SALES AND USE TAX
City of Bemidji

March 7, 2003

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

Department of Revenue
Analysis of H.F. 150 (Fuller) / S.F. 168 (Ruud)

	Revenue Gain or (Loss)			
	F.Y. 2004	**F.Y. 2005**	**F.Y. 2006**	**F.Y. 2007**
		(000's)		
General Fund	$0	$0	$0	$0

Effective the day after the Bemidji 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 city of Bemidji to impose a general sales and use tax of 0.5 percent. The sales and use tax would be state administered and subject to the provisions of Minnesota Statutes, §297A.99. The revenue would be used to back municipal bonds, not to exceed $9,826,000, sold to finance the acquisition, construction, improvement, or development of parks and trails within the city.

The city must hold a referendum before the sales and use tax can be imposed. If imposed, the taxes would expire when sufficient revenue has been raised to repay or retire at maturity the principal, interest, and premium due on any bonds issued for the park and trail improvements. The tax may expire at an earlier time if the city so determines by ordinance.

REVENUE ANALYSIS DETAIL

- Enactment of this bill would have no impact on the general fund or any other state fund.

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