



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

REQUEST FOR COUNCIL ACTION

AGENDA DATE: 1-24-2021

AGENDA ITEM: Consider a resolution requesting amendments to Local Sales and Use Tax Authorization

PREPARED BY: Tom Pagel

BACKGROUND:

During the 2021 Legislative Session, the City acquired authorization to conduct a referendum for our citizens to consider the approval of a local sales and use tax (LST). The LST, if approved would collect \$5,980,000 at one-half percent to pay for improvements at the IRA Civic Center.

Since legislative approval, design documents have been finalized and the opinion of cost has increased due to inflation and additional recognized needs. As a result it is recommended to ask for an amendment to the legislation, increasing the LST collection amount to \$10,600,000. The resolution is attached.

REQUESTED COUNCIL ACTION:

Make a motion to consider a resolution requesting amendments to Local Sales and Use Tax Authorization.

Council member _____ introduced the following resolution and moved for its adoption:

RESOLUTION NO. 22-__

A RESOLUTION REQUESTING AUTHORIZATION FROM THE STATE TO IMPOSE A LOCAL SALES AND USE TAX IN THE CITY OF GRAND RAPIDS

WHEREAS, the City of Grand Rapids has an emergency need to replace the structurally deficient roof, refrigeration, ADA improvements, HVAC systems, and associated appurtenances, at the IRA Civic Center, and

WHEREAS, the City is requesting authorization from the State of Minnesota to impose a Local Sales and Use Tax of up to 0.5% for up to twelve years or \$10,600,000 dollars, whichever comes first, to fund the local share of the project cost; and

WHEREAS, there is only one project, located at the IRA Civic Center in Grand Rapids, MN, which includes the replacement of the structurally deficient roof, refrigeration, HVAC systems, ADA improvements, and associated appurtenances; and

WHEREAS, the University of Minnesota, in preparing the 2011 Retail Trade Analysis Grand Rapids & Itasca County, has estimated that 55% of the Local Sales Generated would be from Non-Residents of Grand Rapids; and

WHEREAS, the ISD 318, a major tenant of the IRA Civic Center, conducting over 36 events per year, has an enrollment of 60.2% students who are not residents of the City of Grand Rapids; and

WHEREAS, the Grand Rapids Amateur Hockey Association, another major tenant of the facility, has 64.7% of members who are not residents of the City of Grand Rapids; and

WHEREAS, the IRA Civic Center serves as a county-wide Emergency Shelter, a temporary Fire Hall, a polling facility for multiple precincts, and could be utilized as a staging area/headquarters for 100 to 150 State Agency employees during emergency safety events; and

WHEREAS, the IRA Civic Center host non-profit regional events like Minnesota Assistance Council for Veterans, Itasca County Community Connect, Itasca County Sheriff's Department – Lifted Trucks, Car Seat Safety Training, MS Walk, and Children's Mental Health 5k, without a rental fee; and

WHEREAS, the University of Minnesota, in 2018 prepared an Economic Impact study for the IRA Civic Center. It identified those traveling more than 50 miles to utilize the facility for trade shows, performances, and other regional events, generate over \$3.3 million in Gross Output, supports 48 full and part-time jobs, and \$1.7 million in Value Added; and

NOW, THEREFORE, BE IT RESOLVED, IN ACCORDANCE WITH M.S. 297A.99 LOCAL SALES TAXES, BY THE CITY COUNCIL OF GRAND RAPIDS, MINNESOTA:

1. The City Council hereby requests that the State authorize a Local Sales and Use Tax of up to one-half percent (0.5%); and
2. The revenue from the local sales and use tax will be used for the IRA Civic Center in Grand Rapids, MN, which includes the replacement of the structurally deficient roof, refrigeration, HVAC systems, ADA improvements, and associated appurtenances; and
3. The IRA Civic Center is regionally significant, with utilization by over 60% of non-City of Grand Rapids residents; and

4. The amount of local sales and use tax revenue utilized for the IRA Civic Center would not exceed \$10,600,000 or up to twelve years, whichever comes first; and
5. The IRA Civic Center is the only project requested for a local sales and use tax.

Adopted by the Council this 24th day of January, 2022.

Dale Christy, Mayor

ATTEST:

Kim Johnson-Gibeau, City Clerk

Council member _____ seconded the foregoing resolution and the following voted in favor thereof: _____; and the following voted against same: _____; whereby the resolution was declared duly passed and adopted.