

City of Two Harbors 2018 Sales Tax Referendum Fact Sheet



On the ballot of the November 6, 2018 General Election, the City of Two Harbors will ask the voters:

"Shall the present City sales tax be increased from half percent (0.5%) to one percent (1%) with the increased revenues to be used to pay for infrastructure improvements?"

Currently, the City has a half percent sales tax dedicated to the sewer separation, wastewater treatment, water system improvements and harbor development projects. This assists with the current annual debt service payments for upgrades to the Water Treatment Facility. The City is proposing to increase the sales tax by a half percent dedicated to assist with funding for infrastructure improvements which are included in the Capital Improvement Plan.

Why is increasing the City sales tax for the City important?

The City has embarked on a Capital Improvement Plan to address street and infrastructure needs. A map of the City's 5 year Street Improvement Plan is found on the back of this page. With the deterioration of roads and infrastructure, the City has limited funding to address these growing needs. The costs to provide these improvements impacts not only property owners, but also the City's fiscal health. While a sales tax contribution will not eliminate the need to utilize the assessment process, the estimated sales tax contributions can make projects more affordable.



What is infrastructure?

City infrastructure are City owned facilities such as streets, alleys, sidewalks, sanitary sewer lines, water mains, and storm sewers. The sales tax would be primarily used to pay for the replacement of the underground facilities such as sanitary, stormwater, and water lines.

How much is this additional tax going to generate?

If the proposed sales tax is authorized, it is projected to generate between \$275,000 to \$325,000 per year. If the proposed .5% is authorized, the total tax for the purchase in City limits would be 8.375%.



**For more information visit –
twoharborsmn.aov**

Did you know?

- The City has over 64 miles of underground sanitary sewer, water mains, and storm sewer facilities that will likely need to be replaced within the next 25 years.
- The total estimated costs to repair all of those facilities is estimated at \$61,850,000.
 - \$22,180,000 for improvements to the City's underground sanitary sewer infrastructure.
 - \$12,920,000 for improvements to the City's underground storm sewer infrastructure.
- Within our location on the shore of Lake Superior, the City incurs a significantly higher cost of infrastructure and processing to treat our waste water.
- Annual sales tax revenues have brought in an average of \$286,668 over the last five years.
- The project is supported by the Two Harbors Area Chamber of Commerce.
- Local sales tax applies to sales made or service performed within the City limits.
- If the majority of Two Harbors voters approve the referendum question, the city will need to obtain the approval of the state legislature in order to proceed.