

MINNESOTA • REVENUE

SALES AND USE TAX City of Mankato

March 26, 2004

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

Department of Revenue
Analysis of S.F. 2921 (Hottinger)

	<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 the day after the Mankato city clerk files with the Secretary of State the certificate required under M.S. 645.021, subd. 3, regarding local approval of special laws.

EXPLANATION OF THE BILL

Current Law: Minnesota Statutes, section 477A.016, prohibits local units of government from imposing a new tax on sales or income. Laws 1991, ch. 291, art. 8, sec. 27 authorized the city of Mankato to impose a general sales and use tax of 0.5% and an excise tax of up to \$20 per motor vehicle sold at retail. The taxes took effect on April 1, 1992.

Proposed Law: The bill amends the 1991 law regarding tax expiration periods to provide that the taxes expire 1) December 31, 2018, 2) when bonds or obligations issued to finance the Riverfront 2000 project have been paid, or 3) earlier if the Mankato city council determines by ordinance. The bill also provides that scheduled principal payments on bonds and capital expenditures payable from the local sales and excise proceeds, less investment earnings, cannot exceed \$4 million in any year for Riverfront 2000 and related facilities.

REVENUE ANALYSIS DETAIL

- Enactment of this bill will not affect any state fund.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy