

MINNESOTA • REVENUE

ROCHESTER SALES AND USE TAX Disposition Change, Bonding Increase

February 17, 2004

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

Department of Revenue
Analysis of S.F. 2049 (Kiscaden)

	<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)		
General Fund	\$0	\$0	\$0	\$0

Effective August 1, 2004

EXPLANATION OF THE BILL

Current Law: Laws of Minnesota for 1998, chapter 389, article 8, section 43, authorized the city of Rochester to impose a city sales and use tax of 0.5%. The tax is used to fund transportation, civic center, water and sewer, and recreational projects. The city tax is administered under the provisions of M.S. 297A.99, meaning that it must conform to the state sales tax base and be subject to the same administrative and enforcement provisions as the state tax.

Proposed Law: The bill amends the 1998 special law by changing how the proceeds can be used. Besides funding a regional recreation and sports center, the bill allows city sales tax revenue to be used for other higher education facilities for community and student use. Such other facilities need not be located at or adjacent to the Rochester Center. The bill also increases the total capital expenditure or bond limit for all the projects from \$71.5 million to \$111.5 million. The total capital expenditure or bond limit for recreation and other facilities for community and student use is raised from \$20 million to \$28 million. The bill also increases the city's bonding authority for these projects to \$111.5 million.

REVENUE ANALYSIS DETAIL

Enactment of this bill will not affect 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