

**ORDINANCE NO. 03-25**

**ORDINANCE AMENDING PORTIONS OF SECTION 35 OF THE CITY CODE, SALES AND USE TAX**

**THE CITY COUNCIL OF THE CITY OF PROCTOR DOES HEREBY ORDAIN:**

**Section 1.** City Code, Section 35.105 entitled “AUTHORITY” is hereby amended as follows:

The Minnesota Legislature has, by Laws of Minnesota 2023, chapter 64, article 10, section 42, Laws of Minnesota 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws of Minnesota 2008, chapter 366, article 7, section 12, as amended by Laws of Minnesota 2010, chapter 389, article 5, section 1 and 2, and amended by Laws of Minnesota 2017, 1st Special Session, chapter 1, article 5, section 11. The Minnesota Legislature has authorized the City of Proctor 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 Laws of Minnesota 2023, chapter 64, article 10, section 42, Laws of Minnesota 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws of Minnesota 2008, chapter 366, article 7, section 12, as amended by Laws of Minnesota 2010, chapter 389, article 5, section 1 and 2, and amended by Laws of Minnesota 2017, 1st Special Session, chapter 1, article 5, section 11, and approved by the voters on November 4, 2014 and November 5, 2024.

**Section 2.** City Code, Section 35.106 entitled “DEFINITIONS” is hereby amended as follows:

**ACT.** Laws of Minnesota 2023, chapter 64, article 10, section 42, Laws of Minnesota 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws of Minnesota 2008, chapter 366, article 7, section 12, as amended by Laws of Minnesota 2010, chapter 389, article 5, section 1 and 2, and amended by Laws of Minnesota 2017, 1st Special Session, chapter 1, article 5, section 11.

**DESIGNATED PROJECTS.** Capital improvements to include bikeways, trails, regional and statewide trail spur, parks and recreation, public utilities to include water, sanitary sewer, storm sewer, and electric as authorized by the Minnesota Legislature in Laws of Minnesota 2023, chapter 64, article 10, section 42, Laws of Minnesota 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws of Minnesota 2008, chapter 366, article 7, section 12, as amended by Laws of Minnesota 2010, chapter 389, article 5, section 1 and 2, and amended by Laws of Minnesota 2017, 1st Special Session, chapter 1, article 5, section 11, and approved by the voters on November 4, 2014 and November 5, 2024.

**Section 3.** City Code, Section 35.107 entitled “LOCAL SALES AND USE TAX IMPOSED; AMOUNT OF TAX; COORDINATION WITH STATE SALES AND USE TAX LAWS AND RULES” is hereby amended as follows:

A local sales tax is imposed in the amount of one and one-half (1.5) 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 one and one-half (1.5) 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 of 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.

**Section 4.** City Code, Section 35.108 entitled “PROCEEDS” is hereby amended as follows:

(A) The proceeds of the city sales and use tax shall be used in the discretion of the City Council for the projects approved by the voters at the November 4, 2014 and November 5, 2025 general elections.

(B) The approved projects are:

- (1) Capital improvement to include sidewalks, bikeways and trails;
- (2) Regional and statewide trail spur;
- (3) Parks and recreation; and
- (4) Public utilities, including water, sanitary sewer, storm sewer and electric.

(C) All funds not used to pay collection and administrative costs of the city sales and use tax must be used for the projects listed in division (B) above.

**Section 5.** City Code, Section 35.115 entitled “EFFECTIVE DATE OF TAX; TRANSITIONAL SALES” is hereby amended as follows:

(A) 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 April 1, 2000, October 1, 2017, and July 1, 2025. The local sales and use tax imposed by this chapter shall not apply to:

(B) 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 April 1, 2000, October 1, 2017 or July 1, 2025, and that delivery of the tangible personal property subject thereto is made on or before April 1, 2020, October 1, 2017 or July 1, 2025.

(C) 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 April 1, 2000, October 1, 2017 or July 1, 2025, and that delivery of the tangible personal property used in performing such construction contract is made before January 1, 2001, June 1, 2018 or January 1, 2026.

(D) The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after April 1, 2000, October 1, 2017 or 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 April 1, 2000, October 1, 2017 and July 1, 2025.

(E) Lease payments for tangible personal property and motor vehicles that includes a period before and after April 1, 2000, October 1, 2017 and 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 April 1, 2000, October 1, 2017 and July 1, 2025 and on the entire lease payment for all lease payment periods thereafter.

**Section 6. 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.

**Section 7. 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 one-half (.5) percent on retail sales made after July 1, 2025, to be used to fund a regional and statewide trail spur.

**Section 8.** This Ordinance shall be in full force and effect from and after its passage and publication.

**Section 9.** All other provisions shall remain in full force and effect without modification or amendment.

Moved by Councilperson \_\_\_\_\_ and seconded by Councilperson \_\_\_\_\_ that the foregoing ordinance be adopted as amended.

Voting Yes:

Voting No:

Ordinance declared adopted this 17<sup>th</sup> day of February 2025.

CITY OF PROCTOR

First Reading: 2/3/2025

Second Reading: 2/17/2025

Published Proctor Journal on February 27, 2025

Passed by the City Council of the City of Proctor, Minnesota, this 17<sup>th</sup> day of February 2025.

Attest:

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Chad Ward, Mayor

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, City Clerk