

# MINNESOTA • REVENUE

## SALES AND USE TAX City of Worthington

April 1, 2005

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

Department of Revenue  
Analysis of S.F. 481 (Vickerman) / H.F. 677 (Hamilton)

	<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 Worthington city clerk files with the Secretary of State the required documents for local approval of special laws.

### EXPLANATION OF THE BILL

**Current Law:** Minnesota Statutes, Section 477A.016, prohibits local units of government from imposing a new tax or increasing an existing tax on sales or income.

**Proposed Law:** The bill authorizes the city of Worthington to impose by ordinance a sales and use tax of up to 0.5% if approved by the voters at the next general election or at a special election held before January 1, 2006. The city may also impose by ordinance a tax of up to \$20 per motor vehicle sold by a retail dealer in the city. The revenues must be used to fund a multipurpose city facility that includes meeting rooms, a swimming pool, and a senior citizen center, and also to renovate Memorial Auditorium. If the sales tax is approved, the city may issue bonds of up to \$7.8 million to fund the projects. The taxes expire at the earlier of ten years or when the city council determines that enough tax revenue has been received to pay for the projects and to pay the cost of the bonds' issuance and interest. Any remaining revenue may be placed in the city's general fund. The taxes may expire earlier if the council determines so by ordinance.

### REVENUE ANALYSIS DETAIL

The bill has no impact on state funds.

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)