

MINNESOTA • REVENUE

SALES AND USE TAX Fractional Dedication for Game and Fish Habitat and Public Access

May 10, 2004

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

Department of Revenue

Analysis of H.F. 1166 (Hackbarth), Delete Everything AMENDMENT

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
		(000's)		
Heritage Enhancement Fund	\$0	\$0	\$0	\$0
General Fund	\$0	\$0	\$0	\$0

Effective for sales and uses after May 31, 2007, upon approval of a constitutional amendment at the 2004 general election

EXPLANATION OF THE BILL

Current Law: Sales and use tax revenue is currently deposited in the state general fund.

Proposed Law: The bill proposes a constitutional amendment to dedicate one-eighth of one percent (0.125%) of state sales and use tax receipts to a newly-created Heritage Enhancement Fund. The proposed constitutional amendment would be voted on at the 2004 general election. If the amendment is approved, the dedication begins on July 1, 2007.

Money from the tax dedication would be appropriated by law and could not be used as a substitute for traditional funding sources for the specified purposes. The bill also provides for an 11-member council to develop a biennial budget for expenditures from the heritage enhancement fund.

REVENUE ANALYSIS DETAIL

- Because the dedication would take effect in FY 2008, there is no revenue impact for the four fiscal years being forecast at this time.
- An unofficial estimate for FY 2008 suggests that the heritage enhancement fund could gain approximately \$87.5 million, with a corresponding loss to the general fund of the same amount. This number is offered for the purpose of illustration only.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy