

MINNESOTA • REVENUE

SALES AND USE TAX City of Park Rapids

April 11, 2003

Department of Revenue
Analysis of S.F. 742 (Skoe)/ H.F. 1390 (Lindgren)

	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 Park Rapids city clerk 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 (or increasing an existing) tax on sales or income.

Proposed Law: The bill authorizes the city of Park Rapids to impose a general sales and use tax of 1%. The sales and use tax would be state administered and subject to the provisions of Minnesota Statutes. The revenue would be used to back municipal bonds sold to finance specified improvements to city facilities and infrastructure.

The city must hold a referendum before the sales and use tax can be imposed. If imposed, the city is authorized to issue general obligation bonds for the specified projects. The bonds would not be subject to the city's debt limitations. The sales and use tax would expire July 1, 2023, or earlier by ordinance. Excess funds may be placed in the city general fund.

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>