

MINNESOTA • REVENUE

ST. CLOUD AREA Local General and Selective Sales Taxes

April 7, 2004

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

Department of Revenue
Analysis of S.F. 3020 (Kleis)

Revenue Gain or (Loss)

	<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

Various effective dates

EXPLANATION OF THE BILL

Current Law: The city of St. Cloud now imposes a 1% tax on restaurant food and on-sale liquor, and a 2% tax on transient lodging authorized under 1986 legislation. A 1979 law authorized a St. Cloud lodging tax of 3%, so the city's cumulative present lodging tax rate is 5%. The cities of St. Cloud, St. Augusta, Sartell, and Sauk Rapids currently impose a general sales and use tax of 0.5%.

Proposed Law: The bill authorizes increasing the St. Cloud food and liquor tax rate to 2%, and the St. Cloud lodging tax to 3% (for a 6% total tax). In addition, it authorizes the cities of St. Cloud, Sartell, Sauk Rapids, St. Augusta, St. Joseph, and Waite Park to impose a general sales and use tax of 0.5% pending voter approval at the 2004 general election. These city sales taxes would be state administered and subject to the provisions of the state general sales tax. The local sales tax proceeds would be used for specified projects.

The bill also allows the city of St. Cloud to issue general obligation municipal bonds of up to \$80 million to finance the projects. The St. Cloud city sales tax expires when sufficient money has been raised to pay for the bonds. The local sales taxes in the other cities expire no later than 20 years after the date the tax is first imposed.

REVENUE ANALYSIS DETAIL

- This bill has no impact on any state fund.

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