



City of Duluth

411 West First Street
Duluth, Minnesota 55802

Master

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Whole

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Title: ORDINANCE IMPOSING AN ADDITIONAL SALES TAX OF ONE-HALF OF ONE PERCENT TO FUND PROJECTS LISTED IN THE STREET IMPROVEMENT PLAN APPROVED AUGUST 8, 2017.

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Drafter: slapaugh@duluthmn.gov

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| 1 | City Council | 06/10/2019 | read for the first time | | | | |
| 1 | City Council | 06/24/2019 | adopted | | | | |

Text of Legislative File 19-028-O

ORDINANCE IMPOSING AN ADDITIONAL SALES TAX OF ONE-HALF OF ONE PERCENT TO FUND PROJECTS LISTED IN THE STREET IMPROVEMENT PLAN APPROVED AUGUST 8, 2017.

The city of Duluth does ordain:

Section 1. That the title of Chapter 42A, Section 42A-2, of the Duluth City Code be amended to read as follows:

Sec. 42A-2. Sales tax--imposed; amount of tax; exemptions.

(a) To provide funds for the purpose of general municipal operations, maintenance and capital improvements of the city, there shall be and is hereby imposed an excise tax of one percent on gross receipts of any person from sales at retail, including the sales of motor vehicles, as defined in this Chapter, made in the city. In no case shall the tax imposed hereby

upon the seller exceed the amount of the tax which he is authorized and required by law to collect from the purchaser. Except in the case of motor vehicles and as otherwise provided in this Section, all goods and services that are exempt from taxation under the provisions of Minnesota Statutes Chapter 297A are exempt from taxation under this Chapter;

(b) In addition to the tax set forth in Subsection (a) of this Section, and notwithstanding any provision of law to the contrary, an additional tax of two and one-quarter percent is hereby imposed on gross receipts from the furnishing, preparing or serving for a consideration of food, meals or drinks, not including those prepared and served at hospitals, sanatoriums, nursing homes or senior citizens' homes, meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies or churches or pursuant to any program funded in whole or in part through 42 USCA Sections 3001 through 3045, wherever delivered, prepared or served, meals and lunches served at public and private schools, universities or colleges, or the occasional meal thereof by a charitable or church organization. The tax imposed in this Subsection is subject to the exemptions set forth in Subsection (c) of this Section and to the limitations of Laws of Minnesota 1980, Chapter 511, as amended;

(c) The tax imposed by Subsection (b) above shall not be imposed:

(1) Upon business establishments doing less than \$100,000 in sales taxable under Subsection (b) in any current tax period from October 1 to September 30 of the next year;

(2) Upon business establishments which did less than \$100,000 in sales taxable under Subsection (b) in any current tax period from October 1 to September 30 immediately preceding the period from October 1 to September 30 in which the tax would be collected;

(d) New establishments. The exemption in Subsection (c)(2) above shall not apply to newly opened establishments or establishments which have not been in operation for one year on September 30. In the case of the above-mentioned establishments, the administrator shall make an estimate of the anticipated yearly sales volume of the establishment based on the size, type of operation, sales volume of similar establishments in the area and any other available relevant data. If the estimated yearly sales volume exceeds \$100,000, the establishment shall collect and remit the tax authorized in Subsection (b). If the establishment has not reached \$100,000 in sales taxable under Subsection (b) by the next September 30, taxes remitted by the establishment pursuant to Subsection (b) shall be refunded to the establishment in the manner provided in Section 42A-35 of this Chapter;

(e) Notwithstanding the provisions of paragraph (a) of this Section, for sales at retail of manufactured homes used for residential purposes the excise tax is imposed upon 65 percent of the sales price of the home.

(f) In addition to the tax set forth in Subsection (a) of this Section, and notwithstanding any provision of law to the contrary, an additional general sales tax of one-half of one percent is hereby imposed on gross receipts of any person on retail sales made in the city. The tax imposed in this Subsection is subject to the requirements of Laws of Minnesota 2019 1St Special Session, Chapter 6, Article 6, Section 34 and Article 10, Section 7.

Section 2. That this ordinance shall take effect the latest of 30 days after its passage and publication, the filing of a resolution approving the statutory provisions referenced in Section 1 above with the secretary of State and the fulfillment of the requirements of Laws of Minnesota 2019 1st Special Session, Chapter 6, Section 34 (b).

STATEMENT OF PURPOSE: The purpose of this ordinance is to impose a one-half of one percent general sale tax on all retail purchased in the city. The revenue from the additional sales tax will be used to fund the projects listed in the street improvement program designated on August 8, 2017.

