

MINNESOTA • REVENUE

SALES TAX City of Hopkins Food and Beverage Tax

April 11, 2003

Department of Revenue
Analysis of S.F. 852 (Kelley) / H.F. 908 (Rhodes)

	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 city clerk of Hopkins 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 Hopkins to impose a selective sales tax of up to 1% on all food and beverages, including on-sale intoxicating beverages and fermented malt beverages, sold at licensed on-sale liquor establishments, restaurants, or other places of refreshment within the city. The tax would be state administered and subject to the provisions of Minnesota Statutes. The city must hold a referendum before the tax can be imposed.

The revenue would be used to fund public arts purposes, including but not limited to public art facilities, community or public arts projects, or purchase or acquisition of art for public purposes. If imposed, the tax would expire in five years.

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>