

**SALES AND USE TAX  
Beaver Bay City Sales and Use Tax**

April 2, 2001

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

Department of Revenue  
Analysis of S.F. 591 (Doug Johnson) / H.F. 689 (Bakk)

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

General Fund No Impact No Impact

Effective the day after the Beaver Bay 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 Beaver Bay to impose a general sales and use tax of up to 1 percent. The tax would be state administered and subject to the provisions of Minnesota Statutes, section 297A.99. City voters must approve the proposed tax at the next general election.

The revenue must be used to pay the bonded debt on the city community building and to fund recreational facilities, the upgrading of the water and sewer system, a fire hall and equipment, and street improvement. The tax would expire when the city council determines that sufficient funds have been received to pay the costs of the specified projects.

**REVENUE ANALYSIS DETAIL**

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

**Number of Taxpayers Affected:** Not presently known, but believed to be fewer than 20 business establishments.

**ADMINISTRATIVE/OPERATIONAL IMPACT**

If DOR collects and remits the local sales tax imposed in this legislation, the administrative costs would be deducted from the receipts prior to remitting the revenue collected back to the city. This procedure is already in place for 10 other local city sales taxes and one county local sales tax.

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