

MINNESOTA • REVENUE

LOCAL SALES AND USE TAX City of Hermantown

April 26, 2016

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of H.F. 3603 (Murphy, M.) As Proposed to be Amended (H3603DE2)

The city of Hermantown has imposed a local general sales and use tax since January 1, 2000. The tax proceeds are used to finance specific capital projects. The tax rate has been 1% since April 1, 2013.

As proposed to be amended, the bill authorizes the city of Hermantown to expand the uses of the tax proceeds to meet the costs of: 1) the construction and equipping of a regional, multi-use wellness center, and 2) trails in the Proctor Hermantown Munger Trail Spur Plan. Annual tax proceeds would be used first to pay for the costs of existing projects with excess revenues to fund the two new projects. The local sales tax would expire at the earlier of December 31, 2036, or when the city council determines that sufficient funds have been received to fund the costs of all of the projects.

The bill would have no impact on any state fund.

Source: Minnesota Department of Revenue

Tax Research Division

[http://www.revenue.state.mn.us/research_stats/Pages/
Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)

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