

MINNESOTA • REVENUE

SALES AND USE TAX City of Park Rapids

April 1, 2005

Department of Revenue
Analysis of S.F. 693 (Skoe) / H.F. 707 (Sailer)

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

	Fund Impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
General Fund	\$0	\$0	\$0	\$0

(000's)

Effective the day after the Park Rapids city clerk files the required documents with the Secretary of State regarding local approval of special laws.

EXPLANATION OF THE BILL

Current Law: Local units of government are prohibited from imposing a new or increasing an existing tax on sales or income.

Proposed Law: The bill authorizes the city of Park Rapids to impose a general sales and use tax of 1.0% if approved by the voters at the next general election or at a special election. The sales and use tax would be state administered and subject to the provisions of Minnesota Statutes.

The revenue would be used for costs related to: 1) two-thirds of the costs for a community center, provided that one-third of the cost is from private sources, 2) capital improvement projects including water, sewer, storm sewer, street improvements, new city water tower and well, and improvements to Trunk Highway 34, and 3) park improvements. If the tax is approved, the city is authorized to issue general obligation bonds for the specified projects.

The sales and use tax would expire July 1, 2025, or earlier by ordinance. Excess funds may be placed in the city general fund.

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