

# MINNESOTA • REVENUE

## SALES AND USE TAX 0.25 Percentage-Point Rate Increase for Natural Resources and Arts

January 23, 2007

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of S.F. 137 (Anderson)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2008</u></b>	<b><u>F.Y. 2009</u></b>	<b><u>F.Y. 2010</u></b>	<b><u>F.Y. 2011</u></b>
		(000's)		
Great Outdoors, Clean Water, and Arts Fund	\$0	\$0	\$173,600	\$196,700

Effective July 1, 2009, until June 30, 2049, upon approval of a constitutional amendment at the 2008 general election

### EXPLANATION OF THE BILL

The current general sales and use tax rate is 6.5% and the revenue is deposited in the state General Fund.

The bill proposes a constitutional amendment, to be voted on at the 2008 general election, that would increase the general sales and use tax rate by one-fourth of one percentage point (0.25%) to 6.75% and dedicate the additional revenue to a newly-created Great Outdoors, Clean Water, and Arts Fund. Money in the fund would be appropriated by law and could be spent only to protect and restore lakes, rivers, streams, wetlands, and groundwater; to protect, preserve, and enhance fish and wildlife habitat, parks, trails, and natural areas; and to support arts, humanities, history, museums, and public broadcasting.

From July 1, 2009, until June 30, 2029, the amendment authorizes the Finance Department to sell and issue bonds and to place the bond proceeds in the new fund. The bill requires a minimum of \$100 million each year from the sales tax receipts and bond proceeds to be deposited in a new clean water account, and an unspecified minimum amount to be deposited in a new arts and humanities account, both within the Great Outdoors, Clean Water, and Arts Fund.

## **REVENUE ANALYSIS DETAIL**

- The estimates were based on the November 2006 state revenue forecast and Department of Revenue data.
- The forecast amounts for FY 2010 and 2011 were adjusted to exclude the 6.2% motor vehicle rental tax and the 2.5% liquor gross receipts tax, and the general fund portions of solid waste management tax and the lottery in-lieu sales tax. Revenues from these sources are included in the sales tax forecast.
- Estimated additional revenue from the rate increase was computed.
- The estimates for fiscal year 2010 were adjusted for the effective date of July 1, 2009, to account for 11 months of impact in the first year.

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)