

**File Number:** H.F. 2663

**Date:** April 11, 2018

**Version:** With the H2663A1 amendment

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**Subject:** Allow cities to impose a local sales tax without a special law

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### Overview

Allow cities to impose a local sales tax without a special law provided that they follow certain procedures and use the revenues for certain purposes. Effective July 1, 2018.

#### Section

- 1 Authorization, scope.** Requires that cities that impose a local sales tax under section 3 are subject to all the current provisions for local sales taxes contained in section 297A.99.
- 2 Requirements for adoption, use, termination.** Clarifies that the requirement that a local government get approval by the voters at a general election before seeking legislative authorization does not apply to cities imposing a local tax under section 3. However, cities imposing a tax under section 3 must still get voter approval at a general election before the tax is imposed.
- 3 Sales and use tax; general authority for cities.** Allows a city, or a group of cities under a joint powers agreement, to impose a local sales tax of up to ½ percent for certain purposes.

**Subd. 1. Authorization; rates.** Allows imposition of up to a one-half of one percent tax under this section provided a city is not currently imposing a local sales tax under a special law. If a city imposes a tax at less than the ½ percent rate, it may increase the tax up to ½ percent at a later time provided it meets the conditions under this section and section 297A.99.

**Subd. 2. Allowed use of revenue.** Requires that a referendum authorizing a tax under this section state the specific capital projects to be funded with the tax proceeds

## Section

and lists the types of capital projects that may be funded by revenues from a local sales tax imposed under this section. The allowed capital projects include:

- convention or civic center
- public libraries
- parks, trails, and recreation centers
- road and bridge projects adjacent to or connecting to a Minnesota state highway
- flood control and protection
- water quality projects
- court facilities
- public safety facilities and
- municipal buildings

Revenues cannot be used for normal maintenance and operating costs.

**Subd. 3. Referendum required.** Requires that at least three months before the general election the city submit a resolution to the commissioner of revenue that includes the same information that a city currently provides by resolution to the legislature when seeking special legislation under current law. The commissioner shall certify whether the city has met the requirements of this section. Requires that the question put to the voters at the general election also contains this information.

**Subd. 4. Bonding authority.** Allows the city to issue bonds for the projects included on the ballot question based on the election to impose the tax rather than requiring a separate election.

**Subd. 5. Expiration, new authorization.** Requires a local sales tax imposed under this section to expire at the earlier of (1) when the revenue amount specified in the resolution is raised; (2) the maximum time for its imposition according to the resolution, or (3) 20 years after imposed. A city may choose to terminate the tax at an earlier date. A city may not impose a new tax under this section while a previous authorized tax is still imposed.