

MINNESOTA • REVENUE

LOCAL SALES TAX Biwabik Lodging Tax

March 29, 2004

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 2861 (Tomassoni) / H.F. 3039 (Rukavina)

	<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 upon local approval.

EXPLANATION OF THE BILL

Current Law: Minnesota Statutes, Section 469.190, authorizes cities and townships to impose by ordinance a transient lodging tax of up to 3%. Ninety-five percent of the revenue must be used to fund a local convention or tourism bureau for the purpose of promoting the locality as a tourist or convention center.

Proposed Law: The bill authorizes the city of Biwabik to impose a tax on lodging of up to 3%, in addition to the tax imposed under M.S., Section 469.190 (i.e. maximum lodging tax of 6%). The proceeds of the tax would be used to fund increased costs of city police, fire, sewer, and water services. The tax would be imposed within the city limits of Biwabik and also in a specified portion of White Township.

REVENUE ANALYSIS DETAIL

- Enactment of this bill would not affect 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