

MINNESOTA • REVENUE

SALES AND USE TAX Constitutional Amendment for 0.125% Dedication for Game and Fish Preservation

MOTOR VEHICLE SALES TAX Disposition Change

April 19, 2006

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 2734 (Sams), 1st Unofficial Engrossment, **Tax Provisions Only**

	<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)	
Game and Fish Preservation Fund	\$0	\$0	\$0	\$0
General Fund	\$0	\$0	\$0	\$0

Effective July 1, 2009, upon approval of a constitutional amendment at the 2006 general election

EXPLANATION OF THE BILL

Sales and use tax receipts are currently deposited in the state general fund. The bill proposes a constitutional amendment to dedicate that portion of the sales tax which is equivalent to a rate of one-eighth of one percent (0.125%) on taxable sales and uses.

Revenue from the dedication would be deposited into a newly-created game and fish preservation fund. The money would be used for projects that provide hunter and angler access and to improve, enhance, or protect game and fish habitat.

The bill also changes the disposition of the motor vehicle sales tax. Under current law, a constitutional amendment regarding the motor vehicle sales tax will be voted on at the 2006 general election.

REVENUE ANALYSIS DETAIL

- If approved, the general sales tax constitutional amendment would take on July 1, 2009 (the first day of fiscal year 2010). Official forecasts beyond fiscal year 2009 will not be made until November 2006.

REVENUE ANALYSIS DETAIL (cont.)

- An unofficial estimate for fiscal year 2009, shown below, was based on the February 2006 state revenue forecast.
- The estimate subtracted from the fiscal year 2009 sales tax forecast the 6.2% motor vehicle rental tax, the 2.5% liquor gross receipts tax, and the general fund portions of the lottery in-lieu sales tax and the solid waste management tax. Receipts from these sources are included in the sales tax forecasts.
- The adjusted fiscal year 2009 sales tax forecast amount was converted from tax at the 6.5% rate to the proposed 0.125% rate.
- The estimate shows the impact if the proposal were in effect for 12 months of fiscal year 2009.

	<u>F.Y. 2009</u> (000s)
Game and Fish Preservation Fund	\$92,300
General Fund	(\$92,300)

- The constitutional amendment on the disposition of the motor vehicle sales tax will be on the ballot under current law. The new language does not change the general fund impact or the amount available for transportation funding.

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