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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2059**

March 13, 2007

Authored by Dill

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

March 15, 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 Ely to impose a local sales and use tax.

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

1.4 Section 1. **CITY OF ELY; SALES AND USE TAX.**

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

1.12 Subd. 2. Use of revenues. The proceeds of the tax imposed under this section
1.13 must be used by the city of Ely to pay the costs of collecting and administering the tax
1.14 and to pay the following costs:

1.15 (1) water and sewer system infrastructure improvements related to west end and
1.16 east end expansion and development and extension of services into the towns of Morse
1.17 and Winton;

1.18 (2) land acquisition and site development related to west end development;

1.19 (3) establishment of an entry to the Boundary Waters that includes the chamber of
1.20 commerce, visitor center, and related facilities;

1.21 (4) construction of a pool facility that would support Independent School District
1.22 No. 696 and Ely Bloomenson Community Hospital;

1.23 (5) infrastructure improvement related to the expansion of the Ely Bloomenson
1.24 Community Hospital;

2.1 (6) installation of improvements authorized by Minnesota Statutes, chapter 429;
2.2 (7) Chapman Street redevelopment activities; and
2.3 (8) community center use transition to establish the Boundary Waters Historical
2.4 Center and provide for compliance with the Americans with Disabilities Act.

2.5 Subd. 3. **Bonding authority.** (a) If the tax authorized under subdivision 1 is
2.6 approved by the voters, the city of Ely may issue bonds under Minnesota Statutes,
2.7 chapter 475, to pay the capital and administrative expenses for the improvement projects
2.8 authorized under subdivision 2. The total amount of bonds issued for the projects listed in
2.9 subdivision 2 may not exceed \$20,000,000 in aggregate. An election to approve the bonds
2.10 under Minnesota Statutes, section 475.58, is not required.

2.11 (b) The debt represented by the bonds is not included in computing any debt
2.12 limitation applicable to the city of Ely, and the levy of taxes under Minnesota Statutes,
2.13 section 475.61, to pay the principal of and interest on the bonds is not subject to any
2.14 levy limitation.

2.15 Subd. 4. **Termination of tax.** The tax authorized under this section expires at
2.16 the earlier of:

2.17 (1) collection of \$50,000,000 in sales and use tax revenues; or

2.18 (2) when the city council determines that the taxes imposed under this subdivision
2.19 have raised revenue sufficient to pay the bonds authorized in subdivision 3, including
2.20 administrative costs and interest.

2.21 Any funds remaining after completion of the projects and retirement or redemption
2.22 of the bonds may be placed in the general fund of the city. The tax imposed under
2.23 subdivision 1 may expire at an earlier time if the city so determines by ordinance.

2.24 **EFFECTIVE DATE.** This section is effective the day after compliance by the
2.25 governing body of the city of Ely with Minnesota Statutes, section 645.021, subdivision 3.