

MINNESOTA • REVENUE

MINNEAPOLIS DOWNTOWN FOOD AND LIQUOR TAXES Exemption

March 10, 2009

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 248 (Pogemiller) / H.F. 481 (Kahn)

	Fund Impact			
	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>
		(000's)		
General Fund	\$39	\$42	\$42	Negligible

Effective for sales made after July 31, 2012

EXPLANATION OF THE BILL

Current Law: In 1986, the City of Minneapolis was authorized to impose a tax of 3% on prepared food and on-sale liquor within a newly-created downtown taxing area, as defined. The area includes downtown proper, Nicollet Island, St. Anthony Main, Riverplace, seven corners, the warehouse district, and most of Loring Park. The area does not include Dinkytown, Stadium Village, or Cedar Riverside. The Department of Revenue administers these taxes.

Proposed Law: The bill excludes from the downtown taxing area any property located in the taxing area that is zoned for residential purposes on which a restaurant or liquor establishment is operated. The exemption would begin on August 1, 2012, provided that the proceeds of the tax collected in the 37 months between July 1, 2009, and July 31, 2012, by a restaurant or liquor establishment excluded from the downtown taxing area by this bill, when remitted to the state, are deposited in the state General Fund.

REVENUE ANALYSIS DETAIL

- It is assumed that one business establishment is the intended beneficiary.
- The estimates are based on recent remittance history and the establishment's average monthly liability.

Number of Taxpayers: One known business. **Note:** The Minneapolis zoning office believes that, based on the bill's wording, other businesses could attempt to claim the exemption.

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