

Councilor Connolly introduced the following resolution and moved for its adoption:

RESOLUTION NO. 19-133

**A RESOLUTION REQUESTING AUTHORIZATION FROM THE STATE TO IMPOSE A LOCAL SALES AND USE TAX IN THE CITY OF GRAND RAPIDS**

WHEREAS, the City of Grand Rapids has an emergency need to replace the structurally deficient roof, refrigeration, ADA improvements, HVAC systems, and associated appurtenances, at the IRA Civic Center, and

WHEREAS, the City is requesting authorization from the State of Minnesota to impose a Local Sales and Use Tax of 1% for up to six years or \$10,980,000 dollars, whichever comes first, to fund the local share of the project cost; and

WHEREAS, there is only one project, located at the IRA Civic Center in Grand Rapids, MN, which includes the replacement of the structurally deficient roof, refrigeration, HVAC systems, ADA improvements, and associated appurtenances; and

WHEREAS, the University of Minnesota, in preparing the 2011 Retail Trade Analysis Grand Rapids & Itasca County, has estimated that 55% of the Local Sales Generated would be from Non-Residents of Grand Rapids; and

WHEREAS, the ISD 318, a major tenant of the IRA Civic Center, conducting over 36 events per year, has an enrollment of 60.2% students who are not residents of the City of Grand Rapids; and

WHEREAS, the Grand Rapids Amateur Hockey Association, another major tenant of the facility, has 64.7% of members who are not residents of the City of Grand Rapids; and

WHEREAS, the IRA Civic Center serves as a county-wide Emergency Shelter, a temporary Fire Hall, a polling facility for multiple precincts, and could be utilized as a staging area/headquarters for 100 to 150 State Agency employees during emergency safety events; and

WHEREAS, the IRA Civic Center host non-profit regional events like Minnesota Assistance Council for Veterans, Itasca County Community Connect, Itasca County Sherriff's Department – Lifted Trucks, Car Seat Safety Training, MS Walk, and Children's Mental Health 5k, without a rental fee; and

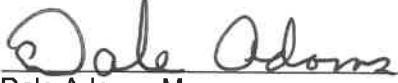
WHEREAS, the University of Minnesota, in 2018 prepared an Economic Impact study for the IRA Civic Center. It identified those traveling more than 50 miles to utilize the facility for trade shows, performances, and other regional events, generate over \$3.3 million in Gross Output, supports 48 full and part-time jobs, and \$1.7 million in Value Added; and

NOW, THEREFORE, BE IT RESOLVED, IN ACCORDANCE WITH M.S. 297A.99 LOCAL SALES TAXES, BY THE CITY COUNCIL OF GRAND RAPIDS, MINNESOTA:

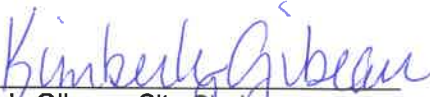
1. The City Council hereby requests that the State authorize a Local Sales and Use Tax of one percent (1%); and
2. The revenue from the local sales and use tax will be used for the IRA Civic Center in Grand Rapids, MN, which includes the replacement of the structurally deficient roof, refrigeration, HVAC systems, ADA improvements, and associated appurtenances; and
3. The IRA Civic Center is regionally significant, with utilization by over 60% of non-City of Grand Rapids residents; and

4. The amount of local sales and use tax revenue utilized for the IRA Civic Center would not exceed \$10,980,000 or up to six years, whichever comes first; and
5. The IRA Civic Center is the only project requested for a local sales and use tax.

Adopted by the Council this 16<sup>th</sup> day of December, 2019.

  
Dale Adams, Mayor

ATTEST:

  
Kimberly Gibeau, City Clerk

Councilor Toven seconded the foregoing resolution and the following voted in favor thereof: Christy, Blake, Toven, Connelly, Adams; and the following voted against same: None; whereby the resolution was declared duly passed and adopted.





Independent School District 318  
820 NW 1st Avenue  
Grand Rapids, MN 55744

To whom it may concern,

As a major tenant of the IRA Civic Center, ISD 318 hosts over 36 events per year. With 60.2% of our students living outside the City limits of Grand Rapids, this facility truly serves the regional community of Itasca County and beyond.

Sincerely,  
Sean Martinson  
Superintendent ISD 318  
[www.isd318.org](http://www.isd318.org)

# UNIVERSITY OF MINNESOTA

---

*University of Minnesota Extension*

*Regional Office, Cloquet*

*179 University Road  
Cloquet, MN 55720*

*Office: 218-726-6464  
Toll Free: 888-241-0724  
Fax: 218-726-6499  
rccloquet@umn.edu  
www.extension.umn.edu*

March 28, 2014

To: Tom Pagel  
City Administrator, Grand Rapids, Minnesota  
420 North Pokegama Avenue  
Grand Rapids, MN 55744-2662

From: John Bennett  
Extension Educator, Community Economics  
University of Minnesota Extension Center for Community Vitality  
11 East Superior Street, Suite 210  
Duluth, MN 55802

In 2013, the University of Minnesota Extension Center for Community Vitality produced a Retail Trade Analysis for the city of Grand Rapids, Minnesota. Per your request, this letter is an explanation and clarification regarding the estimate of sales tax collected from residents living outside Grand Rapids city limits as indicated in the 2011 Retail Trade Analysis Grand Rapids and Itasca County Report.

In 2011, the average Minnesotan spent \$9,322 in state sales taxable purchases, excluding taxes earned on two purchase exclusions, gasoline and new cars, which goes into special funds. Personal income in Itasca County is 81% of the state average. Therefore, we expect that the total average purchases by Itasca County residents would be lower than \$9,322, and possibly as low as \$7,550. Note: the average non-metro figure of total average purchases is \$6,439. For our calculation, we will use \$8,436 as the per capita taxable expenditure for Grand Rapids residents. The estimated 2012 population of Grand Rapids was 10,906. Therefore, 10,906 residents x \$8,436 = \$92,003,016 of expected taxable purchases in Grand Rapids.

The actual taxable sales in Grand Rapids were approximately \$216,950,000 in retail and services. The estimate of residents' portion of those sales taxes would be 42.4%. Therefore, we will estimate that 57.6% of the tax came from people living outside of Grand Rapids city limits.

I anticipate that if Grand Rapids implemented a new local option sales tax, the percentage paid from non-residents will be less than 57.6%. The exact figure cannot be calculated at this time, however, because there will be additional sales taxes collected from businesses within Grand Rapids that made purchases in Minnesota, but not in Grand Rapids, and we currently have no way of estimating how many taxable purchases Grand Rapids companies are making outside of Grand Rapids.

# UNIVERSITY OF MINNESOTA

---

*University of Minnesota Extension*

*Regional Office, Cloquet*

*179 University Road  
Cloquet, MN 55720*

*Office: 218-726-6464  
Toll Free: 888-241-0724  
Fax: 218-726-6499  
rccloquet@umn.edu  
www.extension.umn.edu*

To illustrate this issue, imagine that in 2010, Grand Rapids-based Company X bought \$500,000 of office supplies from Company Y in St. Cloud. Company X paid Minnesota sales tax and this figure appears in St. Cloud's sales tax report. Now, if a new local sales tax goes into effect, and Company X makes the same purchase, it will now also need to pay the local sales tax for the office supplies it brought into Grand Rapids and this figure will appear on the Grand Rapids sales tax report. Based on the above calculations, a fair estimate of the percentage of the local option sales tax that will be collected from customers from outside Grand Rapids city limits will be between 50 and 55%.

Additional information about retail sales information can be found within the 2011 Retail Trade Analysis Grand Rapids and Itasca County.



John Bennett

Extension Educator, Community Economics

University of Minnesota Extension Center for Community Vitality