

MINNESOTA • REVENUE

SALES AND USE TAX Duluth Food and Beverage Tax Duluth Hotel and Motel Tax

April 14, 2003

Department of Revenue
Analysis of S.F. 528 (Solon) / H.F. 599 (Huntley)

	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>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective the day after the chief clerical officer of the city of Duluth 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 generally prohibited from imposing a new (or increasing an existing) tax on sales or income.

Proposed Law: The bill authorizes the city of Duluth to expand the use of two existing local taxes: 1) the Duluth 1.5% additional tax on food and beverages and 2) the Duluth 1.5% additional tax on hotels and motels. A portion of these two taxes (0.5%) was previously authorized for payment of debt service on specified bonds for the Duluth Entertainment and Convention Center (\$8,000,000).

The use of the 0.5% portion of these two taxes is proposed to be expanded to include payment for debt service on specified bond amounts that were issued for capital improvements to the Great Lakes Aquarium (\$4,970,000).

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>