

MINNESOTA • REVENUE

SALES AND USE TAX City of Waite Park

February 17, 2004

Department of Revenue
Analysis of S.F. 1925 (Kleis) / H.F. 2074 (Knoblach)

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

	<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>
General Fund	\$0	\$0	\$0	\$0

(000's)

Effective the day following final enactment and after the city of Waite Park files the required documents regarding local approval of special laws with the Secretary of State.

EXPLANATION OF THE BILL

Current Law: Local units of government are prohibited from imposing a new tax, or increasing an existing tax, on sales or income.

Proposed Law: The bill authorizes the city of Waite Park to impose a general sales and use tax of 0.5% as approved by the city voters in November 2003. The proposal seeks to conform to portions of a local sales tax for the St. Cloud area that was previously enacted by the legislature in the 2002 session. The original enactment was for six St. Cloud area cities (St. Cloud, St. Augusta, Sartell, Sauk Rapids, Waite Park, and St. Joseph) but imposed by only four cities – St. Cloud, St. Augusta, Sartell, and Sauk Rapids.

Revenues from the local tax imposed by the original enacted language are being used for the St. Cloud Regional Airport. There are provisions for any surplus funds. This separate proposal for Waite Park seeks to provide revenues for the same project but limits the amount contributed by the city to \$25,000 per quarter. Any balance would revert to the city of Waite Park for any of the other authorized uses.

The 2002 law directed that the tax be imposed from January 1, 2003, to December 31, 2005. The proposed tax for Waite Park would be imposed from July 1, 2004, to December 31, 2005.

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/taxes/legal_policy