



LOCAL SALES AND USE TAX City of Two Harbors

May 8, 2018

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 3485 (Bakk) As Proposed to be Amended (SCS3485A-2)

The city of Two Harbors has imposed a 0.5% sales and use tax since 1999 for sanitary sewer separation, wastewater treatment, water system improvements, and harbor refuge development. The bill authorizes the city of Two Harbors to impose an additional sales and use tax at a rate of one-half of one percent (for a total of 1%), subject to voter approval at a general election. As proposed to be amended, the election is to be held before November 7, 2018. The tax revenues would finance up to \$30 million of capital and administrative costs of water and sewer infrastructure projects.

The bill authorizes the city to issue bonds, not to exceed \$30 million, plus an amount to cover the cost of issuing the bonds. The authority for the imposition of the tax would expire at the earlier of 25 years after first imposed or when the city council determines a sufficient amount has been collected to finance the projects. Any remaining funds would be placed in the city general fund.

The bill would have no impact on any state fund.

Source: Minnesota Department of Revenue
Tax Research Division
[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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