

MINNESOTA • REVENUE

SALES AND USE TAX Additional Proctor City Sales Tax

April 11, 2003

Department of Revenue
Analysis of S.F. 573 (Bakk) / H.F. 665 (Murphy)

	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 city clerk of Proctor files the required documents regarding local approval of special laws.

EXPLANATION OF THE BILL

Current Law: Local units of government are prohibited from imposing a new (or increasing an existing) tax on sales or income. Laws 1999, Chapter 243, Article 4, Section 18, authorized the city of Proctor to impose a sales tax of up to 0.5% to fund specified city projects.

Proposed Law: The bill amends the 1999 special law to authorize the city of Proctor to impose an additional sales and use tax of up to 0.5%. The tax would be subject to voter approval at a general or special election and would be administered by the state. The proceeds must be used for construction and improvements of city streets, public utilities, sidewalks, bikeways, and trails. The principal of the bonds to fund these projects cannot exceed \$7.2 million plus related costs.

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>