

## ORDINANCE NO. 44, 4th SERIES

**AN ORDINANCE OF THE CITY OF EAST GRAND FORKS, MINNESOTA, AMENDING CITY CODE CHAPTER 33 ENTITLED "FINANCE AND TAXATION" BY ADDING SECTIONS 33.15 TO 33.24 SALES AND USE TAX LOCAL IMPROVEMENT PROJECTS, AND BY ADOPTING BY REFERENCE CITY CODE CHAPTER 1 AND SECTION 10.99 WHICH, AMONG OTHER THINGS, CONTAIN PENALTY PROVISIONS.**

THE CITY OF EAST GRAND FORKS ORDAINS:

Section 1. That Chapter 33 entitled Finance and Taxation shall have the following additions:

**§ 33.15. Authority.** Pursuant to Laws of Minnesota 2023 First Special Session, Chapter 64, Section 33, the Minnesota Legislature has authorized the City of East Grand Forks to impose a local sales and use tax to provide revenues to pay the costs of collecting and administering the tax to the commissioner of revenue of the state of Minnesota and to finance the capital and administrative costs related to the funding of designated projects as defined in Minnesota 2023 First Special Session, Chapter 64, Section 33 and approved by the voters at the November 5, 2024 referendum.

**§ 33.16. Definitions.** For purposes of this chapter, the following words, terms, and phrases have the meanings given them in this section unless the language or context clearly indicates a different meaning is intended.

(a) **City.** "City" means the City of East Grand Forks, Minnesota.

(b) **Commissioner.** "Commissioner" means the commissioner of revenue of the state of Minnesota or a person to whom the commissioner has delegated functions.

(c) **Designated projects.** "Designated projects" means Reconstruction and remodeling of, and upgrades and additions to the Civic Center Sports Complex (\$6.745 million, plus associated bonding costs to finance such project or 20 years, whichever is first) and Reconstruction and remodeling of and upgrades and additions to the VFW Memorial Arena (\$8 million, plus associated bonding costs to finance such project or 20 years, whichever is first) as authorized by the Minnesota Legislature in Minnesota 2023 First Special Session, Chapter 64, Section 33 and approved by the voters at the November 5, 2024 referendum.

(d) **State sales and use tax laws and rules.** "State sales and use tax laws and rules" means those provisions of the state revenue laws applicable to state sales and use tax imposition, administration, collection, and enforcement, including Minnesota Statutes, chapters 270C, 289A, 297A, and Minnesota Rules, chapter 8130, as amended from time to time.

**§ 33.17. Local sales and use tax imposed; amount of tax; coordination with state sales and use tax laws and rules.** A local sales tax is imposed in the amount of 1% percent on the gross receipts from sales at retail sourced within city limits which are taxable under the state sales and use tax laws and rules. A local use tax is imposed in the amount of 1% percent on the storage, use, distribution or consumption of goods or services sourced within city limits which are taxable

under the state sales and use tax laws and rules. All the provisions of the state sales and use tax laws and rules apply to the local sales and use tax imposed by this chapter. The local sales and use tax imposed by this chapter shall be collected and remitted to the commissioner on any sale or purchase when the state sales tax must be collected and remitted to the commissioner under the state sales and use tax laws and rules and is in addition to the state sales and use tax.

**§ 33.18. Effective date of tax; transitional sales.** Except as otherwise provided herein, the local sales and use tax imposed by this chapter shall apply to sales and purchases made on or after July 1, 2025. The local sales and use tax imposed by this chapter shall not apply to:

(a) The gross receipts from retail sales or leases of tangible personal property made pursuant to a bona fide written contract, which unconditionally vests the rights and obligations of the parties thereto, provided that such contract was enforceable prior to July 1, 2025, and that delivery of the tangible personal property subject thereto is made on or before July 1, 2025.

(b) The gross receipts from retail sales made pursuant to a bona fide lump sum or fixed price construction contract, which unconditionally vests the rights and obligations of the parties thereto and which does not make provision or allocation of future taxes, provided that such contract was enforceable prior to July 1, 2025, and that delivery of the tangible personal property used in performing such construction contract is made before April 1, 2026.

(c) The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after July 1, 2025, but the local sales and use tax imposed by this chapter shall apply on the first billing period not including charges for services furnished before July 1, 2025

(d) Lease payments for tangible personal property and motor vehicles that includes a period before and after July 1, 2025, but the local sales and use tax imposed by this chapter shall apply on a prorated basis to lease payment amounts attributable to that portion of the lease payment period on or after July 1, 2025, and on the entire lease payment for all lease payment periods thereafter.

**§ 33.19. Tax Clearance; Issuance of Licenses.**

(a) The city may not issue or renew a license for the conduct of a trade or business within the city if the commissioner notified the licensing division of the city that the applicant owes delinquent city taxes as provided in this chapter, or penalties or interest due on such taxes.

(1) City taxes include sales and use taxes provided in this article. Penalties and interest are penalties and interest due on taxes included in this definition.

(b) Delinquent taxes do not include a tax liability if: (i) an administrative or court action which contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the applicant has entered into a payment agreement and is current with the payments.

(c) Applicant means an individual if the license is issued to or in the name of an individual or the corporation or partnership if the license is issued to or in the name of a corporation or partnership.

(1) A copy of the notice of delinquent taxes given to the licensing division of the city shall also be sent to the applicant taxpayer. In the case of renewal of a license, if the applicant requests in writing, within 30 days of receipt of the notice of hearing, then, a contested hearing shall be held under the same procedures as provided in Minn. Stat. 270A for the state sales and use tax imposed under Minn. Stat. 297A; provided further that if a hearing must be held on the state sales and use tax, hearings must be combined.

**§ 33.20. Penalty**

(a) Any person who shall willfully fail to make a return required by this chapter or who shall fail to pay the tax after written demand for payment, or who shall fail to remit the taxes collected or any penalty or interest imposed by this chapter after written demand for such payment or who shall refuse to permit the Finance Director or any duly authorized agents or employees to examine the books, records and papers under his or her control, or who shall willfully make any incomplete, false or fraudulent return shall be guilty of a misdemeanor.

(b) Every person violates a section, subdivision, paragraph or provision of this chapter when they performs an act thereby prohibited or declared unlawful, or fails to act when such failure is thereby prohibited or declared unlawful, or performs an act prohibited or declared unlawful or fails to act when such failure is prohibited or declared unlawful by a code adopted by reference by this chapter, and upon conviction thereof, shall be punished as for a misdemeanor except as otherwise stated in specific provisions hereof.

**§ 33.21. Deposit of revenues; costs of administration; termination of tax.**

(a) All of the revenues, interest, and penalties derived from the local sales and use tax imposed by this chapter collected by the commissioner and remitted to the city shall be deposited by the city finance director in the city treasury and shall be credited to the fund established to pay the costs of collecting the local sales and use tax imposed by this chapter and to finance the capital and administrative costs directly related to completing the designated projects.

(b) The local sales and use tax imposed by this chapter shall terminate at the earlier of: (1) 20 years or (2) when the City Council determines that \$6.745 million on Civic Center Sport Complex project and \$8 million on the VFW Memorial Arena project for a total of \$14,745,000.00, plus an amount sufficient to pay the costs related to issuing bonds and interest on the bonds has been received from the local sales and use tax imposed by this chapter to pay for all the capital and administrative costs directly related to completing the designated projects. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The local sales and use tax imposed by this chapter may terminate at an earlier time if the City Council so determines by ordinance.

**§ 33.22. Agreement with the commissioner.** The city may enter into an agreement with the commissioner regarding each party's respective roles and responsibilities related to the imposition, administration, collection, enforcement, and termination of the local sales and use tax imposed by this chapter. Any such agreement shall not abrogate, alter, or otherwise conflict with the state sales and use tax laws and rules, this ordinance, or to Laws of Minnesota 2023 First Special Session, Chapter 64, Section 33.

**§ 33.23. Summary publication.** The following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance pursuant to Minnesota Statutes section 412.191:

Pursuant to a voter-approved referendum, the city is authorized to and will impose a local sales and use tax of 1 percent on retail sales made after July 1, 2025, to be used to fund certain designated projects related to the Civic Center Sport Complex and the VFW Arena reconstruction and remodeling projects.

**§ 33.24.** This Ordinance shall be in full force and effect from and after its passage and publication.

Section 2. City Code Chapter 10 entitled "General Provisions" Applicable to Entire City Code Including Penalty for Violation" and Section 10.99 entitled "General Penalty" are hereby adopted in their entirety, by reference, as though repeated verbatim herein.

Section 3. This ordinance shall take effect and be in force from and after its passage and publication and be given the Number 44, 4th Series.

*Voting Aye: Riopelle, Helms, Casmey, Larson, Peterson, Schumacher, and Pokrzywinski*  
*Voting Nay: None.*  
*Absent: None.*

ATTEST:

PASSED: January 21, 2025

\_\_\_\_\_  
City Administrator

\_\_\_\_\_  
President of Council

I hereby approve the foregoing Ordinance this 21<sup>st</sup> day of January, 2025.

\_\_\_\_\_  
Mayor