

North Branch

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North Branch Local Option Sales Tax Ballot Question Information Guide

Frequently Asked Questions:

How many roads in the city need to be repaired?

- 17.9 of paved miles with another 35 miles that continue to age

How much is it going to cost to repair these roads?

- About \$11,500,000/year.

That sounds like a lot of money. Why hasn't the city budgeted for road replacement? Does the city expect taxpayers to pay all of this in property taxes?

- Since 2009, the council was faced with the recession. Decisions were made to drop road payment replacement from the budget. In 2018, the City started to once again include \$175,000 in the levy for road replacement and also added the franchise fees will bring in \$250,000. As you can see there is a short fall of \$775,000.

So, is the City suggesting that the sales tax of .5¢ to help fill the gap?

- The .5¢ will help and bring in about \$500,000/year without using additional levy money.

I have heard that there will also be money for parks. Why not for more roads?

- The purpose of Williams Park is for city infrastructure such as the fire hall and library. The City has not had the funds to add recreational facilities for almost 20 years. Park dedication and the levy won't be enough to pay the costs of needed park infrastructure.

What would be in Williams Park?

- Since the Park's plan was done in 2005, it will be up to the public to envision the possibilities which could be a regulation ball field, a hockey rink, a splash park and/or a multipurpose building.

Did the city do a study to see who would actually pay for the sales tax?

- A study done by Liz Templin, an economist with the University of Minnesota, revealed that at about 50% of the sales tax collected in the city comes from non-residents.

So, if non-residents pay 50% that means that residents will pay the other 50%. What items will be taxed?

- Any items that are now currently taxed by the State of Minnesota such as fast food sales, electronics, household supplies and paper products. For more information, visit: <http://www.revenue.state.mn.us/businesses/sut/Pages/Fact-Sheets.aspx> for fact sheets related to various categories of taxable items. Among the items excluded from the sales tax are foods purchased at a grocery store for food preparation and consumption and clothing. The local option sales tax would not apply to these purchases.

I have heard that many business owners oppose the sales tax. They think it will drive customers away.

- Some people may not want to pay 50¢ on every \$100 you spend on taxable items, while others may chose to still purchase items in North Branch. Many people don't know that Chisago County imposed a .5¢ in 2014 to support transportation.

Won't people go to other towns to purchase items in another city?

- There are many cities looking to a sales tax to fund road replacement, and more than likely the list will grow. Currently, Albert Lea, Austin, Baxter, Bemidji, Brainerd, Clearwater, Cloquet, Duluth, Fairmont, Fergus Falls, Hutchinson, Lanesboro, Mankato, Marshall, Medford, Minneapolis, Moose Lake, New London, New Ulm, North Mankato, Owatonna, Proctor, Rochester, St. Cloud, Spicer, Two Harbors, Walker, Wilmar and Worthington has approved sales taxes. Cambridge has already voted for a ballot question for a .5¢ sales tax for a new ECRL headquarters, a library, and road infrastructure and park improvements over 25 years.

I heard that the council has already imposed the .5¢ sales tax.

- That's not true. The city council does not have the authority to impose a sales tax. The question will be on the November ballot and every eligible voter can cast their vote either for "yes" or "no." The public determines through your vote if the City of North Branch has a sales tax. See below for the wording of the ballot issue.

Ballot Question: This is what will appear on the November Ballot:

0.5% Sales Tax for Road Pavement Program and Park Improvements

Should the City of North Branch request the Minnesota State legislature to authorize the City to enact a 0.5% (eg. 5 cents on \$10.00) general sales tax on taxable sales of goods and services as currently applied within the City for a term of up to 25 years from the date of first collection thereof with 80% of revenue dedicated to funding the City's Road Pavement Management Program, for purposes including paving gravel roads and reconstructing or overlaying existing paved streets, and 20% of revenue dedicated to funding the construction of improvement at Williams Park up to \$2,500,000, after which 100% of revenue will be dedicated to funding the Road Pavement Management Program?

A "yes" vote means you favor the city of North Branch requesting authority to enact a 0.5% sales tax dedicated to fund the Road Pavement Management Program and improvements at Williams Park.

A "no" vote means you do not favor the city of North Branch requesting authority to enact a 0.5% sales tax dedicated to fund the Road Pavement Management Program and improvements at Williams Park.

Process and timeline:

- Voters weigh in at the November election
- If approval recommended, council sends the request to the Minnesota Legislature for approval
- If approved by the legislature, a minimum of 90 days is needed for the Minnesota Department of Revenue to implement the change

For more information:

- Visit the city's webpage at www.ci.north-branch.mn.us
- Attend an information session:
 - Thursday, October 18 at 11:45 am at the North Branch Senior Center
 - Wednesday, October 24 at 7:00 pm at the North Branch City Hall
 - Saturday, October 27 at 10:00 am at the North Branch Area Library

In addition, information about the local option sales tax will be presented at the October 9, 2018, North Branch Chamber meeting, 12:00 noon at the American Legion. RSVP's for the chamber lunch are required and there is a fee for the lunch.