



## Legislation Text

**File #:** 17-0574R, **Version:** 1

RESOLUTION APPROVING A HALF PERCENT SALES AND USE TAX DEDICATED TO FUND A STREET IMPROVEMENT PROGRAM AND CALLING FOR A REFERENDUM REQUESTING AUTHORIZATION FOR SUCH TAX.

### CITY PROPOSAL:

RESOLVED, that the city council of the city of Duluth hereby makes the following findings:

- (a) The city's transportation infrastructure is vital to the current and future economic vitality of the city as well as critical to health, welfare and wellbeing of all of its citizens, its neighbors and its visitors; and
- (b) Duluth is home to 86,293 residents and serves as a critical regional center with more than 35,000 daily work commuters and 6.7 million annual tourists; and
- (c) The need for maintenance, improvement and replacement of the city's road infrastructure results from its use by not only property owners within the city but also from its use by persons and entities from outside the taxing jurisdiction of the city; and
- (d) There are approximately 450 miles of city-owned roadways and more than 400 miles of city sidewalks in the city of Duluth requiring maintenance, improvement, and replacement but current funding through property taxes allows us to fund only a few miles per year; and
- (e) The city public works and utilities department has developed a long-term program for a capital improvement project implementing said program, which program, entitled "Duluth Street Improvement Program 2017", is attached hereto as Exhibit A (the "Street Improvement Program"), and determined the minimum revenues necessary to address the city's most pressing transportation needs over the next 25 years under the Program; and
- (f) The city acting through its mayor designated the Street Improvement Program on August 8, 2017, as required by Minnesota Statutes Section 297A.99, Subd. 3(b); and
- (g) Because the need to implement and therefore to fund the Street Improvement Program results from use by persons and entities from without as well as within the city, the most fair, reasonable and equitable source of the necessary funding is an increase in the city's general sales and use tax; and
- (h) To fund the city's most pressing needs under the Program, the administration and council support a 0.5% increase in the city's general sales and use tax for a term of 25 years from the date of first collection thereof, which will be dedicated in its entirety to help pay for a portion of the cost of the necessary maintenance, improvement and replacement of the city's transportation infrastructure; and
- (i) Pursuant to Minnesota Statutes Section 297A.99, in order to enact such a tax, the authorization of the state legislature is required and before requesting such authorization, the conditions of that statute must be complied with including the approval of the imposition thereof by the voters of the city at a general election.

FURTHER RESOLVED, that pursuant to the requirements of Minnesota Statutes Section 297A.99 Subd. 2, the city council of the city of Duluth hereby confirms the August 8, 2017, designation of the Street Improvement Program and approves of the imposition of a 0.5% increase in the city's general sales and use tax as herein described for a term of up to 25 years from the date of first collection thereof to fund the implementation of the Street Improvement Program.

FURTHER RESOLVED, that the city council hereby calls for a referendum at a general municipal election to be held on November 7, 2017, for the purpose of submitting to the electors of the city a resolution requesting that the legislature authorize the imposition of a 0.5% increase in the city's general sales and use tax to be used exclusively to fund the implementation of the Street Improvement Program and the clerk is authorized and directed to prepare and mail or publish any and all notices of such referendum question as are required by law.

FURTHER RESOLVED, that the question presented to the electors on the ballot of the said general election shall read as follows:

“Should the city of Duluth request the Minnesota State legislature to authorize the city to enact a 0.5% general sales and use tax on sales and use of goods and services as currently applied within the city for a term of up to 25 years from the date of first collection thereof dedicated to funding implementation of the city’s designated Street Improvement Program?

A “yes” vote means you favor the city of Duluth requesting authority to enact a 0.5% sales and use tax dedicated to fund the Street Improvement Program.

A “no” vote means you do not favor the city of Duluth requesting the authority to enact a 0.5% sales and use tax dedicated to funding the Street Improvement Program.

STATEMENT OF PURPOSE: This resolution indicates the council’s approval of the increase of the city’s general sales and use tax by an additional 0.5% for a term of up to 25 years and submits to referendum a resolution asking the legislature to authorize the city to enact such a tax for the purpose of funding street improvement projects as set forth in the designated Street Improvement Program. If the legislature agrees, it will pass legislation authorizing the tax and that will go to the city council for approval. Upon approval, the city council will be empowered to enact the new tax by ordinance. Once enacted, the dedicated sales and use tax would be added to the existing \$2.8 Million annual dedicated Streets Fund.