

# MINNESOTA • REVENUE

## SALES AND USE TAX City of Albert Lea

March 15, 2004

	Yes	No
Separate Official Fiscal Note Requested		
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		

Department of Revenue  
Analysis of H.F. 2705 (Dorman)/ S.F. 2704 (Sparks)

	<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 of Albert Lea 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 tax, or increasing an existing tax, on sales or income.

**Proposed Law:** The bill authorizes the city of Albert Lea to impose a sales and use tax of one-half of one percent (0.5%). The proceeds must be used to pay for lake improvement projects consistent with the Shell Rock River watershed plan. A referendum must be held on the proposed tax at the next general election. The taxes would expire the earlier of 10 years or when sufficient revenue - \$15,000,000 - has been received.

### 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/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)