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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2724

03/08/2023 Authored by Joy
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 local taxes; authorizing the city of Detroit Lakes to impose an additional
1.3 sales and use tax.

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

1.5 Section 1. CITY OF DETROIT LAKES; TAXES AUTHORIZED.

1.6 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
1.7 section 297A.99, subdivision 3, paragraphs (a) and (d), and section 477A.016, or any other
1.8 law, ordinance, or city charter, and if approved by the voters at an election held on either
1.9 November 7, 2023, or as otherwise required under Minnesota Statutes, section 297A.99,
1.10 subdivision 3, the city of Detroit Lakes may impose by ordinance a sales and use tax of
1.11 one-half of one percent for the purpose specified in subdivision 2. Except as otherwise
1.12 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
1.13 imposition, administration, collection, and enforcement of the tax authorized under this
1.14 subdivision. The tax imposed under this subdivision is in addition to any local sales and
1.15 use tax imposed under any other special law.

1.16 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
1.17 under subdivision 1 must be used by the city of Detroit Lakes to pay the costs of collecting
1.18 and administering the tax, and to finance up to \$17,300,000, plus associated bond costs, for
1.19 the construction and renovation of the Detroit Lakes Pavilion, including park improvements,
1.20 beachfront improvements, and parking improvements.

1.21 Subd. 3. Bonding authority. (a) The city of Detroit Lakes may issue bonds under
1.22 Minnesota Statutes, chapter 475, to finance all or a portion of the project costs authorized
1.23 in subdivision 2. The aggregate principal amount of bonds issued under this subdivision

2.1 may not exceed \$17,300,000, plus an amount to be applied to the payment of the costs of  
2.2 issuing the bonds.

2.3 (b) The bonds may be paid from or secured by any funds available to the city of Detroit  
2.4 Lakes, including the tax authorized under subdivision 1. The issuance of bonds under this  
2.5 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

2.6 (c) The bonds are not included in computing any debt limitation applicable to the city  
2.7 of Detroit Lakes, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
2.8 principal and interest on the bonds is not subject to any levy limitation. A separate election  
2.9 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

2.10 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
2.11 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 12 years  
2.12 after the tax is first imposed, or (2) when the city council determines that the amount received  
2.13 from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus  
2.14 an amount sufficient to pay the costs related to issuance of any bonds authorized under  
2.15 subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota  
2.16 Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment  
2.17 of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes,  
2.18 section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax  
2.19 imposed under subdivision 1 may expire at an earlier time if the city so determines by  
2.20 ordinance.

2.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
2.22 city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section  
2.23 645.021, subdivisions 2 and 3.