

Subject Hermantown local sales tax authority

Authors Murphy

Analyst Pat Dalton

Date March 4, 2020

Overview

Allows the city of Hermantown to impose a 0.5 percent local sales tax to raise \$28 million for a Community Recreational Initiative. If approved by the voters, the city may raise \$28 million for the project plus bond costs. The tax will expire at the earlier of (1) 20 years after being imposed, or (2) when the necessary amounts are raised for the approved project. This tax is in addition to the existing 1 percent already imposed by the city.

Summary

Section	Description
---------	-------------

1	City of Hermantown; taxes authorized.
---	--

Subd. 1. Sales and use tax authorization. Allows the city of Hermantown to impose a local sales and use tax of 0.5 percent if approved at a general election within two years of the authority being granted.

Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to raise \$28 million for a Community Recreational Initiative, which includes additions and upgrades to the Hermantown Hockey Arena and to Fichtner Park, and construction of the Hermantown-Proctor trail.

Subd. 3. Bonding authority. Allows the city to bond for the project listed in subdivision 2 if the tax is approved by the voters. The amount of bonds that may be issued for the project is \$28 million plus an amount needed to cover the costs of issuing the bonds. Issuance of the bonds are not subject to a separate vote and the bonds are not included in any debt or levy limits.

Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 20 years after being imposed, or (2) when revenues are sufficient to pay for the approved projects and any associated bond costs, subject to the requirements that the termination occurs at the start of a calendar quarter. Any excess revenue related

Section **Description**

to the timing of the termination goes into either the state or city general fund.
The city may terminate the tax early by ordinance.



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 600 State Office Building | St. Paul, MN 55155