

# MINNESOTA • REVENUE

## SALES AND USE TAX City of Medford

March 1, 2002

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

Department of Revenue  
Analysis of S.F. 3387 (Day ) / H.F. 3627 (Sviggum)

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>
	(000's)			
General Fund	No impact			No impact

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

### 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.

**Proposed Law:** The bill authorizes the Medford city council to impose a sales and use tax of one-half of one percent (0.5%). The proceeds must be used to pay the bonded debt for constructing and improving wastewater treatment facilities. A referendum must be held on the proposed tax at the next general election. The taxes would expire the earlier of 20 years or when sufficient revenue has been raised to retire the bonds.

### REVENUE ANALYSIS DETAIL

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

### ADMINISTRATIVE/OPERATIONAL IMPACT

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

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

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