

Summary of House and Senate General Local Sales Tax Bills included in H.F. 2125

General Background Information: Minnesota Statutes, section 477A.016, generally prohibits local governments from imposing or increasing a tax on sales, so any new local sales tax imposed in the state or tax rate increase requires legislative authorization. Minnesota Statutes, section 297A.99, provides a number of requirements and guidelines for the administration, enforcement, and termination of local sales taxes. Major requirements under this statute include:

- a government resolution outlining a number of items needed in drafting a bill before applying for tax authority;
- voter approval at a general election prior to applying for tax authority with a specific capital project(s) to be funded from the tax revenues designated at least 90 days before the vote;
- termination of an existing tax at least one year before applying for new taxing authority; and
- the tax must be collected and administered by the state, share the same tax base, start and terminate on calendar quarters, and use nine-digit zip codes to determine rate (Streamlined Sales and Use Tax Agreements provisions).

Page in Side-by-side	House provision/ Senate provision	Government Entity	New Tax?	Approval at Gen. Election	Tax Rate	Amount to be Raised?*	Use of Revenues	Expiration /Additional Comments
General local sales taxes that are identical in both the House and Senate bill								
53	Art. 7 sec. 13/ Art. 6, sec. 14	Cloquet	No - no change	No	No change	No change	Moves money from a transportation project to projects authorized in the existing law	Does not increase or extend the tax rate or allow more money to be raised by the city before the tax expires.
54	Art. 7, sec. 17/ Art. 6, sec 18	Detroit Lakes	Yes	Yes - 2018	0.5%	\$6.7 million	New police department facility	Earlier of 10 years or when allowed revenue raised.
56	Art. 7, sec. 25/ Art. 6, sec. 26	Perham	Yes	Yes - 2018	Up to 0.5%	\$5.2 million	Building, land, and infrastructure at the Perham Area Community Center site	Earlier of 20 years or when allowed revenue raised. Includes furnishing and equipping at site.
56	Art. 7, sec. 27/ Art. 6, sec. 29	Sauk Centre	Yes	Yes - 2018	Up to 0.5%	\$10 million	City infrastructure projects related to reconstruction of Trunk Highway 71	Earlier of 12/31/2045 or when allowed revenue raised. Also authorizes a \$20 per vehicle excise tax.
57	Art. 7, sec. 28/ Art. 6, sec. 31	Virginia	Yes	Yes - 2018	Up to 1.0%	\$30 million	Miner Memorial recreation complex and convention center	Earlier of 20 years or when allowed revenue raised.
57	Art. 7, sec. 29/ Art. 6, sec. 33	Willmar	Yes	Yes - 2018	Up to 0.5%	\$30 million	Specified recreational projects and storms sewer management infrastructure projects	Earlier of 13 years or when allowed revenue is raised. Also authorizes a \$20 motor vehicle excise tax. Each project has a specified cost listed. Last local sales tax expired 12/31/2012.

* PLUS associated bond costs unless stated otherwise. All bills also include bonding authority without an additional referendum.

Page in Side-by-side	House provision/ Senate provision	Government Entity	New Tax?	Approval at Gen. Election	Tax Rate	Amount to be Raised?*	Use of Revenues	Expiration /Additional Comments
General local sales taxes that are identical in the House and Senate bill <i>except the House requires the city to pass a second clarifying resolution under House Art. 7, sec. 31</i>								
53	Art. 7, sec. 9-12 Art. 6, sec. 10-13	Two Harbors	No - increase	Yes - 2018	Additional 0.5% added to current 0.5%	\$30 million	Water and sewer infrastructure projects and associated costs	Increase expires at earlier of 25 years or when allowed revenues are raised. Current tax expires when it raises \$20 million plus associated bond costs.
53	Art. 7, sec. 14/ Art. 6, sec. 15	Avon	Yes	Yes - 2018	Up to 0.5%	\$1.5 million	Transportation improvement projects in the city	Earlier of December 31, 2045 or when allowed revenue is raised.
53	Art. 7, sec. 15/ Art. 6, sec. 16	Blue Earth (city)	Yes	Yes - 2018	0.5%	\$5 million	Sewer plant improvements, street reconstruction and recreational amenities	Earlier of 25 years or when allowed revenue is raised.
54	Art. 7, sec. 16/ Art. 6, sec. 17	Cambridge	Yes	Yes- 2018	0.5%	\$22 million	\$8 million for a library facility and \$14 million for street improvements	Earlier of 12/31/2043 or when allowed revenues are raised.
54	Art. 7, sec. 20/ Art. 6, sec. 21	Glenwood	Yes	Yes - 2018	Up to 0.5%	\$2.8 million	A street project; park, trail and recreational facility projects; and city hall and fire station improvements	Earlier of 20 years or when allowed revenues are raised.
55	Art. 7, sec. 21/ Art. 6, sec. 22	International Falls	Yes	Yes - 2018	Up to 1.0%	\$30 million	Transportation and other public infrastructure projects in the city	Earlier of 20 years or when allowed revenues are raised.

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Page in Side-by-side	House provision/ Senate provision	Government Entity	New Tax?	Approval at Gen. Election	Tax Rate	Amount to be Raised?*	Use of Revenues/ Expiration	Differences/Comments
General local sales taxes that are different in the House and Senate bills or are only in one bill								
52	Art.7, sec. 5/ Art. 6, sec. 6	Duluth	No - increase	Yes - 2018	Additional 0.5%	Not specified	Street, bridge, and associated costs listed in the city's 2017 Street Improvement Plan. Earlier of 30 years or when city finds revenues are sufficient.	House also requires \$20 million of revenue to be used in the Duluth regional exchange district and requires the city to pass an additional resolution under sec. 31. Senate does not.
54	Art.7, sec. 18/ Art. 6, sec. 19	Elk River	Yes	Yes - 2018	0.5%	\$35 million	List of mainly park and rec. projects, senior center facility, lake dredging. Earlier of 25 years or when allowed revenue raised.	House exempts bonds from city charter limitations; Senate does not.
54	Art.7, sec. 19/ Art. 6, sec. 20	Excelsior	Yes	Yes - 2014	Up to 0.5%	\$7 million	A number of projects listed in the November 17, 2017, Commons Master Plan - mainly recreational, some shoreline management. Earlier of 25 years or when allowed revenue raised.	House requires the city to hold another referendum by 2020. Senate does not. Currently no suburbs have a local sales tax.
56	Senate Art. 6, sec. 28 only	Rogers	Yes	Yes - 2018	Up to 0.25%	\$16.5 million	Trail and pedestrian facilities including I-94 crossing, County Road 144 pedestrian tunnel, and other new trails and trail connections; various aquatics facilities; and various community athletic facilities.	Bill not introduced in the House Also includes a \$20 motor vehicle excise tax.
57	Senate Art. 6, sec. 32 only	Scanlon	Yes	Yes - 2018	Up to 0.5%	\$400,000	Street improvements and utility infrastructure projects. Earlier of 10 years or when allowed revenue is raised.	House provides the city with an extra \$40,000/year in LGA for ten years instead (House, art. 6, sec. 13).
57	Senate Art. 6, sec. 32 only	West St. Paul	Yes	Yes - 2018	0.5%	\$28 million	Priority street projects in the city pavement management plan. Earlier of 20 years or when allowed revenue raised.	House provides the city with an extra \$920,000/yr. in LGA for five years instead (House, art. 6, sec. 13). No suburbs currently have a local sales tax.
57	Art. 7, sec. 30/ Art. 6, sec. 34	Worthington	Yes	Yes - 2018	0.5%	\$25 million	Various specified recreational projects, lake quality improvements and improvements to the 10 th street plaza. Earlier of 13 years or when allowed revenue is raised.	House also authorizes a \$20 motor vehicle excise tax and Senate does not. Last local sales tax expired 10/1/2018.

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