

PUBLISHED JULY 24, 2014

OFFICIAL PROCEEDINGS

Excerpt from the minutes of the Duluth City Council meeting held on Monday, July 21, 2014, at 7:00 p.m. in the Council Chamber, City Hall, Duluth, Minnesota.

ORDINANCE NO. 10322

AN ORDINANCE ALLOCATING ONE-HALF OF ONE PERCENT OF FOOD AND BEVERAGE TAX AND ONE-HALF OF ONE PERCENT OF HOTEL-MOTEL TAX PROCEEDS TO \$18 MILLION RECREATION AND TOURISM BOND ISSUE FOR WEST DULUTH, AMENDING SECTION 42A-44 OF THE DULUTH CITY CODE, 1959, AS AMENDED.

The city of Duluth does ordain:

Section 1. That section 42A-44 of the Duluth City Code, 1959, as amended, is hereby amended to read as follows:

Sec. 42A-44. Allocation and distribution of revenues produced by tax.

(a) All proceeds realized from the taxes imposed by this chapter, except those amounts described in subsections (b) and (c), shall be paid into the general fund and distributed as provided in this subsection. After the payment of all expenses of collection and enforcement of the taxes authorized under this chapter, and after making refunds provided for in this chapter, the remainder of the taxes levied and collected under this chapter shall be allocated and distributed in accordance with the annual budget submitted by the mayor and approved by the city council;

(b) Taxes realized as the result of "sale and purchase" as defined in paragraph (e) of the definition thereof shall be paid into the tourism tax fund, the proceeds of which will be devoted to one or more of the following recreational, cultural or civic projects:

- Spirit Mountain recreation area;
- Arena-auditorium complex;
- Duluth Convention and Visitors Bureau;
- St. Louis County Heritage and Arts Center;
- An account for civic or tourist projects.

The distribution of these proceeds shall be determined by the budget process described in subsection (a);

(c) Revenues received from one percent of the tax authorized by Section 42A-2(b) in this chapter shall be used to pay for activities conducted by the city or by other organizations which promote tourism in the city of Duluth, and to subsidize the Duluth arena-auditorium and the Spirit Mountain recreation area. Distribution of said revenues shall be approved by the city council at least once annually, and shall be made in accordance with the provisions of this subsection. Revenue received from one and one-quarter percent of the tax authorized by said Sections 42A-2(b) and 42A-49 shall be used to pay the debt service on bonds as follows:

(1) One-half of one percent of such taxes shall be used to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 34th Avenue West; and

(2) Three-quarters of one percent of such tax for bonds to be issued in the principal amount of \$40,285,000 plus issuance and discount costs for capital improvements at the Duluth Entertainment Convention Center, including a new arena.

Section 2. That this ordinance shall take effect 30 days after its passage and publication.

(Effective date: August 23, 2014)

Councilor Sipress moved passage of the ordinance and the same was adopted upon the following
vote:
Yeas: Councilors Filipovich, Fosle, Gardner, Hanson, Julsrud, Larson, Russ, Sipress and President
Krug -- 9
Nays: None -- 0

ATTEST:
JEFFREY J. COX, City Clerk

Passed July 21, 2014
Approved July 21, 2014
DON NESS, Mayor