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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 183

01/17/2019 Authored by Schultz, Olson and Murphy
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 the city of Duluth; modifying its sales and use tax authority; amending
1.3 Laws 1980, chapter 511, section 1, subdivision 1.

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

1.5 Section 1. Laws 1980, chapter 511, section 1, subdivision 1, is amended to read:

1.6 Subdivision 1. (a) Minnesota Statutes, section 477A.01, Subdivision 18 477A.016, shall
1.7 not be deemed to prohibit the city of Duluth from amending its sales and use tax ordinances
1.8 so as to impose a sales ~~or~~ and use tax at the rate of one percent upon any or all sales or uses
1.9 which are taxed by the state of Minnesota pursuant to Minnesota Statutes, chapter 297A ~~or~~
1.10 297B.

1.11 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter,
1.12 or other provision of law, pursuant to the approval of the voters at the election on November
1.13 7, 2017, the city of Duluth may impose by ordinance an additional sales and use tax of
1.14 one-half of one percent for the purposes specified in paragraph (c). The provisions of
1.15 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and
1.16 enforcement of the taxes authorized under this paragraph.

1.17 (c) Revenues received from the tax authorized by paragraph (b) must be used to pay all
1.18 or part of the capital and administrative costs of street, curb, gutter, sidewalk, and bridge
1.19 improvements including related lighting and signals in the city of Duluth as outlined in the
1.20 Duluth Street Improvement Program 2017, developed by the engineer of the city of Duluth
1.21 as designated August 8, 2017.

2.1 (d) The city of Duluth, pursuant to the approval of the voters at the November 7, 2017,  
2.2 referendum authorizing the imposition of the taxes in this section, may issue bonds under  
2.3 Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects  
2.4 described in paragraph (c), until the tax terminates as provided in paragraph (e). A separate  
2.5 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

2.6 (e) The tax authorized under subdivision 1 terminates at the earlier of: (1) 25 years after  
2.7 the date of initial imposition of the tax; or (2) when the city council determines that sufficient  
2.8 funds have been raised from the tax to finance the capital and administrative costs of the  
2.9 improvements described in paragraph (c), plus the additional amount needed to pay the  
2.10 costs related to issuance of bonds under paragraph (d), including interest bonds. Any funds  
2.11 remaining after completion of the projects specified in paragraph (c) and retirement or  
2.12 redemption of bonds in paragraph (d) shall be placed in the general fund of the city. The  
2.13 tax imposed under paragraph (b) may expire at an earlier time if the city so determines by  
2.14 ordinance.

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