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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3715

02/13/2024 Authored by Agbaje
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to local government; modifying Minneapolis downtown taxing area;
1.3 modifying Minneapolis sales tax rate on food and alcoholic beverages; amending
1.4 Laws 1986, chapter 396, section 5, as amended; Laws 1986, chapter 400, section
1.5 44, as amended.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special
1.8 Session chapter 5, article 12, section 87, Laws 2012, chapter 299, article 3, section 3, and
1.9 Laws 2019, First Special Session chapter 6, article 6, section 5, is amended to read:

1.10 Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.

1.11 The city may, by resolution, levy in addition to taxes authorized by other law:

1.12 (1) a sales tax of not more than ~~three~~ 2.5 percent on the gross receipts on retail on-sales
1.13 of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor
1.14 establishments located within the downtown taxing area, provided that this tax may not be
1.15 imposed if sales of intoxicating liquor and fermented malt beverages are exempt from
1.16 taxation under chapter 297A;

1.17 (2) a sales tax of not more than three percent on the gross receipts from the furnishing
1.18 for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming
1.19 house, tourist court, or trailer camp located within the city by a hotel or motel which has
1.20 more than 50 rooms available for lodging; the tax imposed under this clause shall be at a
1.21 rate that, when added to the sum of the rate of all other city taxes on lodging in the city of
1.22 Minneapolis, equals 6.5 percent; and

2.1 (3) a sales tax of not more than ~~three~~ 2.5 percent on the gross receipts on all sales of  
 2.2 food primarily for consumption on or off the premises by restaurants and places of  
 2.3 refreshment as defined by resolution of the city that occur within the downtown taxing area.

2.4 The taxes authorized by this section must not be terminated before January 1, 2047. The  
 2.5 taxes shall be imposed and may be adjusted periodically by the city council such that the  
 2.6 rates imposed produce revenue sufficient, together with the tax imposed under section 4,  
 2.7 to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4,  
 2.8 subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes,  
 2.9 section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain,  
 2.10 and fund the payment of any principal of, premium on, and interest on any bonds or any  
 2.11 other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter  
 2.12 into appropriate agreements with the city to provide for the collection of these taxes by the  
 2.13 state on behalf of the city. These taxes shall be subject to the same interest, penalties, and  
 2.14 enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

2.15 **EFFECTIVE DATE.** This section is effective for sales made after August 1, 2024.

2.16 Sec. 2. Laws 1986, chapter 400, section 44, as amended by Laws 1995, chapter 264, article  
 2.17 2, section 39, and Laws 2009, chapter 88, article 4, section 13, is amended to read:

2.18 Sec. 44. **DOWNTOWN TAXING AREA.**

2.19 If a bill is enacted into law in the 1986 legislative session which authorizes the city of  
 2.20 Minneapolis to issue bonds and expend certain funds including taxes to finance the  
 2.21 acquisition and betterment of a convention center and related facilities, which authorizes  
 2.22 certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions  
 2.23 of that law "downtown taxing area" shall mean the geographic area bounded by the portion  
 2.24 of the Mississippi River between I-35W and Washington Avenue, the portion of Washington  
 2.25 Avenue between the river and I-35W, the portion of I-35W between Washington Avenue  
 2.26 and ~~8th Street~~ Portland Avenue South, the portion of 8th Street South between I-35W and  
 2.27 Portland Avenue South, the portion of Portland Avenue South between 8th Street South  
 2.28 and I-94, the portion of I-94 from the intersection of Portland Avenue South to the  
 2.29 intersection of I-94 and ~~the Burlington Northern Railroad tracks~~ Plymouth Avenue North,  
 2.30 the portion of ~~the Burlington Northern Railroad tracks from I-94~~ Plymouth Avenue North  
 2.31 to the Mississippi River. From Plymouth Avenue North and the Mississippi River south to  
 2.32 Main Street and including Nicollet Island, and the portion of Main Street to Hennepin  
 2.33 Avenue and the portion of Hennepin Avenue between Main Street and 2nd Street S.E., and

3.1 the portion of 2nd Street S.E. between Main Street and Bank Street, and the portion of Bank  
3.2 Street between 2nd Street S.E. and University Avenue S.E., and the portion of University  
3.3 Avenue S.E. between Bank Street and I-35W, and by I-35W from University Avenue S.E.,  
3.4 to the river. The downtown taxing area excludes the area bounded on the south and west  
3.5 by Oak Grove Street, on the east by Spruce Place, and on the north by West 15th Street.  
3.6 The downtown taxing area also excludes any property located in a zone that is contained  
3.7 in chapter 546 of the Minneapolis Zoning Code of Ordinances on which a restaurant with  
3.8 a wine license is operated.

3.9 **EFFECTIVE DATE.** This section is effective for sales made after August 1, 2024.