

MINNESOTA • REVENUE

SALES AND USE TAX City of Albert Lea

April 1, 2005

Department of Revenue
Analysis of H.F. 475 (Dorman) / S.F. 860 (Sparks)

	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 Albert Lea 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 Albert Lea to impose a general sales and use tax of 0.5% if approved by the voters at the next general election or 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 to pay for lake improvement projects as detailed in the Shell Rock River Watershed Plan.

The sales and use tax would expire at the earlier of ten years after imposition or when the city council determines the revenues will meet or exceed \$15 million. 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

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