

HOUSE RESEARCH

Bill Summary

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Subject: Baxter and Brainerd local sales taxes

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Overview

In 2006 the cities of Baxter and Brainerd were allowed to impose local sales taxes of one-half of one percent to fund joint water and wastewater facilities as well as selected additional projects in each city.

This bill would authorize each city to extend the existing local sales taxes upon approval by the voters in the city. Baxter's extension would be to fund up to an additional \$32 million in sanitary sewer, storm sewer, and road infrastructure, as well as transportation safety improvements. Baxter is also allowed to issue up to \$32 million in bonds for these projects, based on the vote on the tax extension. Brainerd's extension would be to raise an additional \$15 million for improvements in the joint waste treatment facility, other water infrastructure, and trail improvements—the same purposes as in its original authorization.

If the extensions are approved by the voters, The Baxter tax when expire at the earlier of (1) December 31, 2031, or (2) when revenues are sufficient to pay for the authorized projects plus associated bond costs. The Brainerd tax would expire at the earlier of 12 years after first extended or when the \$15 million in additional revenues are raised.

Section

- 1 Use of revenues (Baxter).** Allows the city of Baxter, with approval of the voters, as provided in section 3, to extend its local sales tax to fund up to an additional \$32 million in sanitary sewer, storm sewer, and road infrastructure, as well as transportation safety

Section

improvements.

- 2** **Bonds (Baxter).** Allows the city of Baxter to issue up to \$32 million in bonds for the new projects authorized in section 1, based on the vote on the tax extension in section 3.
- 3** **Termination of taxes (Baxter)** Allows the city of Baxter to extend its local sales taxes if approved by the voters at the 2014 general election. If approved the tax would expire at the earlier of (1) December 31, 2031, or (2) when revenues are sufficient to pay for the authorized projects plus associated bond costs. Effective upon filing approval with the secretary of state.
- 4** **Use of revenues (Brainerd).** Allows the city of Brainerd, with approval of the voters, as provided in section 3, to extend its local sales tax to fund up to an additional \$15 million for improvements in the joint waste treatment facility, other water infrastructure, and trail improvements.
- 5** **Bonds. (Brainerd).** Clarifies that the existing bond authority only applies to the original projects authorized in 2006.
- 6** **Termination of taxes (Brainerd).** Allows the city of Brainerd to extend its local sales taxes if approved by the voters at the 2014 general election. If approved the tax would expire at the earlier of (1) when an additional \$15 million is raised, or (2) twelve years after the original termination date for the tax. Effective upon filing approval with the secretary of state.