

MINNESOTA • REVENUE

SALES TAX

Itasca County Lodging Tax

April 11, 2003

Department of Revenue
Analysis of S.F. 559 (Saxhaug) / H.F. 972 (Solberg)

	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 after the chief clerical officer of Itasca County 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. Minnesota Statutes, Section 469.190, allows a city or town to impose a lodging tax of up to 3%, with 95% of the proceeds used to fund a local convention or tourism bureau. In the case of unorganized territory, the tax may be imposed by the county board acting as a town board.

Proposed Law: Towns in Itasca County would be prohibited from imposing the lodging tax under M.S. 469.190. Instead, Itasca County would be authorized to impose the lodging tax in all towns and unorganized territory within the county. Any existing lodging tax imposed by a town in Itasca County would expire the day that the county tax took effect. If the county board implements the tax, it must determine by resolution that the imposition of the tax is in the interest of the county. The tax would be subject to the relevant provisions of M.S. 469.190.

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>