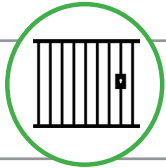


Frequently Asked Questions



Local Option Sales Tax Proposed to Support Beltrami County Jail Project

County leaders encourage all residents to learn more about the proposed options to pay for the Beltrami County Jail project. Below are some common questions about the Jail Project, its costs, and potential sources of funding.



Why does the County need a new jail?

The Beltrami County Jail was constructed in 1989 and has undergone numerous upgrades and expansions over the years. Currently, the design, age and size of the jail is inadequate and poses many challenges in the safe and efficient operation of the facility. Increases in population and Minnesota Department of Correction's (DOC) regulatory changes have also contributed to the need for a new facility.

Minnesota Department of Corrections regulatory changes including a new classification system for inmates as well as modifications to staffing ratios have also reduced the County's jail bed capacity by nearly 80 beds over the past 7 years. This has required the County to house inmates at other facilities at exceptional cost. In fact, the increased annual expenditures of housing inmates out of County and transporting them has added over a million dollars to the budget alone in 2023 – requiring an increase in the property tax levy by nearly 4% over last year.



How will the County pay for a new jail?

The County is vigorously pursuing many funding options to finance construction of a new jail including:

1. State appropriation for all or part of the \$80 million cost
2. State bonding for the project
3. Requesting financial assistance from the Federal Government
4. Approval to ask county voters to approve a new 0.625% dedicated local sales tax
5. As a last resort, an increase in property taxes



What's the difference between a sales tax and a property tax?

Property Tax is an annual tax, which is based on the current value of the property of local homeowners and businesses. Only those who own or rent property within the County pay property taxes. 100% of the funding for the new jail would come from residents under this financing option.

Sales Tax is a one-time, transactional tax, which is collected at the point of sale when people are purchasing certain goods within Beltrami County. This tax is collected from both residents and non-residents/visitors to Beltrami County.

50% of the funding for the new jail would come from non-residents under the sales tax financing option, reducing the financial burden on residents.

About 40% of inmates housed at the jail are non-residents.



How do we know that 50% of the funding of the new jail would come from non-residents in a sales tax?

The University of Minnesota Extension Service provided a research-based analysis to community leaders on the impact of implementing a sales tax increase. This study used retail trade data – considering taxable sales and potential sales – to estimate the tax revenue from residents and non-residents. Their findings state that at least 50% of all taxable sales would be made by non-residents.

You can find the Report here: <https://www.co.beltrami.mn.us/Departments/Law%20enforcement/Resources/Jail%20Project/UofM%20LOST%20study.pdf>

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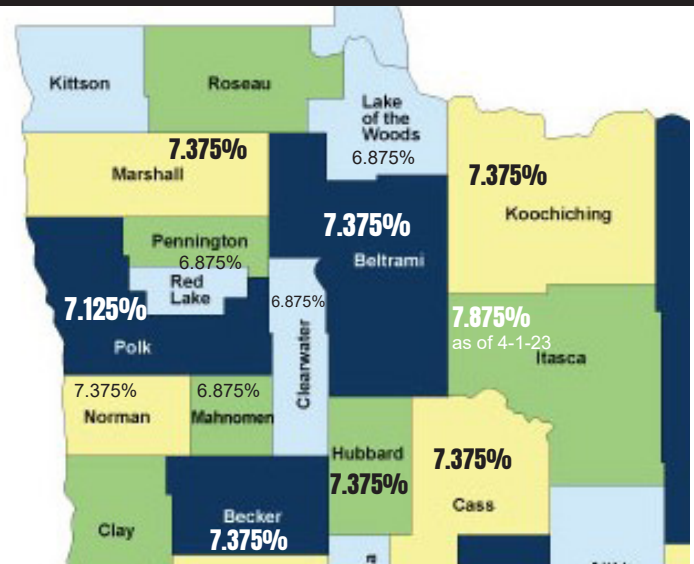


Local Option Sales Tax Proposed to Support Beltrami County Jail Project



What are other sales tax rates for nearby counties?

Several surrounding Counties have implemented sales tax increases over the years - see map at right for current rates.



What impact would a sales tax to fund the new jail have on me?

A sales tax is only applied at the time of purchase. Additionally, the sales tax would be limited in scope and does not apply to all things. There is currently no sales tax charged in Minnesota on many items. (see <https://www.revenue.state.mn.us/guide/nontaxable-sales>). Therefore, these items would not be impacted by an increase in the local sales tax. **In Minnesota clothing, groceries, automobiles, and general services/labor costs are NOT taxed.**

Because these items are staples for most households, a sales tax tends to have less of an impact on low to moderate income households.

The County has estimated that the 0.625% sales tax needed to finance the new jail would add an additional 50 cents to every \$80 of eligible sales tax purchases.



What is the impact from a property tax increase to fund a jail?

This is the County's least-favored option to finance the new jail.

Financing the new jail facility with property taxes will cause the property tax levy to increase by as much as 21%. The levy would need to remain at that level until all bond payments were satisfied which is estimated to be about 30 years.

Financing the jail project with property taxes will place the full financial burden on local property owners, despite the fact that about 40% of those housed in the jail are non-residents of the County.



What feedback have you received from citizens on the LOST?

In a survey conducted by Beltrami County in late 2022, we asked residents, "How likely would you support a LOST to fund a jail project which would reduce the criminal justice system property tax burden".

64.7% of the 408 respondents replied Very Likely or Likely in support of a LOST

Survey results can be found here: <https://www.co.beltrami.mn.us/Departments/Law%20enforcement/Resources/Jail%20Project/Final%20Survey%20Results.pdf>