

MINNESOTA • REVENUE

SALES AND USE TAX City of Rochester Disposition and Bonding Changes

April 5, 2005

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

Department of Revenue
Analysis of H.F. 999 (Bradley)/ S.F. 1397 (Kiscaden)

	Fund Impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective the day after the Rochester 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. The city of Rochester currently has approval for a local general sales and use tax of 0.5%. The tax is used to fund transportation, civic center, water and sewer, and recreational projects.

Proposed Law: The bill authorizes the city of Rochester to expand the use and duration of their existing local sales and use tax. In addition to funding a regional recreation and sports center, the bill allows city sales tax revenue to be used for other higher education facilities available for community and student use. Such facilities need not be located at or adjacent to the Rochester Center. The bill increases the total capital expenditure or bond limit for all the projects from \$71.5 million to \$111.5 million. The total capital expenditure or bond limit for recreation and other facilities for community and student use is raised from \$20 million to \$28 million. The bill increases the city's bonding authority for these projects from \$71.5 million to \$111.5 million.

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