



**TO:** Mayor Shaun Sipma  
Members of the City Council

**FROM:** Alderman Paul Pitner

**DATE:** September 24, 2018

**SUBJECT: REALLOCATION OF THE FIRST PENNY SALES TAX**

**I. RECOMMENDED ACTION**

A. The City Council approve, on first reading, the proposed amendment to the first penny sales tax ordinance.

**II. DEPARTMENT CONTACT PERSONS**

Alderman Paul Pitner – (701) 857-4750 / (701) 500-3500

**III. DESCRIPTION**

Section 28½-108(3) of the City of Minot Code of Ordinances currently states:

(3) Fifteen (15) percent shall be expended either (1) on permanent flood control projects; (2) for creation of jobs through retaining and expanding commercial, industrial, agricultural, recreational and educational activities in the Minot area with said expenditures to be governed by the applicable criteria imposed by the MAGIC Fund Committee and Minot City Council; or (3) on or for a combination of permanent flood control projects and creation of jobs through retaining and expanding commercials, industrial, agricultural, recreational and educational activities in the Minot area with said expenditures to be governed by the applicable criteria imposed by the MAGIC Fund Committee and Minot City Council;

In an effort to allow the Minot City Council to use all or a portion of the fifteen percent of the first penny on City of Minot economic development activities and initiatives, I propose amending section 28½-108(3), as follows:

(3) Fifteen (15) percent shall be expended either (1) on permanent flood control projects; (2) for creation of jobs through retaining and expanding commercial, industrial, agricultural, recreational and educational activities in the Minot area with said expenditures to be governed by the applicable criteria imposed by the MAGIC Fund Committee and Minot City Council; **(3) for City of Minot economic development activities to be approved by the Minot City Council; or (4) for any combination of (1), (2), and/or (3);**

**IV. IMPACT:**

This proposed amendment to section 28½-108(3) will allow the Minot City Council additional flexibility in the allocation of fifteen percent of the first penny. The amendment would maintain the current ability to allocate that fifteen percent portion of the first penny to permanent flood control and/or MAGIC Fund functions and activities, but would also add the ability of the Minot City

Council to allocate some or all of the fifteen percent to other economic development activities or initiatives approved by the Minot City Council.

The City of Minot will be able to take a more active role in economic development by addressing key findings outlined in the IEDC report.

**V. ALTERNATIVES**

The Minot City Council could reject the proposed amendment or consider alternative amendments.

**VI. TIME CONSTRAINTS**

The discussion and consideration of this proposed amendment may impact the Minot City Council's action on the second reading of the budget, but the actual implementation of the proposed amendment would not be until January 1, 2019.

**VII. LIST OF ATTACHMENTS**

*Executive Summary of IEDC Technical Assistance Reports on Economic Development Strategies*