

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 305

**DATE:** April 4, 2005

**Version:** As introduced

**Authors:** Murphy

**Subject:** Allowing Proctor to increase its local sales tax rate and use it to fund additional projects

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*[For a comparison of all local sales tax bills introduced during the 2005 legislative session, go to [www.house.leg.state.mn.us/hrd/issinfo/comp05locsal.htm](http://www.house.leg.state.mn.us/hrd/issinfo/comp05locsal.htm) .]*

### Overview

The city of Proctor was granted authority in 1999 to impose a local sales tax of one-half of one percent to fund street improvements and a community activity center. This bill would allow the city to impose an additional tax of one half of one percent to fund additional unspecified projects. The new tax would expire when sufficient funds have been raised to fund the new projects.

#### Section

- 1 Sales and use tax.** Allows the city to impose an additional one-half of one percent local sales tax if approved by the voters at a general or special election.
- 2 Use of revenues.** Requires that the revenues from the additional one-half of one percent tax be used to fund construction and improvements of city streets, public utilities, sidewalks, bikeways, and trails. The general local sales tax statute requires that the specific projects be enumerated in the authorizing referendum.
- 3 Bonding authority.** Allows the city to issue up to \$7.2 millions in bonds for the specific projects approved at referendum without a separate vote. The bonds would be outside of regular debt limits and any property tax levy needed to repay the bonds would not be subject to levy limits. There is no limit on what may be spent in aggregate (directly and

**Section**

financed through bonds) on the project.