

HOUSE RESEARCH

Bill Summary

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Authors: Jaros and others

Subject: Increasing rate and expanding uses of the Duluth food and beverage tax

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The bill allows the city of Duluth to increase its food and beverage tax from one and one-half percent to two and one-quarter percent. The increase does not require voter approval. The extra three quarters of one percent tax shall be used to help pay off the \$38 million in debt issued for building a new ice arena and related improvements to the Duluth Entertainment and Convention Center. This portion of the tax will expire when sufficient revenues are raised from this and other revenue sources to pay these bonds.

Revenues from the current tax are being used to repay \$8 million of bonds for capital improvements to the Duluth Entertainment and Convention Center and \$5 million for the Great Lakes Aquarium. Current law requires that this portion of the tax will be reduced from one and one-half to one percent when these debts are repaid.