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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2303**

02/25/2014 Authored by Simonson; Murphy, M., and Huntley
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to the city of Duluth; modifying local food and beverage and lodging
1.3 taxes; amending Laws 1980, chapter 511, sections 1, subdivision 2, as amended;
1.4 2, as amended.

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

1.6 Section 1. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws
1.7 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25,
1.8 Laws 2003, First Special Session chapter 21, article 8, section 11, and Laws 2008, chapter
1.9 154, article 5, section 2, is amended to read:

1.10 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any
1.11 other law, ordinance, or city charter provision to the contrary, the city of Duluth may,
1.12 by ordinance, impose an additional sales tax of up to ~~two and one-quarter~~ one and
1.13 three-quarter percent on sales transactions which are described in Minnesota Statutes 2000,
1.14 section 297A.01, subdivision 3, clause (c). ~~When the city council determines that the taxes~~
1.15 ~~imposed under this subdivision and under Laws 1998, chapter 389, article 8, section 26, at a~~
1.16 ~~rate of one-half of one percent have produced revenue sufficient to pay (1) the debt service~~
1.17 ~~on bonds in a principal amount of \$8,000,000 issued for capital improvements to the~~
1.18 ~~Duluth Entertainment and Convention Center, and (2) debt service on outstanding bonds~~
1.19 ~~originally issued in the principal amount of \$4,970,000 to finance capital improvements to~~
1.20 ~~the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one-half~~
1.21 ~~percent, the rate of the tax under this subdivision is reduced by one-half of one percent.~~

1.22 The imposition of this tax shall not be subject to voter referendum under either state law
1.23 or city charter provisions. When the city council determines that the taxes imposed under
1.24 this subdivision paragraph at a rate of three-quarters of one percent and other sources of

2.1 revenue produce revenue sufficient to pay debt service on bonds in the principal amount
 2.2 of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the
 2.3 Duluth Entertainment and Convention Center, which include a new arena, the rate of tax
 2.4 under this subdivision must be reduced by three-quarters of one percent.

2.5 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
 2.6 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,
 2.7 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of
 2.8 one percent on sales transactions which are described in Minnesota Statutes 2000, section
 2.9 297A.01, subdivision 3, clause (d). This tax expires when the city council determines that
 2.10 the tax imposed under this paragraph has produced revenues sufficient to pay the debt
 2.11 service on bonds in a principal amount of no more than \$18,000,000, plus issuance and
 2.12 discount costs, to finance capital improvements to public facilities to support tourism and
 2.13 recreational activities in that portion of the city west of 34th Avenue West.

2.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 2.15 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
 2.16 645.021, subdivisions 2 and 3.

2.17 Sec. 2. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389,
 2.18 article 8, section 26, and Laws 2003, First Special Session chapter 21, article 8, section
 2.19 12, is amended to read:

2.20 Sec. 2. **CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND**
 2.21 **MOTELS.**

2.22 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or
 2.23 ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,
 2.24 impose an additional tax of one and one-half percent upon the gross receipts from the
 2.25 sale of lodging for periods of less than 30 days in hotels and motels located in the city.
 2.26 ~~When the city council determines that the taxes imposed under this section and section 25~~
 2.27 ~~at a rate of one-half of one percent have produced revenue sufficient to pay (1) the debt~~
 2.28 ~~service on bonds in a principal amount of \$8,000,000 issued for capital improvements~~
 2.29 ~~for the Duluth Entertainment and Convention Center, and (2) the debt service on~~
 2.30 ~~outstanding bonds originally issued in the principal amount of \$4,970,000 to finance~~
 2.31 ~~capital improvements to the Great Lakes Aquarium since the imposition of the taxes at the~~
 2.32 ~~rate of one and one-half percent, the rate of the tax under this section is reduced to one~~
 2.33 ~~percent.~~ The tax shall be collected in the same manner as the tax set forth in the Duluth
 2.34 city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to
 2.35 voter referendum under either state law or city charter provisions.

3.1 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
3.2 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,
3.3 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of
3.4 one percent on the gross receipts from the sale of lodging for periods of less than 30 days
3.5 in hotels and motels located in the city. Revenue from this tax shall be used for promotion
3.6 of tourism and recreational activities in that portion of the city west of 34th Avenue West.
3.7 The tax imposed under this paragraph expires December 31, 2024.

3.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of
3.9 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
3.10 645.021, subdivisions 2 and 3.