

HOUSE RESEARCH

Bill Summary

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Authors: Sailer

Subject: Allowing the city of Park Rapids to impose a local sales tax

Analyst: Pat Dalton, 651-296-7434

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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 .]

Section

1 City of Park Rapids; sales and use tax. Allows the city to impose a sales and use tax of one half of one percent 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. The statutory local sales tax provisions regarding imposition, administration, collection and enforcement of the tax would apply.

Subd. 2. Use of revenues. Revenues from the local sales tax would be used to fund the following capital projects:

- two-thirds of the cost of construction and operation of a community center;
- other capital projects including but not limited to water, sewer, storm sewer, street improvements, a city water tower and well, and improvements to trunk highway 34;
- park improvement.

General law would require that specific projects be listed in the authorizing referendum.

Section

Subd. 3. Bonds. Allows the city to issue bonds 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. 4. Termination of the tax. The local tax would expire July 1, 2025. Any revenues raised in excess of what is needed for the authorized projects would go in the city general fund. The city may choose to terminate the tax at an earlier date.