

Resolution No. 2020-16

RESOLUTION SUPPORTING THE AUTHORITY TO IMPOSE A LOCAL SALES TAX TO FUND SPECIFIC CAPITAL IMPROVEMENTS PROVIDING REGIONAL BENEFIT, TO ESTABLISH THE DURATION OF THE TAX AND THE REVENUE TO BE RAISED BY THE TAX, AND TO AUTHORIZE THE CITY TO ISSUE BONDS SUPPORTED BY THE SALES TAX REVENUE.

WHEREAS, the city has engaged community residents and businesses and identified:

A Community Recreation Initiative: This initiative would create an addition to the existing Ice Arena which would have a second sheet of indoor ice, adjoining locker rooms, dry land training area, new ice plant, Zamboni room, lobby and connected mezzanine.

This initiative would re-orient Fields 1 and 2 and rebuild them with an artificial surface. This plan would also include improvement in the center of the park with a new pavilion, concession area, playground, basketball court, and skate park. This plan would improve the parking on the eastern edge of the park near the old City Hall and improve pedestrian access by installing sidewalks between the fields.

This initiative would include the Hermantown – Proctor Munger Trail Spur which will be a 10-foot wide paved regional trail that accommodates multiple non-motorized uses. The trail will connect the Essentia Wellness Center to the Hermantown/Proctor border and eventually to the Munger Trail.

The estimated cost to construct all of the items in the Community Recreation Initiative is \$19 million. The estimated cost with interest over 20 years at 4% is \$28 million.

WHEREAS, the project(s) will result in benefits to both the residents and businesses of the City of Hermantown and to non-resident visitors and businesses; and,

WHEREAS, funding the project(s) with a local sales tax will more closely distribute the cost of the project(s) to the users of the facilities; and,

WHEREAS, the project(s) are estimated to cost approximately \$28 million and,

WHEREAS, the city estimates that a local sales tax of one-half percent (0.5%) would generate \$30,000,000 over 20 years; and,

WHEREAS, the city has provided documentation of the regional significance of each project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction; and,

WHEREAS, the estimated local sales tax revenue and estimated time needed to raise that amount of revenue for each project is as follows:

- For the Community Recreation Initiative: The city will collect \$1,400,000 per year over 20 years.

WHEREAS, Minn. Stat. § 297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature; and,

WHEREAS, Minn. Stat. § 297A.99 requires the City to pass a resolution authorizing such a local tax and to obtain Legislative approval prior to approval by the local voters to enact the local tax;

THEREFORE, BE IT RESOLVED the following:

1. The city council supports the authority to impose a general local sales tax of one-half (0.5) percent for a period of 20 years to fund the aforementioned project(s);
2. Upon approval of this resolution, the city will submit the adopted resolution and documentation of regional significance to the chairs and ranking minority members of the House and Senate Taxes committees for approval and passage of a special law authorizing the tax, by January 31 of the year that it is seeking the special law.
3. Upon Legislative approval and passage of the special law authorizing the tax, the city will adopt a resolution accepting the new law, which will be filed with a local approval certificate to the Office of the Secretary of State before the following Legislative session.
4. The city will put a detailed ballot question(s), which includes separate questions for each project, on a general election ballot for local voter approval. This will be done within two years of receiving legislative authority.
5. If one or more ballot questions pass, the city will also pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter that the tax will be imposed.
6. Upon completion of the aforementioned requirements, the local sales tax will commence and run for twenty year or until a sum sufficient to fund the voter approved project(s), including related debt costs, is raised, whichever comes first.

Councilor Peterson introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor Schmidt and, upon a vote being taken thereon, the following voted in favor thereof:

Councilors Geissler, Peterson, Schmidt, Mayor Boucher, aye.

and the following voted in opposition thereto:

Councilor Nelson, nay.

WHEREUPON, such resolution has been duly passed and adopted January 21, 2020.