

HOUSE RESEARCH

Bill Summary

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Subject: Authorizing a local sales tax in the city of Cloquet

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Overview

Allows the city of Cloquet to impose a local 1/2 of one percent sales tax and a \$20 per vehicle excise tax to fund up to \$15 million in various capital projects and improvements. Voters must approve imposition of the tax at a general or a special election.

Section

- 1 City of Cloquet, taxes authorized.** Allows the city of Cloquet to impose a one-half cent local sales and use tax and a \$20 per vehicle excise tax on vehicles sold by dealers located in the city to fund the listed projects.

Subdivision 1. Sales and use tax. Authorizes the city to impose a one-half cent local sales tax, subject to voter approval at either a general or special election. There is no time limit regarding when the referendum may be held. States that except for the special election, all other provisions of the statutes regarding local sales taxes will apply.

Subd. 2. Excise tax authorized. Allows an excise tax of \$20 to be imposed on motor vehicles sold by dealers located in the city.

Subd. 3. Use of Revenues. Allows the revenues collected from the taxes in subdivisions 1 and 2 to be used for:

Section

- park improvements , including a swimming pool complex, a soccer complex, a baseball complex, an arena, other listed parks, pedestrian trails and construction of a community center;
- extension of utilities to, and construction improvements for an industrial park, including repayment of already issued bonds; and
- infrastructure improvements, including storm sewer, sanitary sewer and water, identified in the city's comprehensive land use plan.

2 Bonding authority. Allows the city to issue up to \$15 million in bonds for the projects listed in subdivision 3, based on the election approving the tax.

3 Termination of taxes. Requires the taxes imposed under subdivisions 1 and 2 to terminate at the earlier of: (1) 30 years, or (2) when revenues first meet or exceed an amount equal to \$15 million plus any additional costs, including interest, related to the bond issuance. Allows the city to terminate the tax earlier if it so desires.