

HOUSE RESEARCH

Bill Summary

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Authors: Davids

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Analyst: Pat Dalton

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Overview

This bill repeals on December 31, 2020, the Minneapolis local taxes used to fund construction and improvement of the city convention center, as well as its ongoing operation and promotion costs. The current bonds associated with construction and renovations of the convention center are scheduled to be paid off in 2020.

The taxes repealed by this bill include:

- the citywide 1/2-cent sales tax;
- the 2.625 percent extra lodging tax on hotels or motels in Minneapolis with at least 50 rooms;^[1]
- the 3 percent tax on on-sale liquor and beer in the downtown taxing area; and
- the 3 percent food and beverage tax imposed within the downtown taxing area.

The city-wide 3 percent entertainment tax, enacted in 1969, which is not strictly dedicated to paying for the convention center, is not repealed.

- 1 Imposition, general sales tax.** Repeals the Minneapolis general local sales tax of 0.5 percent on December 31, 2020. The city may repeal the tax at an earlier date by ordinance.
- 2 Liquor, lodging, and restaurant taxes.** Repeals the Minneapolis 3 percent tax on lodging facilities with at least 50 rooms to rent, and the 3 percent food and on sale liquor taxes imposed in the downtown taxing district on December 31, 2020. The city may repeal the taxes at an earlier date by ordinance.

^[1] The law allows a lodging tax of up to 3 percent but caps the total tax rate from all state and local taxes on lodging at 13 percent. When the 0.375 percent state legacy tax was enacted in 2009 the Minneapolis lodging tax rate was automatically reduced from 3.0 percent to the current 2.625 percent rate.