

Subject Fairmont local sales tax authority

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Overview

Allows the city of Fairmont to impose a 0.5 percent local sales tax to raise \$30 million for improvements and reconstruction of substandard roads. If approved by the voters, the city may raise \$30 million for the project plus bond costs. The tax will expire at the earlier of (1) 25 years after being imposed, or (2) when the necessary amounts are raised for the approved project.

Summary

Section	Description
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1	City of Fairmont; taxes authorized.
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Subd. 1. Sales and use tax authorization. Allows the city of Fairmont 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 \$30 million for reconstruction and improvements for roads, sidewalks, curbs, and gutters that are rated at 40 or below on a 100 point scale—if the road serves a regional purpose by providing access to government or educational facilities or access to health care providers.

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 \$30 million plus an amount needed to cover the costs of issuing the bonds. Issuance of the bonds is 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) 25 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.



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