

MINNESOTA • REVENUE

SALES AND USE TAX Proctor Sales Tax

February 8, 2005

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

Department of Revenue
Analysis of S.F. 274 (Bakk) / H.F. 305 (Murphy)

	<u>Fund Impact</u>			
	<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 of Proctor files with the Secretary of State the required documents regarding local approval of special laws.

EXPLANATION OF THE BILL

Current Law: The city of Proctor has imposed a general sales and use tax of 0.5% since April 1, 2000. The proceeds are used to fund street improvements and construction and equipping of the Proctor community activity center.

Proposed Law: The bill authorizes Proctor to impose by ordinance an additional sales and use tax of up to 0.5%. Before imposition a referendum on the tax shall be held at a general or special election. If approved, the proceeds from the additional 0.5% tax must be used for construction and improvement of city streets, public utilities, sidewalks, bikeways, and trails. The bill also allows the city to issue bonds of up to \$7.2 million to finance the projects authorized by the additional sales and use tax.

REVENUE ANALYSIS DETAIL

This bill has no impact on state funds.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy