

# MINNESOTA • REVENUE

## SALES AND USE TAX City of Clearwater

April 11, 2003

Department of Revenue  
Analysis of S.F. 774 (Ourada)/ H.F. 1362 (Anderson, B.)

	Yes	No
Separate Official Fiscal Note Requested		
<b>Fiscal Impact</b>		
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 city clerk of Clearwater 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 Clearwater to impose a general sales and use tax of 0.5%. 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 (not to exceed \$3 million) 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 tax would expire when the Clearwater city council determines that sufficient revenues have been received to repay the bonds and associated costs. Any excess funds may be placed in the city general fund. The tax can expire earlier by ordinance.

### 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>