

MINNESOTA • REVENUE

SALES AND USE TAX City of Winona

April 1, 2005

Department of Revenue
Analysis of S.F. 602 (Kierlin) / H.F. 631 (Pelowski)

	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 Winona 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 Winona to impose a general sales and use tax of 0.5%. The city may also impose an excise tax of up to \$20 per motor vehicle sold by a retail dealer in the city. The sales and use tax would be state administered and subject to the provisions of Minnesota Statutes, including approval by voters at a general election.

Revenues from the taxes would be used to finance the capital costs of transportation, cultural, or library projects. The city may issue bonds not to exceed \$20 million to finance the projects.

The taxes would expire at the later of 15 years after imposition or when the city council determines that sufficient funds have been received to repay or retire the bonds. Excess funds may be placed in the city capital project fund. The taxes may expire at an earlier time by city 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