

A bill for an act
relating to taxes; authorizing the city of Isle to impose a local sales tax.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **CITY OF ISLE; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters at the next general election or a special election held within two years of the date of final enactment, the city of Isle may impose by ordinance a sales and use tax of up to one-half of one percent for the purpose specified in subdivision 2. Except as provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1 must be used by the city to pay the cost of collecting the taxes and to pay all or part of the costs for the construction, reconstruction, and improvements of a sewer and water upgrade; city parks, trails, and playgrounds, including playground equipment; and replacement firefighting equipment. Authorized expenses include, but are not limited to, paying construction expenses related to these facilities and improvements, and paying debt service on bonds or other obligations issued to finance acquisition, development, and construction of these facilities and improvements. The total amount of revenues that the city may raise under subdivision 1 to finance these projects is limited to \$2,000,000 plus any associated bond costs.

Subd. 3. **Bonding authority.** Pursuant to the approval of the city voters to impose the tax authorized under subdivision 1, the city may issue, without an additional election, general obligation bonds of the city in an amount not to exceed \$2,000,000 to pay

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capital and administrative expenses for the projects described in subdivision 2. The debt represented by the bonds is not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation or included in computing or applying any levy limitation applicable to the city.

Subd. 4. **Termination of taxes.** The taxes imposed under subdivision 1 expire when the Isle City Council determines that the amount of revenues received from the taxes to finance the projects described in subdivision 2 first equals or exceeds \$2,000,000, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 3, including interest on the bonds. Any funds remaining after completion of the projects and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Isle and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.