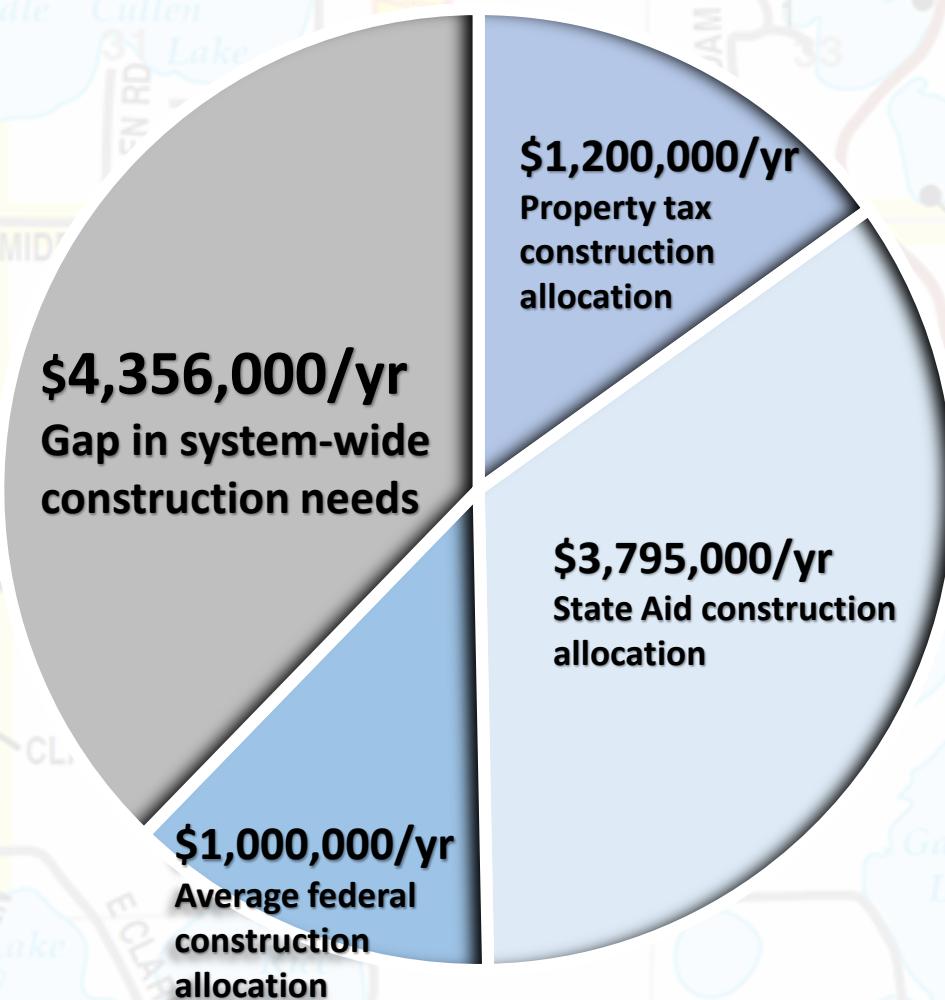


# CROW WING COUNTY SALES TAX INFORMATION SHEET



Currently, Crow Wing County is experiencing a **\$4,356,000** annual gap in transportation funding. Deterioration of the county highway system continues to outpace levels of funding received from traditional sources. This gap causes the deferment (delay) of over 150 miles of improvements each year.

## CROW WING COUNTY ROAD & BRIDGE FUNDING NEEDS



### \$10,379,000 ANNUAL NEED

Based on Crow Wing County Pavement and Bridge Management System Analysis

## COUNTY STATE AID HIGHWAYS (CSAH)

- 370 miles of CSAH roads. Designated by numbers 1 through 77
- Construction and maintenance activities funded primarily by Highway User Tax Distribution Fund (Gas Tax, License Fees, State Motor Vehicle Sales tax)
- New local sales tax can be used to fund CSAH improvements

## COUNTY ROADS (CR)

- 180 miles of CR roads. Designated by numbers 100 through 170
- Construction and maintenance activities funded exclusively by Crow Wing County property tax levy
- New local sales tax will be used to fund all CR improvements

In 2013, Minnesota legislation was enacted (Statue 297A.993) authorizing individual counties to generate revenue specifically to finance transportation improvement projects:

- A county-wide sales tax up to  $\frac{1}{2}$  percent ( $\frac{1}{2}$  cent) on most retail sales
- A wheelage tax of up to \$10 on vehicles registered in the county
- A \$20 excise tax on retail sales of motor vehicles within the county

## CROW WING COUNTY TRANSPORTATION FUNDING OPTION COMPARISONS

### COUNTY-WIDE SALES TAX REVENUE OPTIONS:

- Paid by residents, guests and commuters
- $\frac{1}{2}$  Cent Sales Tax: \$4,180,000
- $\frac{1}{4}$  Cent Sales Tax: \$2,090,000

### COUNTY WHEELAGE TAX REVENUE OPTION:

- Paid primarily by county residents
- Wheelage Tax: \$700,000
- \* Not advanced by Crow Wing County

### \$20 MOTOR VEHICLE EXCISE TAX REVENUE OPTION

- Paid primarily by county residents and neighbors
- Excise Tax: \$100,000
- \* Not advanced by Crow Wing County
- \* Already collected by Brainerd and Baxter

### PROPERTY TAX LEVY INCREASE REVENUE OPTION:

- Paid exclusively by county residents
- 12% overall levy increase = \$4,180,000
- 122% road and bridge levy increase

## IMMEDIATE RESULTS OF A $\frac{1}{2}$ CENT LOCAL SALES TAX

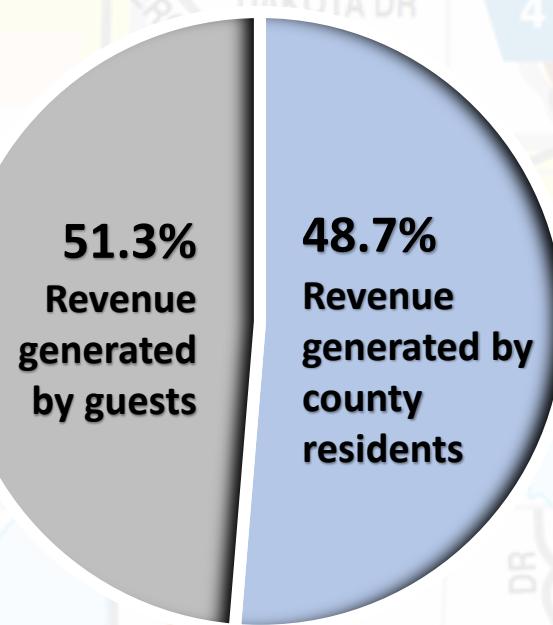
### ADVANCEMENT OF CONSTRUCTION AND MAINTENANCE

- Five to seven projects already identified in the 5 Year Highway Improvement Plan can be advanced by one year
- Maintenance activities on existing roads can increase significantly to help recover from years of inadequate funding

# CROW WING COUNTY SALES TAX INFORMATION SHEET



## ACCORDING TO THE UNIVERSITY OF MINNESOTA STUDY OF A CROW WING COUNTY ½ CENT SALES TAX:

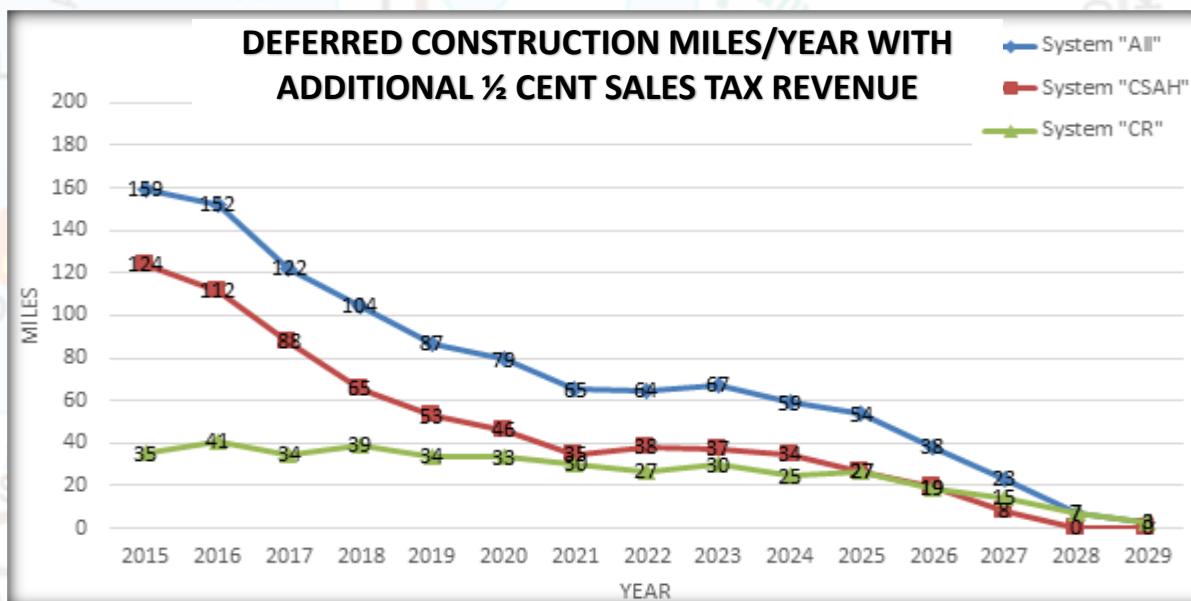
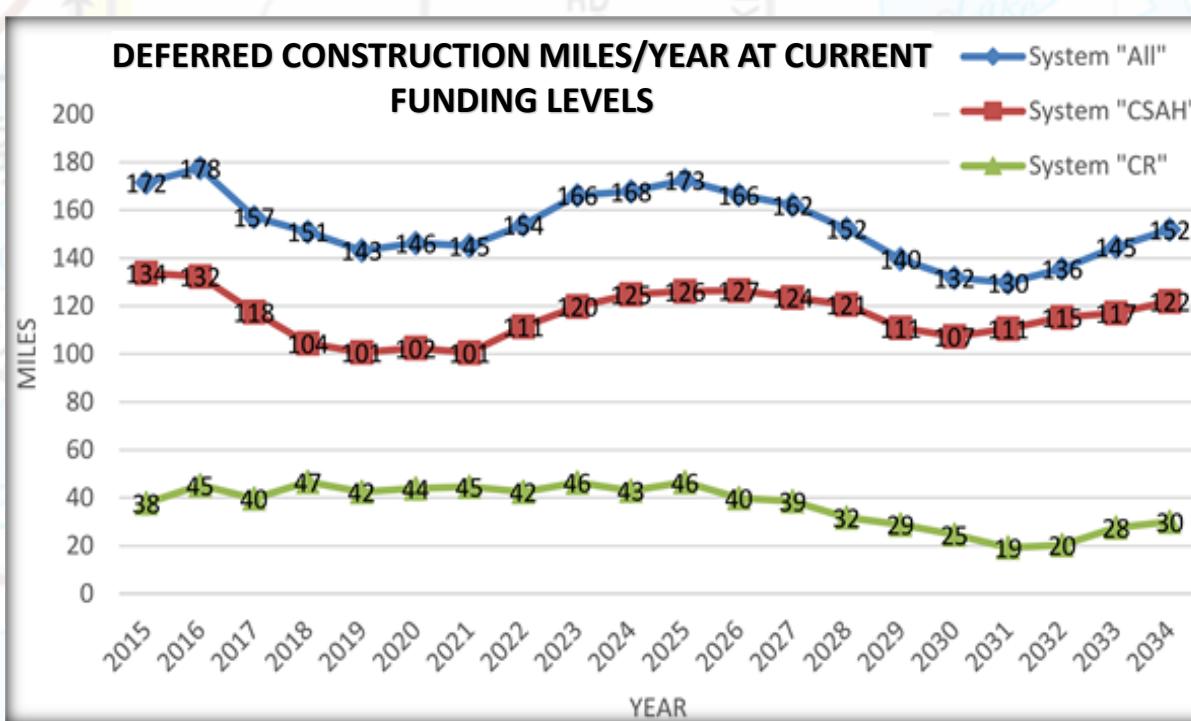


<http://mn-crowwingcounty2.civicplus.com/DocumentCenter/View/10682>

### \$4,180,000 ANNUAL REVENUE PROJECTION

Subject to area economic conditions

## LONG TERM RESULTS CAN BE ACHIEVED WITH ADEQUATE FUNDING FOR TRANSPORTATION



## COUNTY-WIDE SALES TAX FREQUENTLY ASKED QUESTIONS (FAQ)

### Q: HOW WILL THIS NEW TAX IMPACT HOUSEHOLDS?

A: It is estimated that an average Crow Wing County household will pay \$75.00 per year in new sales tax.

### Q: WHAT PURCHASES ARE SUBJECT TO NEW SALES TAX?

A: The county-wide sales tax will be applied to most purchases currently requiring collection of state sales tax. The primary exception is purchases of motor vehicles registered for road use. This includes, cars, trucks, motorcycles and trailers where a portion of the state sales tax is already dedicated for transportation use. Leased and rental vehicles, boats and ATVs are subject to the local sales tax; boat trailers are not.

### Q: HOW LONG WILL LOCAL SALES TAX BE COLLECTED?

A: The proposed duration of the local sales tax is 10 years.

### Q: HOW MUCH OF THE REVENUE WILL ACTUALLY BE SPENT ON ROAD IMPROVEMENTS?

A: Over 90% of the sales tax revenue will be spent on actual maintenance and construction of the highway system. The remaining portion will fund administrative costs and engineering services.

### Q: WILL THERE BE A COUNTY PROPERTY TAX LEVY OFFSET?

A: The County Board is considering a reduction of the overall property tax levy by as much as \$1,200,000. This is being considered in order to offset a portion of the additional sales tax paid by Crow Wing County residents.

### Q: WHICH ROADS AND BRIDGES WILL RECEIVE FUNDING?

A: Minnesota State Statute 297A.993 requires a specific list of improvements to be identified prior to implementing a local sales tax. This list will be presented at the public hearing and become part of the official record once approved. Timing of roadway improvements contained on the list will be determined annually by the Transportation Advisory Committee and approved by the County Board.

### Q: CAN THESE FUNDS LATER BE DIVERTED FOR OTHER USES?

A: No. Minnesota State Statute 297A.993 requires local sales tax to be spent on transportation improvements only. All sales tax revenue will be spent on Crow Wing County projects.

### Q: HOW CAN I GET INVOLVED?

A: You are invited to attend the public hearing at 10:00 AM Tuesday, November 24, 2015 in the Crow Wing County Board Room. You may also contact your County Commissioner to express your opinion. The County Board is scheduled to vote on this proposal December 15, 2015.