

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 909

DATE: March 7, 2011

Version: As introduced

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Subject: Study on the use of zip codes in collecting and remitting local sales taxes

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The bill requires the Department of Revenue to report by March 1, 2012, to the legislative committees with jurisdiction over local sales taxes on the use of zip codes in collecting the existing local sales taxes. The report must include:

- The current status of the Department's efforts to develop a system to calculate local sales taxes based on a street address plus the five-digit zip code for all zip codes that are shared by a local government with a local sales tax authority and an adjacent local government; including a timeline for finishing this work;
- Business compliance with the current law requiring them to impose the tax on the lowest combined rate in a zip code that crosses jurisdictions when the actual tax cannot be determined;
- The accuracy of current local sales tax revenue allocations when contiguous jurisdictions have separate local sales taxes but share a zip code;
- Recommendations for administrative and statutory changes needed to improve the accurate collection and allocation of local sales taxes collected in this state.