



CITY OF INTERNATIONAL FALLS

600 Fourth Street
International Falls, Minnesota 56649
Telephone (218) 283-9484
Fax (218) 283-3590
OFFICE OF CITY ADMINISTRATOR

More about the Proposed Local Option Sales and Use Tax

The City Council of the City of International Falls (“City”) voted to initiate the process asking the citizens to establish a one percent (1%) local option sales and use tax within the City of International Falls. The City Council and staff recognize the need to repair, upgrade, and improve our aging infrastructure at a time when public improvement costs continue to mount (some of the underground pipes are over 100 years old). Further, the Council has determined that a sales and use tax is the most equitable and fair method for visitors and citizens to pay the significant costs to upgrade City streets and other public infrastructure.

Process for approval of a local option sales and use tax? The next step in the process to approve the sales and use tax starts with approval by the voters of the City. If the question is approved by a majority of citizens voting in the election, a request must be submitted to the Minnesota Legislature. The Legislature must adopt a statute approving the tax. The Minnesota Department of Revenue will collect and administer the tax and pay the proceeds to the City on a quarterly basis for 30 years or until \$30 million is paid, whichever occurs first.

If approved, what will the sales and use tax proceeds be used for? The proceeds from the tax will pay for needed improvements and upgrades to the public infrastructure in the City. This infrastructure with engineering and financing expenses includes:

- streets
- curb and gutter
- sidewalks and trails
- streetlights
- sanitary sewer mains and lift stations
- water mains
- stormwater drainage and ditches
- water towers
- local costs for the U.S. Highway 53 reconstruction project of 2020

This tax cannot be used for other purposes. Everything that is exempt from the state sales tax such as food, clothing, and medicine will also be exempt from paying the local sales and use tax.

(Over)

International Falls is somewhat unique. We have an important international port of entry with thousands of visitors including about 12,000 pedestrians and 457,704 vehicles per year (2016) crossing from Canada. There are Cold Weather testing and Canadian National Railway workers that are part of these visitors. This cross-border travel creates an extraordinary level of traffic and other demands on our public infrastructure. We have three major highways that lead to the City serving as a subregional trade center. In 2016, the University of Minnesota Extension Service conducted a retail analysis and found that 53.2% percent of retail sales in the City of International Falls were from visitors, tourists, seasonal residents, and Canadian shoppers, with 46.8% local shoppers. The proposed sales and use tax will benefit City residents and businesses in that visitor purchases will help pay the costs of infrastructure improvements.

Is a sales and use tax common for local governments in Minnesota? Currently there are 32 cities and 42 counties that have a sales and use tax in Minnesota (see map of *Local Sales and Use Taxes*). Giants Ridge also has a sales and use tax. There are four cities seeking voter approval in 2018 to impose this tax including the cities of Blackduck, Blue Earth, Grand Rapids, and International Falls.

How will the ballot question read for this vote?

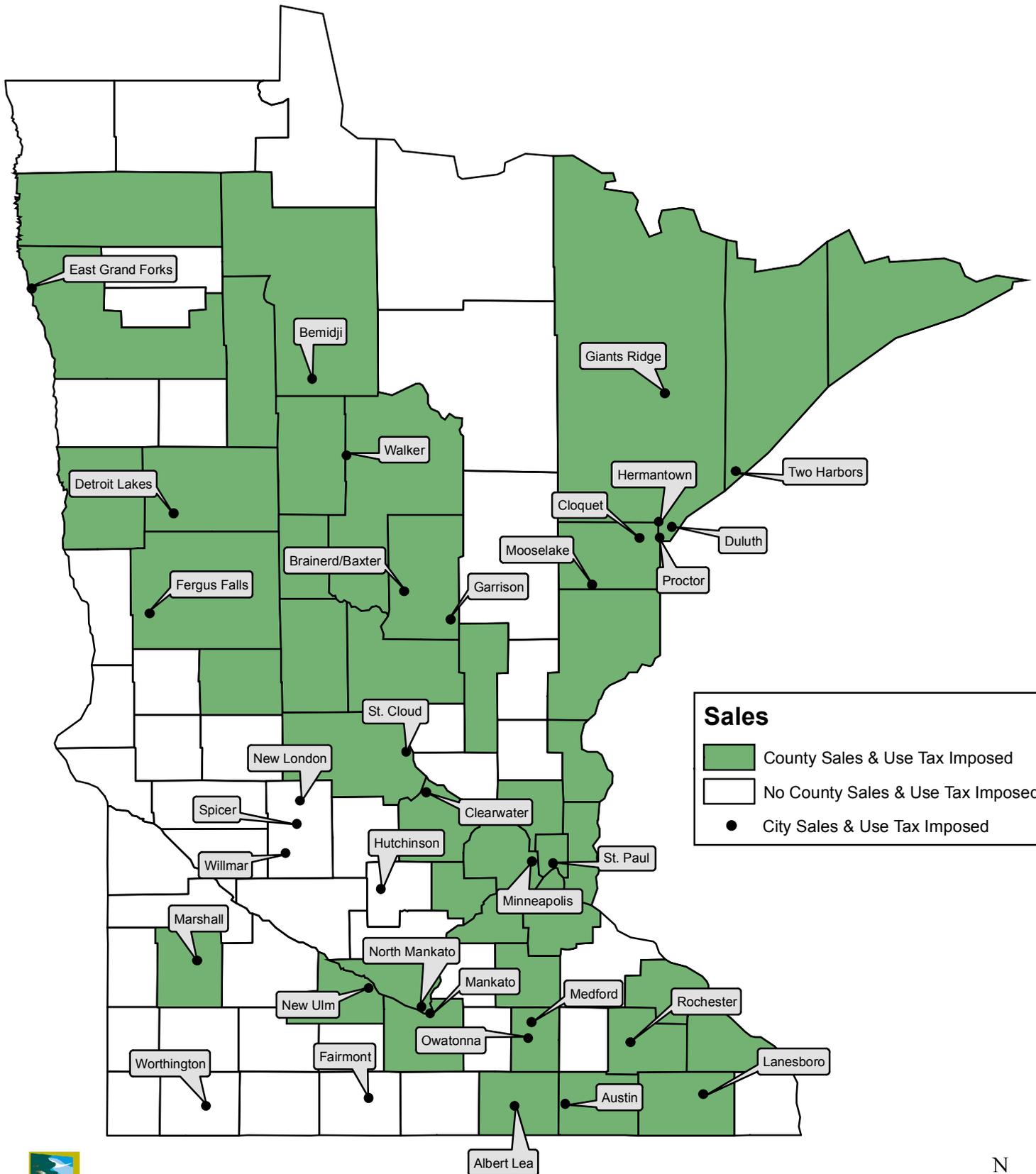
City Question
To vote for a question, fill in the oval next to the word "Yes" on that question. To vote against a question, fill in the oval next to the word "No" on that question.
City Question 1
Local Option Sales and Use Tax "Shall the City of International Falls, Minnesota, be authorized to impose a sales and use tax of one percent (1%) to finance transportation and public infrastructure projects?"
<input type="radio"/> Yes
<input type="radio"/> No

If the sales and use tax does not pass, what will happen? The City Council will need to use other funding sources to pay for needed improvements, which may include property taxes, special assessments, and sewer and water rates. We will also explore grants and loans where feasible whether the tax is approved or not.

The City Council has scheduled two information meetings at 7:00 p.m., with one on Monday, October 8 and another on Tuesday, October 23, 2018, both in the City Council Chambers. At the meeting, information will be shared on the infrastructure condition and improvement needs.

Please exercise your right to vote on November 6, 2018!

Local Sales and Use Taxes



Sales

- County Sales & Use Tax Imposed
- No County Sales & Use Tax Imposed
- City Sales & Use Tax Imposed

