

**ORDINANCE NO. 21 4th SERIES**

(As amended correcting a typographical error and adding language suggested by the State of Minnesota Department of Revenue)

**AN ORDINANCE OF THE CITY OF EAST GRAND FORKS, MINNESOTA, AMENDING CITY CODE CHAPTER 33 ENTITLED "FINANCE AND TAXATION" BY REMOVING SECTION 33.11 EFFECTIVE DATE, TRANSACTIONAL SALES AND ADDING "NEW" SECTION 33.11 HANDING TRANSACTIONAL SALES TO INCLUDE AND CORRECTING A TYPOGRAPHICAL ERROR REGARDING EFFECTIVE DATE.**

**WHEREAS**, the City of East Grand Forks adopted an ordinance amending City Code Chapter 33 entitled "Finance and Taxation" by Adding Sections 33.03 to 33.14 regarding a Sales and Use tax authorized by the Minnesota Legislature by Law of Minnesota 2017 First Special Sessions, Chapter 1, Section 18. City of East Grand Forks;

**WHEREAS**, the City Clerk Megan Nelson was contacted on August 10, 2017 by Penny Demko of the Minnesota Department of Revenue informing the City that our ordinance had an incorrect date and with corrected language to be used for transitional sales;

**WHEREAS**, it is the desire of the East Grand Forks City Council to follow the suggestions of the Minnesota Department of Revenue;

**WHEREAS**, the following language that is underlined shall be replaced with the language that is in **BOLD**.

THE CITY OF EAST GRAND FORKS ORDAINS:

Section 1. That Section 33.11 EFFECTIVE DATE, TRANSITIONAL SALES which reads as follows shall be replaced.

(A) Except as otherwise provided herein, the sales and use tax authorized by this subchapter shall apply to sales made on or after January 1, 2018 and shall be in addition to all other taxes now in effect.

(B) The sales and use tax shall not apply to the following:

(1) The gross receipts from the purchase or lease of tangible personal property made under an enforceable contract entered into before January 1, 2018, provided that delivery or possession of items is taken on or before December 31, 2017.

(2) Payments made prior to December 31, 2017, for contracts to provide taxable services, provided that such contracts were enforceable prior to January 1, 2018, however the sales and use tax shall apply to payments made pursuant to such contracts to provide services on or after January 1, 2018.

(3) The gross receipts from the purchase of construction materials used to complete a lump sum or fixed price construction contract that was signed and enforceable before January 1, 2018, and that does not provide for an allocation of future taxes, provided that the construction materials are used exclusively in performing the contract and the materials are delivered before December 31, 2017.

(4) The gross receipts from the purchase of utility services if the utility bill includes charges for services furnished before January 1, 2018, however, the sales and use tax shall apply to all utility bills for services provided after January 1, 2018.

Section 2. That Section 33.11 shall be replaced with the following:

### **33.11 EFFECTIVE DATE, TRANSITIONAL SALES**

**East Grand Forks sales and use tax applies to sales on or after January 1, 2018, but the tax does not apply to the following:**

**(A). Lease payments for tangible personal property and motor vehicles that include periods before January 1, 2018. (The tax does apply to payments for periods that begin on or after that date.)**

**(B). The purchase of tangible personal property ordered before January 1, 2018, if the transfer of title or possession is prior to that date.**

**(C). The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after January 1, 2018, (But the tax does apply if the billing period begins with services furnished on or after that date.)**

**(D). The purchase of admission tickets if they are paid for before January 1, 2018, even if the event occurs after that date.**

**(E). The purchase of construction materials used to complete a lump sum or fixed price construction contract that was signed and enforceable before January 1, 2018, but only if all the following are true:**

- 1. The contract does not provide for an allocation of future taxes.**
- 2. The materials are used exclusively in performing the contract.**
- 3. The materials are delivered before June 1, 2018.**

Section 3. The remainder of the ordinance in sections 33.03 to 33.14 continues to remain in effect.

Section 4. This ordinance shall take effect and be in force from and after its passage and publication and be given the Number 21, 4th Series.

*Voting Aye: Tweten, Olstad, Grassel, DeMers, Vetter, Pokrzywinski, and Riopelle.*

*Voting Nay: None.*

*Absent: None.*

The President declared the Ordinance passed.

ATTEST:

PASSED: September 5, 2017

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City Administrator/Clerk-Treasurer

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President of Council

I hereby approve the foregoing Ordinance this 5<sup>th</sup> day of September, 2017.

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Mayor