



**LOCAL SALES AND USE TAX
City of Hermantown**

March 1, 2021

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1301 (Murphy) / S.F. 1219 (Bakk)

The bill authorizes the city of Hermantown 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 1% local sales and use tax that was imposed in 2000. The proceeds would be used to finance costs related to a Community Recreational Initiative including improvements to the Hermantown Hockey Arena, improvements and upgrades to Fichtner Park, and construction of the Hermantown-Proctor trail.

The bill authorizes a bond issuance of up to \$28 million plus bond costs. The tax would terminate at the earlier of 20 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.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>

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