

**ORDINANCE NO. \_\_\_\_\_, 2ND SERIES**

AN ORDINANCE OF THE CITY OF HIBBING, MINNESOTA, AMENDING HIBBING CITY CODE BY ADDING A CHAPTER \_\_\_\_\_ ENTITLED "LOCAL SALES AND USE TAX"; AND, BY ADOPTING BY REFERENCE, HIBBING CITY CODE CHAPTER 1 WHICH, AMONG OTHER THINGS, CONTAINS PENALTY PROVISIONS.

THE CITY COUNCIL OF HIBBING, MINNESOTA ORDAINS:

**Section 1.** Hibbing City Code is hereby amended by adding a Chapter \_\_\_\_\_ entitled "Local Sales and Use Tax" reading as follows:

**"CHAPTER \_\_\_\_\_  
LOCAL SALES AND USE TAX**

**SEC. 1 AUTHORITY.** Pursuant to Session Laws 2023, Chapter 64, Article 10, Section 27, the Minnesota Legislature has authorized the City of Hibbing to impose, collect, and administer a local sales and use tax to pay for designated projects in the City, including associated bonding costs to finance all or part of the designated projects. The voters of the City of Hibbing approved the imposition of the local sales and use tax at the general election on November 5, 2024.

**SEC. 2 DEFINITIONS.** For purposes of the City Code of the city (this "section"), the following words, terms, and phrases have the following meaning given them unless the language or context clearly indicates a different meaning is intended:

- 1.** "City" means the City of Hibbing, Minnesota
- 2.** "Commissioner" means the Commissioner of Revenue of the State of Minnesota or a person to whom the Commissioner of Revenue has delegated functions.
- 3.** "Designated projects" means the renovation and expansion of a public safety building in Hibbing, Minnesota.
- 4.** "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 Minn. Stat. § 297A.99 Chapters 270C, 289A, and 297A, and Minn. Rules, Chapter 8130, as amended from time to time.

### **SEC. 3 LOCAL SALES AND USE TAX IMPOSED.**

A local sales tax is imposed in the amount of one-half percent (0.5%) 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-half percent (0.5%) 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's sales and use tax laws and rules apply to the local sales and use tax imposed by this article. The local sales and use tax imposed by this article 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.

### **SEC. 4 EFFECTIVE DATE OF TAX; TRANSITIONAL SALES.**

Except as otherwise provided, herein, the local sales and use tax imposed by this section shall apply to sales and purchases made on or after January 1, 2025, and shall be in addition to all other taxes now in effect. The sales and use tax is governed by Minn. Stat. Chapter 297A regarding sales that occur during the transition.

### **SEC. 5 TAX CLEARANCE; ISSUANCE OF LICENSES.**

**Subd. 1.** Pursuant to Minn. Stat. § 270C.72, 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 City Clerk of the City that the applicant owes delinquent City taxes as provided in this article, or penalties or interest due on such taxes. 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.

**Subd. 2.** Delinquent taxes does not include a tax liability if: (a) an administrative or court action which contests the amount or validity of the liability has been filed or served, (b) the appeal period to contest the tax liability has not expired, or (c) the applicant has entered into a payment agreement and is current with the payments.

**Subd. 3.** 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.

**Subd. 4.** A copy of the notice of delinquent taxes given to the City Clerk 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. Chapter 270A for the state sales and use tax imposed under Minn. Stats., Chapter 297A, provided further that if a hearing must be held on the state sales and use tax, hearings must be combined.

**SEC. 6 DEPOSIT OF REVENUES; COSTS OF ADMINISTRATION; TERMINATION OF TAX.**

**Subd. 1.** All of the revenues, interests, and penalties derived from the local sales and use tax imposed by this article collected by the commissioner and remitted to the City shall be deposited by the director of finance 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 article and to finance the capital and administrative costs directly related to completing the Designated Projects.

**Subd. 2.** The local sales and use tax imposed by this article shall terminate at the earlier of (a) 20 years after the tax is first imposed, or (b) when the City Council determines that the amount received from the tax is sufficient to pay for the costs of the Designated Projects as required under Minn. Stat. § 297A.99 Subd. 3(a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized pursuant to **City Code 4.77** and Minn. Stat. Chapter 475, including interest on the bonds. Except as otherwise provided in Minn. Stat. § 297A.99 Subd. 3(f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minn. Stat. § 297A.99 Subd. 12, must be placed in the general fund of the City. The tax imposed by this article may expire at an earlier time if the City so determines by ordinance.

**SEC. 7. 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 article. Any such agreement shall not abrogate, alter, or otherwise conflict with the state

sales and use tax laws and rules, this article, or Session Law 2023, Chapter 64, Article 10, Section 27."

**Section 2.** Hibbing City Code Chapter 1 entitled "General Provisions and Definitions Applicable to the Entire City Code Including Penalty for Violation" is hereby adopted in its entirety, by reference, as though repeated verbatim herein.

**Section 3. Summary Approved.** The Council hereby determines that the text of the summary of this Ordinance prepared by Andy Borland, City Attorney, marked "Official Summary of Ordinance No. \_\_\_, 2nd Series", numbered Ordinance No. \_\_\_, 2nd Series, and a copy of which is attached hereto, clearly informs the public of the intent and effect of the Ordinance. The Council further determines that publication of the title and such summary will clearly inform the public of the intent and effect of the Ordinance.

**Section 4. Posting and Filing.** The Clerk shall see that a copy of this Ordinance is filed in the Clerk's office and in the Hibbing Public Library which the Council hereby designates as locations at which a copy is available for inspection by any person during regular office hours.

**Section 5. Publication.** The Clerk shall publish the title of this Ordinance and the official summary once in the official newspaper with notice that a printed copy of the Ordinance is available for inspection by any person during regular office hours at the office of the City Clerk and the Hibbing Public Library.

**Section 6. Effective Date.** This Ordinance takes effect upon its passage and the publication of its title and the official summary.

Adopted by the City Council of Hibbing, Minnesota, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, upon Motion by \_\_\_\_\_, seconded by \_\_\_\_\_.

FOR ADOPTION:

AGAINST ADOPTION:

ABSTAINING:

ABSENT:

Pete Hyduke, Mayor

ATTEST:

---

Candie Seppala, City Clerk

The foregoing ordinance reviewed and approved as to form.

---

Andy Borland, City Attorney

(Official Summary Published in the Mesabi Tribune on  
\_\_\_\_\_. Affidavit of Publication attached.)

DRAFT

City of Hibbing  
Ordinance No. \_\_\_, 2nd Series  
Drafted November 20, 2024