

March 1, 2021

| | Yes | No |
|----------------------------------|-----|----|
| DOR Administrative Costs/Savings | | X |

Department of Revenue
Analysis of H.F. 355 (Sundin) / S.F. 493 (Rarick)

The bill authorizes the city of Cloquet to impose a sales and use tax of 0.5%, if approved by the voters at a general election. The tax would be in addition to the existing 0.5% local sales and use tax that was imposed in 2013. The proceeds would be used to finance capital and administrative costs for the following projects: (1) construction and improvements to the Pine Valley Regional Park Project in an amount not to exceed \$2,124,700, and (2) restoration, repair, and upgrading to the Cloquet Ice Arena in an amount not to exceed \$6,025,500.

The bill authorizes a bond issuance of up to \$8,150,200 million plus bond costs. The tax would terminate at the earlier of 10 years after it is first imposed or when the city council determines that sufficient funds have been received to pay for the costs of the projects and bonds. 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