



# Baxter 2026 Local Sales Tax Extension Request HF 4506 and SF 4705

The City of Baxter currently has an existing 0.50% local sales tax and motor vehicle excise tax in place. First enacted in 2006, the Baxter sales tax was extended in 2014. The local sales tax provides a supplemental funding source for the tourist and growing regional trade center's infrastructure that could not be funded by the existing population alone.

## Existing Local Sales Tax Authority

- Existing 0.50% local sales tax and motor vehicle excise tax authorized **through 2037** for \$40 million of infrastructure capital projects
- Funds are financing (1) sanitary sewer, storm sewer, and water projects, (2) transportation safety improvements, and (3) improvements to the Brainerd Lakes Area Airport
- Anticipate generating the \$40 million authorization by the end of 2027, requiring the extension in the 2026 legislative session and 2026 general election to continue

## Local Sales Tax Extension Request

- **Extend existing 0.50%** local sales tax and motor vehicle excise tax for **20 years** from 2027 **through approximately 2046**
- Authorize additional **\$77 Million in proposed capital projects**, plus debt service interest and issuance costs associated with bonds

### **\$51 Million Water and Wastewater Utility Improvements**

- Water related projects to serve the growing regional trade center, including water treatment plant improvements, well construction, and a new water tower (total cost anticipated to exceed \$23 million plus other infrastructure improvements)
- Baxter's share of required regional wastewater treatment plant upgrades that will be necessary to address biosolids, PFAS, and potential nitrogen limits (total Baxter cost could exceed \$89 million)

### **\$16 Million Street Infrastructure and Safety Improvements Affected by Regional Highways 371 and 210**

Street infrastructure and transportation safety improvements adjacent to and/or intersecting the Highways 371 and 210 regional corridors (frontage roads, roundabouts, signal lights, and alternative parallel streets for local traffic)

### **\$10 Million Public Safety Facilities Improvements**

Construct and equip a new police department public safety facility to serve the city and surrounding areas

## Extension of Local Sales Tax Authority Necessary

- If an extension is not obtained, utility customers face significant rate adjustments to finance the necessary utility upgrades that serve the city and region
- Substantial increases to the property tax levy would be necessary to properly equip our public safety functions and provide safe and efficient transportation to our residents and visitors
- Proposed infrastructure improvements provide for continued regional economic development, address traffic and safety concerns, and address environmental issues
- Local sales tax provides a supplemental funding source for regional infrastructure in a sensible, responsible fiscal manner for projects that cannot be financed solely by the local population through utility rates, property tax levies, and special assessments when outside funding is not available