

# MINNESOTA • REVENUE

## SALES AND USE TAX Constitutional Amendment for 0.25% Dedication for Game, Fish, and Water Resources

March 13, 2006

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of H.F. 1909 (Hackbarth), 1<sup>st</sup> Engrossment, Article 1

	<b>Fund Impact</b>			
	<b><u>F.Y. 2006</u></b>	<b><u>F.Y. 2007</u></b>	<b><u>F.Y. 2008</u></b>	<b><u>F.Y. 2009</u></b>
			(000's)	
Game and Fish Heritage Fund	\$0	\$0	\$81,820	\$92,300
Clean Water Fund	\$0	\$0	\$81,820	\$92,300
General Fund	\$0	\$0	(\$163,640)	(\$184,600)

Effective July 1, 2007, upon passage of a constitutional amendment at the 2006 general election

### EXPLANATION OF THE BILL

Sales and use tax receipts are currently deposited in the state general fund. The bill proposes a constitutional amendment to dedicate that portion of the sales tax which is equivalent to a rate of one-fourth of one percent (0.25%) on taxable sales and uses.

Fifty percent of the revenue from the dedication would be deposited in a newly-created game and fish heritage fund to provide hunter and angler access, or to improve, enhance, or protect game and fish habitat. The other 50% would be deposited in a newly-created clean water fund for protection and restoration of the state's lakes, rivers, streams, wetlands, and groundwater.

The dedicated money could not be used as a substitute for traditional funding sources but would supplement traditional funding sources for the stated purposes.

### REVENUE ANALYSIS DETAIL

- The estimate was based on the February 2006 state revenue forecast for fiscal years 2008 and 2009.
- The analysis subtracted from the sales tax forecast the 6.2% motor vehicle rental tax, the 2.5% liquor gross receipts tax, and the general fund portions of the lottery in-lieu sales tax and the solid waste management tax. Receipts from these sources are included in the sales tax forecasts.

**REVENUE ANALYSIS DETAIL (Continued)**

- The adjusted figures were used to compute the revenue from a 0.25% rate.
- The estimated amounts were assigned to the affected funds.
- The estimate for fiscal year 2007 was adjusted for the effective date of July 1, 2007, to account for 11 months of impact in the first year.

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)