

HOUSE RESEARCH

Bill Summary

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Subject: Increase the local sales tax rate for the city of Hermantown

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In 1996, the city of Hermantown was allowed to impose up to a one percent local sales tax to fund a sewer project and a water project. In 2006, construction of a police/fire/administrative services building was added to the allowed uses. The tax was only imposed at a rate of 1/2 of one percent. The revenues from the 1/2 percent rate do not cover the current bond payments for the authorized projects. This bill allows the city to increase the local sales tax rate to the originally authorized one percent rate if approved by the voters at a general or special election held by the end of calendar year 2012.