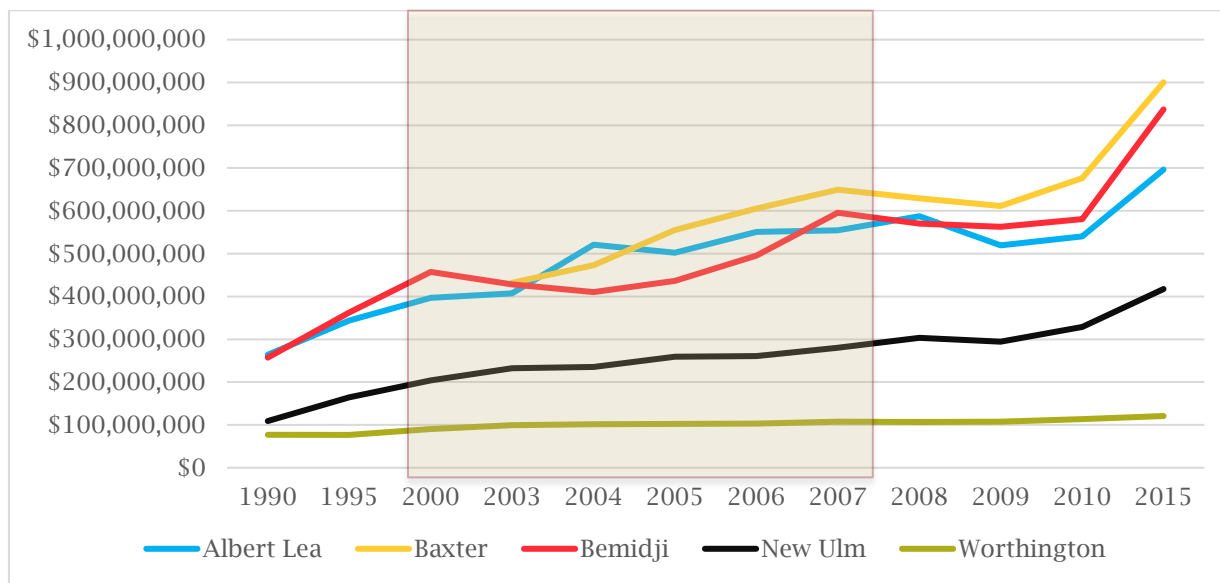


Figure 6: Data table for example communities, taxable retail and service sales (in millions)

Town Name	2015 Population	Year LOST	90	95	00	03	04	05	06	07	08	09	10	15
Albert Lea	18,356	2006	\$264	\$344	\$397	\$407	\$521	\$502	\$551	\$555	\$588	\$519	\$541	\$696
Baxter	8,065	2006				\$432	\$473	\$556	\$605	\$650	\$630	\$612	\$676	\$900
Bemidji	11,917	2005	\$257	\$362	\$457	\$428	\$410	\$437	\$495	\$596	\$570	\$563	\$581	\$837
New Ulm	13,594	1999	\$109	\$165	\$204	\$233	\$236	\$259	\$261	\$280	\$303	\$295	\$329	\$417
Worthington	11,283	2005	\$77	\$77	\$91	\$99	\$102	\$103	\$103	\$108	\$107	\$108	\$114	\$121

Figure 7: Taxable retail and service sales by communities that began collecting a local option sales tax between 2011- 2012

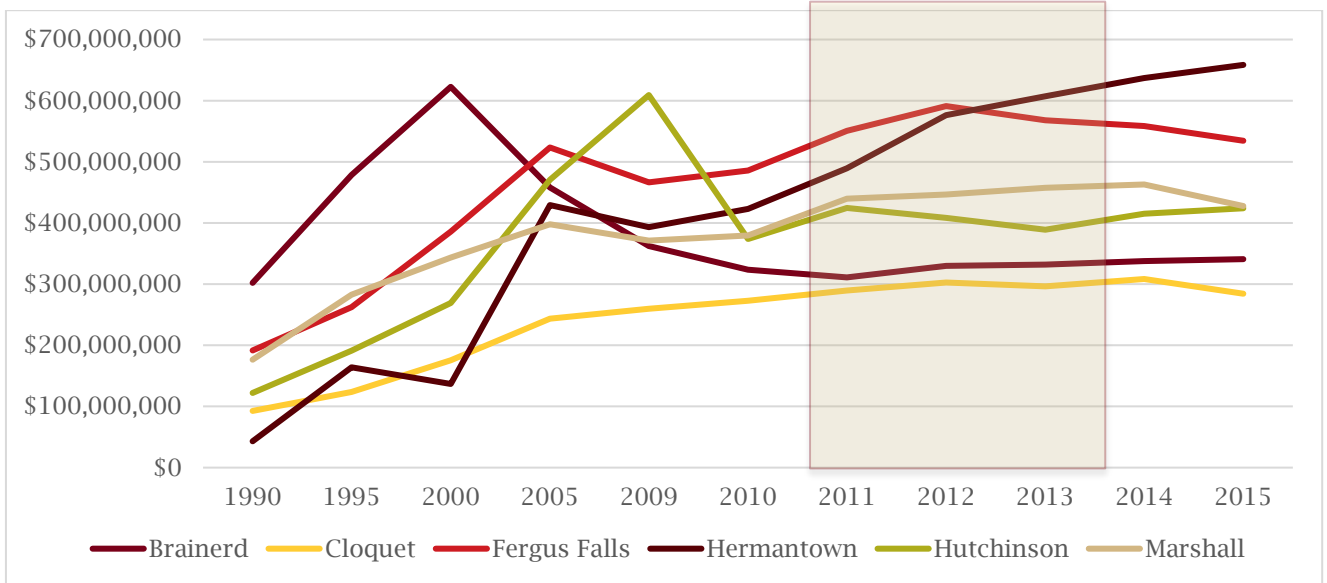


Figure 8: Data table for example communities, taxable retail and service sales (in millions)

Town Name	2015 Pop	Year LOST	90	95	00	05	09	10	11	12	13	14	15
Brainerd	13,178	2011	\$302	\$479	\$623	\$458	\$362	\$324	\$311	\$330	\$332	\$338	\$341
Cloquet	11,201	2011	\$93	\$124	\$175	\$244	\$260	\$273	\$290	\$303	\$296	\$308	\$284
Fergus Falls	13,471	2011	\$192	\$263	\$386	\$523	\$467	\$486	\$551	\$591	\$568	\$558	\$534
Hermantown	7,448	1996 - increase 2012	\$43	\$164	\$137	\$430	\$393	\$423	\$489	\$576	\$607	\$637	\$659
Hutchinson	13,080	2011	\$122	\$191	\$269	\$471	\$609	\$374	\$425	\$409	\$389	\$415	\$424
Marshall	12,735	2011	\$176	\$283	\$343	\$398	\$371	\$380	\$440	\$447	\$457	\$463	\$428