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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **885**

February 12, 2007

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The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs

February 22, 2007

Committee Recommendation and Adoption of Report:

Re-referred to the Committee on Taxes without further recommendation

1.1 A bill for an act  
1.2 relating to taxes; authorizing the city of Cloquet to impose a local sales tax.

1.3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.4 Section 1. **CITY OF CLOQUET; TAXES AUTHORIZED.**

1.5 Subdivision 1. Sales and use tax. Notwithstanding Minnesota Statutes, section  
1.6 477A.016, or any other provision of law, ordinance, or city charter, if approved by the  
1.7 voters pursuant to Minnesota Statutes, section 297A.99, or at a special election held for  
1.8 this purpose, the city of Cloquet may impose by ordinance a sales and use tax of up to  
1.9 one-half of one percent for the purpose specified in subdivision 3. Except as provided in  
1.10 this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
1.11 administration, collection, and enforcement of the tax authorized under this subdivision.

1.12 Subd. 2. Excise tax authorized. Notwithstanding Minnesota Statutes, section  
1.13 477A.016, or any other provision of law, ordinance, or city charter, the city of Cloquet  
1.14 may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up  
1.15 to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person  
1.16 engaged within the city in the business of selling motor vehicles at retail.

1.17 Subd. 3. Use of revenues. Revenues received from taxes authorized by subdivisions  
1.18 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the  
1.19 following projects:

1.20 (1) construction and completion of park improvement projects, including, but not  
1.21 limited to, reconstruction of a community swimming pool complex and all associated  
1.22 improvements; St. Louis River Riverfront improvements; Veteran's Park construction  
1.23 and improvements; construction of a community center; improvements to the Hilltop  
1.24 Park soccer complex, Braun Park baseball complex, Athletic Park, Sunnyside Park, and

2.1 Cloquet Area Recreation Center/Pine Valley Arena; and development of pedestrian trails  
2.2 within the city;

2.3 (2) extension of utilities and the construction of all improvements associated with  
2.4 the new Cloquet Industrial Park, including payment of all debt service on bonds issued  
2.5 before final enactment of this act for the park improvements; and

2.6 (3) engineering and construction of infrastructure improvements, including, but not  
2.7 limited to, storm sewer, sanitary sewer, and water in areas identified as part of the city's  
2.8 comprehensive land use plan.

2.9 Authorized expenses include, but are not limited to, acquiring property and paying  
2.10 construction expenses related to these improvements, and paying debt service on bonds or  
2.11 other obligations issued to finance acquisition and construction of these improvements.

2.12 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota  
2.13 Statutes, chapter 475, to pay capital and administrative expenses for the improvements  
2.14 described in subdivision 3 in an amount that does not exceed \$15,000,000. An election to  
2.15 approve the bonds under Minnesota Statutes, section 475.58, is not required.

2.16 (b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
2.17 sections 275.60 and 275.61.

2.18 (c) The debt represented by the bonds is not included in computing any debt  
2.19 limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section  
2.20 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

2.21 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2  
2.22 expire at the earlier of (1) 30 years, or (2) when the city council determines that the amount  
2.23 of revenues received from the taxes to finance the improvements described in subdivision  
2.24 3 first equals or exceeds \$15,000,000, plus the additional amount needed to pay the costs  
2.25 related to issuance of bonds under subdivision 4, including interest on the bonds. Any  
2.26 funds remaining after completion of the project and retirement or redemption of the bonds  
2.27 may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and  
2.28 2 may expire at an earlier time if the city so determines by ordinance.

2.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
2.30 the city of Cloquet and its chief clerical officer timely comply with Minnesota Statutes,  
2.31 section 645.021, subdivisions 2 and 3.