MINNESOTA · REVENUE

SALES AND USE TAX
City of Willmar

April 1, 2005

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

Department of Revenue
Analysis of H.F. 36 (Juhnke)/ S.F. 867 (Johnson, D.E.)

	Fund Impact			
	F.Y. 2006	**F.Y. 2007**	**F.Y. 2008**	**F.Y. 2009**
	(000's)			
General Fund	$0	$0	$0	$0

Effective the day after the Willmar 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 Willmar to impose a general sales and use tax of 0.5%, pursuant to the approval of the voters at the general election held on November 2, 2004. The sales and use tax would be state administered and subject to the provisions of Minnesota Statutes. The revenue would be used to pay for four projects: 1) completion and expansion of the airport/industrial park, 2) hiking and biking trails, 3) connection of the Blue Line and Civic Center buildings, and 4) purchase of a portion of the Willmar Regional Treatment Center campus.

The city is authorized to issue general obligation bonds not to exceed $8 million to pay for the projects. The sales and use tax would expire seven years after imposition or when the city council determines the sufficient revenues have been received. Excess funds may be placed in the city general fund. The tax may expire at an earlier time by city ordinance.

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

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