

March 1, 2019

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1436 (Murphy) / S.F. 1598 (Bakk)

The city of Two Harbors has sales and use tax of 0.5%. The proceeds are used for sanitary sewer separation, wastewater treatment, water system improvements, and harbor refuge development projects.

The bill authorizes the city to impose an additional sales and use tax of 0.5%, as approved by the voters at the 2018 general election. The proceeds would be used to finance capital and administrative costs of water and sewer infrastructure projects including gravity-fed sewer mains, water mains, drain tile, service lines, street patching, acquiring property, related engineering, and construction expenses. The bill authorizes a \$30 million bond issuance. The additional 0.5% sales and use tax would terminate 25 years after first imposition or when the city council determines that enough has been received from the tax to pay for project costs. The tax may expire earlier if the city so determines by ordinance.

The bill would have no impact on state taxes.

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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