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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 2780

February 12, 2008

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

March 4, 2008

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 the city of Duluth; authorizing the city of Duluth to increase the rate
1.3 of tax on sales of food and beverages; authorizing use of the proceeds of the
1.4 tax for certain improvements; amending Laws 1980, chapter 511, section 1,
1.5 subdivision 2, as amended.

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

1.7 Section 1. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,
1.8 chapter 291, article 8, section 22, and Laws 1998, chapter 389, article 8, section 25, and
1.9 Laws 2003, First Special Session chapter 21, article 8, section 11, is amended to read:

1.10 Subd. 2. Notwithstanding Minnesota Statutes, Section 477A.016, or any other law,
1.11 ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,
1.12 impose an additional sales tax of up to ~~one and one-half~~ two and one-quarter percent on
1.13 sales transactions which are described in Minnesota Statutes 2000, Section 297A.01,
1.14 Subdivision 3, Clause (c). When the city council determines that the taxes imposed
1.15 under this subdivision and under Laws 1998, chapter 389, article 8, section 26 at a rate
1.16 of one-half of one percent have produced revenue sufficient to pay (1) the debt service
1.17 on bonds in a principal amount of \$8,000,000 issued for capital improvements to the
1.18 Duluth Entertainment ~~and~~ Convention Center, and (2) debt service on outstanding bonds
1.19 originally issued in the principal amount of \$4,970,000 to finance capital improvements
1.20 to the Great Lakes Aquarium since the imposition of the taxes at the rate of one and
1.21 one-half percent, the rate of the tax under this subdivision is reduced ~~to~~ by one-half of
1.22 one percent. The imposition of this tax shall not be subject to voter referendum under
1.23 either state law or city charter provisions. When the city council determines that the taxes
1.24 imposed under this subdivision at a rate of three-quarters of one percent and other sources
1.25 of revenue produce revenue sufficient to pay debt service on bonds in the principal amount

2.1 of \$40,283,154 plus issuance and discount costs, issued for capital improvements at the
2.2 Duluth Entertainment Convention Center, which include a new arena, the rate of tax under
2.3 this subdivision must be reduced by three-quarters of one percent.

2.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of
2.5 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
2.6 645.021, subdivisions 2 and 3.