



Legislation Text

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AN ORDINANCE AMENDING SECTIONS 42A-44 AND 42A-50 OF THE DULUTH CITY CODE TO ALLOCATE UP TO \$36 MILLION FROM THE ONE-HALF OF ONE PERCENT INCREMENT IN CITY OF DULUTH FOOD AND BEVERAGE TAX AND CITY OF DULUTH LODGING TAX FOR THE PURPOSE OF FUNDING CAPITAL IMPROVEMENTS TO PARKS-BASED PUBLIC ATHLETIC FACILITIES IN SUPPORT OF SPORTS TOURISM AND QUALITY OF LIFE IN NORTHEAST MINNESOTA.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. That Section 42A-44 of the Duluth City Code be amended as follows:

Section 42A.44. Allocation and distribution of revenues produced by tax.

(a) All proceeds realized from the taxes imposed by this Chapter, except those amounts described in subsections (b) and (c), shall be paid into the general fund and distributed as provided in this Subsection. After the payment of all expenses of collection and enforcement of the taxes authorized under this Chapter, and after making refunds provided for in this Chapter, the remainder of the taxes levied and collected under this Chapter shall be allocated and distributed in accordance with the annual budget submitted by the mayor and approved by the city council;

(b) Taxes realized as the result of "sale and purchase" as defined in paragraph (e) of the definition thereof shall be paid into the tourism tax fund, the proceeds of which will be devoted to one or more of the following recreational, cultural or civic projects:

- Spirit Mountain recreation area;
- Arena-auditorium complex;
- Duluth Convention and Visitors Bureau;
- St. Louis County Heritage and Arts Center;
- An account for civic or tourist projects.

The distribution of these proceeds shall be determined by the budget process described in subsection (a);

(c) Revenues received from one percent of the tax authorized by Section 42A-2(b) in this chapter shall be used to pay for activities conducted by the city or by other organizations which promote tourism in the city of Duluth, and to subsidize the Duluth arena-auditorium and the Spirit Mountain recreation area. Distribution of said revenues shall be approved by the city council at least once annually, and shall be made in accordance with the provisions of this subsection. Revenue received from one and one-quarter percent of the tax authorized by said Sections 42A-2(b) and 42A-49 shall be used to pay the debt service on bonds as follows:

(1) One-half of one percent of such taxes shall be used to pay the debt service on bonds in a principal amount of no more than ~~\$18,000,000~~ \$54,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 14th 34th Avenue West and the area south of and including Skyline Parkway, and capital improvements to parks-based public athletic facilities to support sports tourism and quality of life in northeast Minnesota; and

(2) Three-quarters of one percent of such tax for bonds to be issued in the principal amount of \$40,285,000 plus issuance and discount costs for capital improvements at the Duluth Entertainment Convention Center, including a new arena.

Section 2. That Section 42A-49 of the Duluth City Code be amended as follows:

Section 42A-49. Tax imposed; method of collection.

In addition to any taxes set forth in the Duluth City Charter or Article I of this Chapter, and not

withstanding any provision of law to the contrary, an additional tax of 2-1/2 percent is hereby imposed upon the gross receipts derived from the furnishing of lodging for less than 30 days at any hotel or motel having more than 30 units for rental to transients. Such tax shall be collected in the same manner as the tax set forth in the Duluth City Charter, Section 54(d), paragraph one. One-half percent of such tax is subject to the limitations set for in Laws of Minnesota 1980, Chapter 511, as amended, Laws of Minnesota 2017, 1st Special Session, Chapter 1, Art. 5, Section 2 and Laws of Minnesota 2023, Chapter 66, Article 11, Sections 1 and 2.

Section 3. That Section 42A-50 of the Duluth City Code be amended as follows:

Sec. 42A-50. Allocation of revenues.

(a) The revenues received from one percent of the tax imposed by this Article shall be used to pay for activities conducted by the city or by other organizations which promote tourism in the city of Duluth and to subsidize the Duluth Entertainment Convention Center and the Spirit Mountain recreation area, and the revenues received from another one percent of such tax shall be used for tourist related public improvements. Distribution of said revenues shall be approved by the city council at least once annually, and shall be in accordance with this Section;

(b) The revenues received from 1/2 percent of the tax imposed by this Article shall be used to pay the debt service on:

(1) Bonds originally issued in the principal amount of \$8,000,000 for capital improvements to the Duluth Entertainment Convention Center; and

(2) Bonds originally issued in the principal amount of \$4,970,000 to finance capital improvements to the Great Lakes Aquarium.

(3) Bonds originally issued in the principal amount of \$36,000,000 for capital improvements to parks-based public athletic facilities in support of sports tourism and quality of life in northeast Minnesota.

Section 4. That this ordinance shall take effect and be in force 30 days after its passage and publication.

STATEMENT OF PURPOSE: This ordinance amends the city code to allow the issuance of up to \$36 million in general obligation bonds to finance capital improvements to parks-based public athletic facilities in support of sports tourism and quality of life in northeast Minnesota. The bonds are authorized by 2023 Special Legislation extending the city of Duluth's one-half of one percent food, beverage and lodging taxes. This ordinance also incorporates special legislation passed in 2017.