

MINNESOTA • REVENUE

SALES TAX

Rochester Lodging Tax

March 1, 2002

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

Department of Revenue

Analysis of S.F. 3338 (Kiscaden) / H.F. 3591 (Bishop)

Revenue Gain or (Loss)

<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>
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(000's)

General Fund

No impact

No impact

Effective July 1, 2002.

EXPLANATION OF THE BILL

Current Law: Minnesota Statutes, §477A.016, prohibits local units of government from imposing a new or increasing a present tax on sales or income. Notwithstanding this prohibition, in 1971 the city of Rochester was authorized to impose a lodging tax of 3%.

Proposed Law: The bill authorizes the city to impose an additional lodging tax of 2%. The revenue must be used to fund a local convention and tourism bureau.

REVENUE ANALYSIS DETAIL

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

ADMINISTRATIVE/OPERATIONAL IMPACT

The bill does not specify whether the city or the state would administer this tax. The Department of Revenue currently administers the 3% Rochester lodging tax. The cost of administering local sales taxes is deducted from the proceeds.

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

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