

**Aggregate Material Tax  
Extension to All Counties and Increased  
Tax Rate**

March 7, 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. 999 (Ring) / H.F. 1077 (Rukavina)

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective for aggregate material sold, imported, transported, or used from a stockpile after June 30, 2001.

**EXPLANATION OF THE BILL**

**Current Law:** Eligible counties may impose a tax on importers or operators removing aggregate material from sites in the county or importing aggregate material from sites outside the county where an aggregate materials tax is not imposed. The tax rate is 10 cents per cubic yard or 7 cents per ton. Currently, 28 counties have been authorized to impose the tax, and the tax is imposed in 23 counties plus three townships in St. Louis County. Revenue collected must be allocated to the county road and bridge fund (60%), city or township road and bridge fund (30%), and to a special fund for restoration of abandoned pits or deposits (10%).

**Proposed Law:** Any county whose county board has voted after a public hearing to impose the aggregate materials tax may do so. The county must register with the Commissioner of Revenue to impose the tax. The tax rate is changed to 15 cents per ton.

**REVENUE ANALYSIS DETAIL**

- Although the increased tax rate will yield greater local revenues for road and bridge purposes, and the extension of the tax to other counties may increase its use, the additional revenue is unlikely to change ad valorem property tax levies or state general fund costs.

**Number of Taxpayers Affected:** Operators and importers of aggregate materials will have increased taxes both in counties now imposing the tax, and in other counties who may take advantage of the extension of the tax. The total number of operators or importers affected is unknown.

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**ADMINISTRATIVE/OPERATIONAL IMPACT**

There will be no significant administrative or operational costs or savings to DOR in administration of this bill. There may be an administrative impact on county governments.

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

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