

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 677

**DATE:** April 6, 2005

**Version:** As introduced

**Authors:** Hamilton and Magnus

**Subject:** Allow the city of Worthington to impose a local sales tax

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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/comp05local.htm](http://www.house.leg.state.mn.us/hrd/issinfo/comp05local.htm) .]*

### Section

**1 City of Worthington; taxes authorized.** Allows the city to impose a sales and use tax of one half of one percent and an excise tax of \$20 on motor vehicle sales to fund certain capital projects.

**Subd. 1. Sales and use tax authorized.** Allows the city to impose a sales and use tax of one-half of one percent if approved by the voters at the next general election or at a special election held by January 1, 2006. The statutory local sales tax provisions regarding imposition, administration, collection and enforcement of the tax would apply.

**Subd. 2. Excise tax authorized.** Allows the city to impose an excise tax of \$20 per motor vehicle on all sales by motor vehicle dealers located in the city.

**Subd. 3. Use of revenues.** Revenues from the local sales tax would be used to fund the following capital projects:

- ▶ construction of a multipurpose city facility with meeting rooms, swimming pool, and a senior citizen center; and
- ▶ renovations to the Memorial Auditorium.

**Section**

**Subd. 4. Bonds.** Allows the city to issue bonds of up to \$7.8 million to fund the authorized projects without a separate referendum. 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.

**Subd. 5. Termination of the tax.** The taxes imposed in subdivisions 1 and 2 would expire at the earlier of (1) ten years after the tax is first imposed or (2) when revenues are sufficient to fund \$7.8 million plus any associated costs of the bonds for the authorized projects. The city may choose to terminate the tax at an earlier date.