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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-SIXTH  
SESSION**

**HOUSE FILE No. 3767**

April 7, 2010  
Authored by Dill  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; authorizing the city of Ely to impose a 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 AUTHORIZED.**

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

1.13 Subd. 2. Use of revenues. Revenues received from the taxes authorized by  
1.14 subdivision 1 must be used by the city to pay the cost of collecting the taxes and to pay  
1.15 for the following projects:

1.16 (1) maintenance and improvements of city-owned property related to compliance  
1.17 with the Americans with Disabilities Act;

1.18 (2) maintenance and improvements of city-owned property to increase energy  
1.19 efficiency; and

1.20 (3) maintenance and improvements to city infrastructure.

1.21 Subd. 3. Bonding authority. (a) The city may issue bonds under Minnesota  
1.22 Statutes, chapter 475, to pay capital and administrative expenses for the improvements  
1.23 described in subdivision 2 in an amount that does not exceed \$15,000,000. An election to  
1.24 approve the bonds under Minnesota Statutes, section 475.58, is not required.

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

2.3 (c) The debt represented by the bonds is not included in computing any debt  
2.4 limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section  
2.5 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

2.6 Subd. 4. **Expiration of taxing authority.** The taxes authorized under subdivision  
2.7 1 expire at the earlier of: (1) 30 years; or (2) when the governing body of the city  
2.8 determines that sufficient revenues have been raised to finance the projects in subdivision  
2.9 2, including the amount to prepay to retire at maturity the principal, interest, and premium  
2.10 due on any bonds issued for the projects. Any funds remaining after completion of the  
2.11 project and retirement or redemption of the bonds may be placed in the general fund  
2.12 of the city. The taxes imposed under subdivision 1 may expire at an earlier time if the  
2.13 city so determines by ordinance.

2.14 **EFFECTIVE DATE.** This section is effective the day after the governing body  
2.15 of the city of Ely and its chief clerical officer comply with Minnesota Statutes, section  
2.16 645.021, subdivisions 2 and 3.