

# MINNESOTA • REVENUE

## SALES AND USE TAX City of Beaver Bay

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. 747 (Bakk) / H.F. 750 (Dill)

	<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 Beaver Bay 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 Beaver Bay to impose by ordinance a sales and use tax of up to 1% if approved by the voters at the next general election or a special election. The revenues must be used to pay the bonded debt on the city community building and to fund recreational facilities, upgrading the water and sewer system, upgrading and replacing fire equipment, and improvement of streets. The tax expires when revenues received to pay the cost of the projects meets or exceeds \$1.5 million. The taxes may expire at an earlier time if the city determines so by ordinance. Any remaining revenue may be placed in the city's general fund.

### 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)