

# MINNESOTA • REVENUE

## SALES AND USE TAX City of Clearwater

April 1, 2005

Department of Revenue  
Analysis of S.F. 82 (Ourada) / H.F. 520 (Anderson, B.)

|   | Yes | No |
|---|-----|----|
| Separate Official Fiscal Note Requested |     | X  |
| <b>Fiscal Impact</b>                    |     |    |
| DOR Administrative Costs/Savings        |     | X  |

|              | <b>Fund Impact</b> |                  |                  |                  |
|--------------|--------------------|------------------|------------------|------------------|
|              | <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 city clerk of Clearwater files the required documents regarding local approval of special laws with the Secretary of State.

### 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 Clearwater 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. Revenues from the tax would be used for development, acquisition, construction and improvement of parks, trails, parkland, open space, and land and buildings for a regional community and recreation center. The city is authorized to issue up to \$3 million in general obligation bonds for these projects.

The tax would expire when the Clearwater city council determines that sufficient revenues have been received to repay or retire the bonds and associated costs. Any excess funds may be placed in the city general fund. The tax can expire earlier by 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](http://www.taxes.state.mn.us/taxes/legal_policy)