

MINNESOTA • REVENUE

SALES AND USE TAX City of Bemidji

April 1, 2005

Department of Revenue
Analysis of S.F. 303 (Ruud) / H.F. 531 (Moe)

	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 Bemidji 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 Bemidji to impose a general sales and use tax of 0.5%, pursuant to the approval of the voters at the general elections held on November 5, 2002. 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 the acquisition, construction, improvement, or development of parks and trails within the city as provided for in the City of Bemidji's Parks, Open Space, and Trail System Plan. The city is authorized to issue general obligation bonds of up to \$9,826,000 for these purposes.

The tax would expire when the Bemidji City Council determines that sufficient revenue has been received to repay or retire at maturity the principal, interest, and premium due on any bonds issued for the specified improvements. Any remaining 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