

**SALES TAX
Hopkins Food and Beverage Tax**

April 2, 2001

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 2152 (Folliard) / S.F. 2001 (S. Kelley)

Revenue Gain or (Loss)			
<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
	(000's)		

General Fund No Impact No Impact

Effective the day after the Hopkins city clerk files with the Secretary of State the documents required under Minnesota Statutes, section 645.021, subdivision 3, regarding local approval of special laws.

EXPLANATION OF THE BILL

Current Law: Minnesota Statutes, section 477A.016, prohibits local units of government from imposing a new or increasing a present tax on sales or income.

Proposed Law: The bill authorizes the city of Hopkins to impose a selective sales tax of up to 1 percent on all food and beverages, including liquor, sold at restaurants, bars, or other places of refreshment within the city. Unless otherwise agreed to by the city and the commissioner of revenue, the tax would be state administered and subject to the provisions of Minnesota Statutes, section 297A.99, subdivision 9. City voters must approve the proposed tax at a general or special election.

The revenue would be used to fund public arts purposes, including but not limited to public art facilities, community or public arts projects, or purchase or acquisition of art for public purposes. The tax would expire in five years.

REVENUE ANALYSIS DETAIL

This bill would have no impact on the general fund or any other state fund.

Number of Taxpayers Affected: Estimated at approximately 45.

ADMINISTRATIVE/OPERATIONAL IMPACT

The administrative and operational costs for DOR (if we are the administrator) will be deducted from the receipts prior to remittance of the tax to the city.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>